



**ANNUAL REPORT**  
2020–2021

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## ACCOUNTABILITY STATEMENT

The NorQuest College Annual Report for the year ended June 30, 2021 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 Carla Madra]

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**Carla Madra**

Chair, Board of Governors  
December 16, 2021

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## 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 institution audit committee, as well as approved by the NorQuest College 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 the Province 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]

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**Carolyn Campbell**

President and CEO

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## MESSAGE FROM THE BOARD CHAIR AND THE PRESIDENT

NorQuest College continues to grow and adapt to an ever-changing economic and educational landscape, and carries on as a leader in education in Alberta.

As we think about the campus of the future and how we will get there, we remain focused on expanding and enhancing our services to best serve our learners and position them for success. Our strategic plan will ensure that we are adaptable, sustainable, and manage our resources wisely to offer educational solutions that build a stronger economy in communities across the province.

As our society continues to navigate the global COVID-19 pandemic, NorQuest is proving to be resilient and innovative as we chart our course for the future. Over the past year, our college was able to meet the very tangible challenges of the pandemic, both operational and aspirational. NorQuest has welcomed strong enrolment numbers and is thankful for a solid financial position as a result of focused and intentional mitigation efforts. Aside from the challenges posed by COVID-19, we continue to collaborate with stakeholders, government, industry, and health authorities to continue our important role in creating jobs and accelerating Alberta's economy.

NorQuest knows that to be a post-secondary of choice, we have to be an inclusive organization in all aspects. Our ongoing work on diversity and inclusion for all will ensure a welcoming and supportive environment for every learner who walks through our doors. We will welcome learners to NorQuest with kindness and compassion, meet them where they are in their lives, and ensure that our college is a place where everyone can succeed.

Our continued growth and community impact makes NorQuest a key player in Alberta's education sector and the economy – now and in the future. Challenges come and go, but our college has not lost sight of its purpose: to provide valuable and life-changing education to our learners and the community.

[Original signed by Carla Madra]

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**Carla Madra**  
Chair, Board of Governors

[Original signed by Carolyn Campbell]

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**Carolyn Campbell**  
President and CEO

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## 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.

### 2020–2021 Reports

Inquiry Types:	Number Received:
General Inquiries	0
Disclosures of Wrongdoing	0
Investigations	0
Reports Written	0



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## BOARD OF GOVERNORS

July 1, 2020 – June 30, 2021

**Carla Madra**

Chair, Board of Governors  
Public Member

**Brian Hjlesvold**

Vice-Chair, Board of Governors  
Public Member

**Carolyn Campbell**

President & CEO

**Jenny Adams**

Public Member

**Maria Bavaro**

Non-academic Staff Member

**Gayle Burnett**

Public Member

**Jennifer Cleall**

Public Member

**Joette Decore**

Public Member

**Supriya James**

Public Member

**Chris Lavin**

Public Member

**Tina Naqvi-Rota**

Public Member

**Albert Nsapu**

Student Member

**Dr. Philomina Okeke-Ihejirika**

Public Member

**Brad Pickering**

Public Member

**Leslie Sayer**

Academic Staff Member

**Lily Le**

Public Member  
(Until May 18, 2021)

**Bilan Ahmed**

Public Member  
(Until January 10, 2021)

**AJ Sandhu**

Student Member  
(Until December 29, 2020)



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## OPERATIONAL OVERVIEW: A YEAR IN REVIEW

### College achievements

#### Carolyn Campbell installed as NorQuest President and CEO

In a virtual ceremony held on May 5, Carolyn Campbell was officially installed as President and CEO of NorQuest College.

During her installation address, Campbell detailed her vision for the college, NorQuest's central role in the community and economy, as well as the importance of the institution's Indigenization efforts and commitment to diversity and inclusion.

"NorQuest's legacy, clarity of purpose, and exciting strategic direction position the college for leadership in our sector, and in the next wave of the growth of Alberta," said Campbell. "By working together, we will fundamentally disrupt the world of higher education for the greater social and economic good of Alberta, and our people."



#### NorQuest and Indspire announce \$1 million partnership to support Indigenous learners

As National Indigenous Peoples Day (June 21) was being celebrated across Canada, NorQuest College came together with Indspire to recognize and honour the unique heritage, diverse cultures, and ongoing contributions of Indigenous Peoples to our shared landscape. Indspire's \$1 million funding is a first-of-its kind partnership that will provide up to \$5,000 in support to any Indigenous learner with financial need who would like to attend foundational or post-secondary (diploma or certificate) programs at the college.

Indspire is an Indigenous national charity that invests in the education of First Nations, Inuit and Métis people for the long-term benefit of these individuals, their families and communities, and Canada.



#### NorQuest partners with City of Wetaskiwin to launch Wetaskiwin City Academy

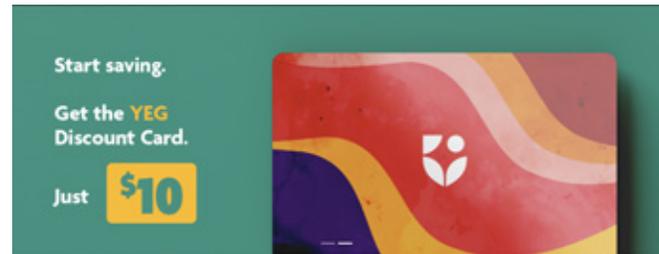
The City of Wetaskiwin and NorQuest College have entered into an agreement to deliver tailored training solutions to city employees through the establishment of the Wetaskiwin City Academy. This innovative partnership will allow the City of Wetaskiwin to build on employee knowledge to enhance service delivery to the local community.

Beginning in February 2021, the one-year agreement will establish a centralized training system and strategy to provide consistent training for all employees. In addition to clarifying development pathways for employees and managers, NorQuest will support employee training and succession planning, and track progress against training goals.

### NorQuest launches initiative to encourage Edmontonians to shop local

Following a challenging year for independent retailers, NorQuest College is partnering with small businesses in Edmonton to encourage people to shop local by offering deals and discounts.

Shoppers can discover deals from more than 50 small businesses with the NorQuest YEG Discount Card. With the purchase of the \$10 card, people can save up to 25 per cent on food, retail, hospitality, health and wellness, and more while supporting local business. The card can be used digitally and in-person so consumers can shop in whichever way they feel most comfortable.



### Career Moves

Career Moves, a professional development program supporting mid-career workers in their transition to new employment and career opportunities, supported 125 mid-career Albertans in a professional development program funded by the Future Skills Centre. As part of the program, participants completed 39 Work-Integrated Learning (WIL) or micro-WIL experiences, 49 participants started new careers, and 65 participants accessed further training and education; some did all three. The program awarded over 180 skill badges to demonstrate skill development to prospective employers. Participants indicated a 96 per cent satisfaction rate.

### Advancing Work Integrated Learning and a reimagined focus on Career Education

NorQuest's Work-Integrated Learning and Career Education Centre (WILCEC) continues to grow our connection with employers through our Program Advisory Committees (PAC), engaging over 310 members. PAC members support curriculum review, participate in mentoring and informational panels, provide WIL placements and contribute to the newly launched NorQuest WILCEC podcast [CareerQuest](#).

Other notable WILCEC projects included:

**Community Service Learning:** Last year, WILCEC supported over 2,960 unique student experiences and students contributed over 17,350 hours of service to the Edmonton community. These experiences included working with seniors to combat isolation, supporting non-profits with lean management, developing mental health supports for new Canadian students, and much more.

**Career Education supports:** NorQuest continues to grow Career Education supports with increased career coaching classroom presentations, engaging over 1,600 students. NorQuest hosted its first virtual Career Fair, focused on various careers and part-time jobs in the health care industry; over 140 students and alumni attended to connect with employer-partners.



## Awards and recognition

### NorQuest College recognized as top Alberta employer

In January 2021, NorQuest was recognized as one of Alberta's Top Employers. The Top Employers awards recognize Alberta employers that lead their industries in offering exceptional places to work. NorQuest is proud to be recognized for our flexible work options, health and wellness programming, and compassionate support of employees during unexpected challenges.



### NorQuest College earns second recognition as top corporate culture in Canada

In November 2020, NorQuest College was recognized as one of Canada's 10 Most Admired Corporate Cultures. The award was announced on November 25 by Toronto-based Waterstone, a leading business recruiting firm that specializes in recruiting for fit and cultural talent management for entrepreneurial-minded, high-growth organizations across North America.

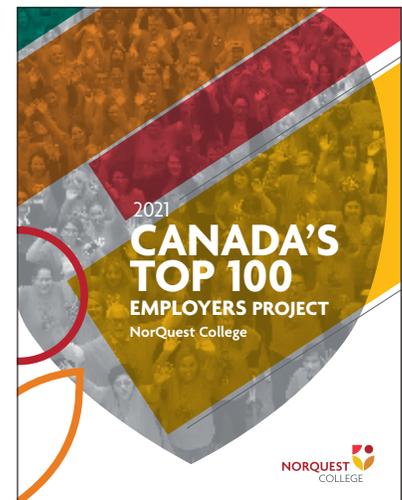
NorQuest was a winner in the Broader Public Sector Organization (not-for-profit, government agency, Crown Corporation) category. NorQuest previously was named winner in the same category in 2017.

### NorQuest earns gold and silver from Colleges and Institutes Canada

NorQuest College earned gold and silver awards in this year's Awards of Excellence from Colleges and Institutes Canada. NorQuest's International Team earned gold for Internationalization Excellence and our Community Studies Team earned silver for the Program Excellence Award.

In 2019, NorQuest College identified internationalization as a main priority and undertook the process of designing a college-wide strategy to transform itself into a globally engaged institution that develops workforce relevant education and creates training opportunities for learners worldwide.

NorQuest's Early Learning and Child Care program curriculum has been adapted to a robust set of options for online and in-person learning. Continuous collaboration ensures that curriculum is responsive, authentic, and meets the needs of community and government.



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## GOALS, PRIORITY INITIATIVES, EXPECTED OUTCOMES, AND PERFORMANCE MEASURES

To realize its strategic outcome, NorQuest College has established three priorities to guide the college to 2025:

### 1. Delivering programming known for its workforce relevance

Securing NorQuest's value in the community and the Alberta economy is essential for the college's continued success. NorQuest will demonstrate this through two approaches: helping learners meet their educational objectives, and providing consulting, research, training, or other services to community and industry.

Helping learners meet their educational objectives involves different approaches for different learners. It may mean offering programming that leads directly to a career; providing foundational education that will help learners continue their education; or providing specific learner supports to increase educational opportunities for Indigenous learners, immigrant learners, and learners with disabilities. NorQuest also looks for opportunities for work-integrated learning that connects students with employers for hands-on experience.

### 2. Creating an enhanced presence

Broad recognition of the quality of a NorQuest College education is critical to the college's future accomplishments. An enhanced presence will lead to NorQuest credentials, programs, and services being increasingly sought after by learners and valued by employers. It will also contribute to attracting skilled and innovative educators with a passion for teaching.

A greater presence in the communities NorQuest serves, as well as in the post-secondary sector, will enhance the college's ability to secure community support as well as the financial and government support needed to provide every student with an exceptional educational experience.

### 3. Developing a unique market position

NorQuest College will establish a bold market position that will support industry and the community by building on its expertise in essential skills, intercultural education, Indigenous education, supports for learners with disabilities, and workforce-relevant programming. NorQuest learners are well prepared for the workforce or for continuing their education. The college's unique market position will maximize opportunities that others don't see by identifying market niches in programming and in student recruitment.

## INSTITUTIONAL GOALS AND PERFORMANCE MEASURES - 2020-2021 RESULTS

Goal	Initiatives	Outcomes	Measures for 2020–2021	Result
Deliver Workforce Relevant Programming	Access to workforce relevant credit education opportunities	More learners educated in workforce relevant programs	7,972 Full-Load Equivalents	7,645 FLEs for the 2020–2021 fiscal year. This number falls slightly short of our planned enrolment target for 2020–2021 and is largely attributable to COVID-19 related challenges with some learners choosing to defer their studies to future years and some taking reduced course loads, among other factors.
			Work with the provincial government on a plan to create new spaces for technology programs	NorQuest was awarded a grant by Alberta Advanced Education to develop microcredential programs in three key technology program areas of machine learning, data analysis, and health and technology.
	Programs endorsed by business and community leaders	Programs are reviewed, endorsed, and supported by business, industry, and the community to ensure workforce relevance	Employers are satisfied with NorQuest graduates preparedness for intended work experience	The NorQuest Employer Survey was conducted in Fall 2020 and Spring 2021 and the results indicated that 93% of employers were satisfied with how well NorQuest-educated employees were prepared for their current roles when they started.
	Diversification in Program Plan	More diversity in types and numbers of credentials and modalities	Develop 2 new programs	<p>Exceeded target by receiving approval for 3 new programs to launch in the next fiscal year</p> <ul style="list-style-type: none"> <li>• Energy Management diploma</li> <li>• Health Care Aide for English Language Learners certificate</li> <li>• Machine Learning Analyst diploma</li> </ul> <p>NorQuest expanded the delivery modalities available to learners through introduction of HyFlex in 2020–2021. HyFlex allows learners to choose, at any given time throughout the course, their preferred method of participation by attending in person (face-to-face), online real-time (synchronously), or online anytime (asynchronously) through recorded video after the actual instruction time.</p> <p>NorQuest collaborated with industry and other post-secondary institutions as part of the Artificial Intelligence Pathways Partnership project making careers in artificial intelligence and machine learning available and accessible in Alberta. These learning opportunities are structured to provide flexible, career-focused education from high school to post-secondary and graduate level credit and non-credit programs, with multiple educational entry and exit points for learners.</p>

## INSTITUTIONAL GOALS AND PERFORMANCE MEASURES - 2020-2021 RESULTS CONTINUED

Goal	Initiatives	Outcomes	Measures for 2020–2021	Result
Develop a Unique Market Position	Campus wellness and safety	Mental health challenges are detected early and learners are readily connected with appropriate services	Deliver and support Post-Secondary Student Mental Health Grant initiatives	NorQuest supports the health and wellness of our learners and invests in the mental health of students so that they can reach their full potential both in- and out- of the classroom. In 2020–2021, some initiatives included: <ul style="list-style-type: none"> <li>Delivered sexual violence support, training, and awareness campaigns to learners and staff</li> <li>Advanced the implementation of NorQuest’s mental health strategy</li> <li>Provided resources to increase awareness and reduce the stigma associated with mental health</li> </ul>
		NorQuest is a safe and inclusive campus for students, faculty, and staff	90% or higher of learners feel physically and psychologically safe on campus as measured by the Student Satisfaction Survey	The Student Satisfaction Survey was phased out in favour of the Canadian University Survey Consortium which, when conducted over the winter 2021 term, indicated the following: <ul style="list-style-type: none"> <li>General safety: 92% of students are satisfied with personal safety on campus.</li> <li>Psychological safety: 94% of students agreed that “Most of my instructors create a safe learning environment.”</li> </ul>
	Leverage employees’ and learners’ diversity in our curricula, programming, and services	Faculty and staff members are competent and experienced in providing inclusive learning environments	<p>&gt;85% of learners are satisfied with their level of inclusion as measured by the Student Satisfaction Survey</p> <p>&gt;85% of learners report improved confidence to interact with people who are different than them as measured by the Student Satisfaction Survey</p>	<p>The Student Satisfaction Survey was phased out in favour of the Canadian University Survey Consortium which, when conducted over the winter 2021 term, indicated the following:</p> <p>Inclusion:</p> <ul style="list-style-type: none"> <li>92% of students agreed that “Most of my instructors create an inclusive learning environment.”</li> <li>90% of students agreed that “Most of my instructors treat students the same regardless of perceived ethnic or cultural background.”</li> </ul> <p>Interacting with others</p> <ul style="list-style-type: none"> <li>82% of students said that NorQuest contributed some, much, or very much to developing their ability to interact with people from backgrounds different to their own.</li> <li>77% of students said that NorQuest contributed some, much, or very much to developing their understanding of Indigenous worldviews, experiences, issues, and people of Canada.</li> </ul>
	Indigenization	Increase success rate of Indigenous learners by enhancing services and support	Increase course completion rate of Indigenous learners by 1% over 2019–2020	The Indigenous learner course completion rate for 2020–2021 was 69%. This represents an approximate 1.5% decrease from the 2019–2020 result which was 71%. The 2019–2020 result was incorrectly reported as 74% in the 2019–2020 Annual Report. These decreases require further analysis to explain causality; however, these reductions are consistent with decreased course completion rates among other learner groups. We attribute this decrease, at least in part, to challenges presented by the COVID-19 pandemic.
	Applied Research	NorQuest faculty members are engaged in their discipline and participate in research that contributes to innovation and scholarly activity.	Develop a college-wide applied research strategy.	<p>In 2020–2021, NorQuest College approved a college-wide applied research strategy that seeks to embed applied research opportunities into all credit programs. This strategy also informs NorQuest’s approach to research funding diversification and establishes the college’s capacity for ongoing applied research in support of social advancement and economic development in Alberta and Canada, among other goals.</p> <p>Other research highlights for 2020–2021 include:</p> <ul style="list-style-type: none"> <li>Research undertaken to understand academic integrity that resulted in the revision of the college’s student academic integrity training</li> <li>The launch of Autism CanTech!, a program that takes a holistic approach to accessible and inclusive employment in Canada</li> <li>Publication of the first issue of Journal of Practical Nurse Education and Practice. This open-access, peer reviewed academic journal, dedicated to exploring the field of practical nursing, is the first of its kind.</li> </ul>

## INSTITUTIONAL GOALS AND PERFORMANCE MEASURES - 2020-2021 RESULTS CONTINUED

Goal	Initiatives	Outcomes	Measures for 2020–2021	Result
Create an Enhanced Presence	Downtown Campus Development Project	Consolidation of NorQuest's Edmonton campuses on one downtown campus to create a safe and efficient environment	Continue the multi-year plan for the Downtown Campus Development Project including the completion of landscaping and finalizing the plan for Centre 102.	The final phase of this project was initiated in 2020. This phase includes landscape improvements around the Civic Employees Legacy Tower, which we completed in spring 2021, and demolition of Centre 102. Demolition was initiated in 2021 and is expected to be completed in 2022 to allow for construction of a green space on its former site.
	Teaching and Research Continuing Care Centre (TRCCC)	The TRCCC would create an integrated health, learning, and residential care facility situated on NorQuest's campus.	Further the TRCCC project by exploring finance, design, and construction elements required to establish the facility.	In 2020–2021, NorQuest and its partner in the TRCCC project, Covenant Care, entered into a partnership with Build for the Future Alliance (B4FA). The B4FA is a private sector consortium who bring experience in local investment and project finance, design, and construction to this project. This expertise will help NorQuest and Covenant Care to maximize the value for money, optimize risk allocation, and create greater value through this project.
	NorQuest serves distant learners virtually and in person at our Wetaskiwin Campus	Learners in NorQuest College's stewardship area have access to adult literacy opportunities aligned to community needs.	<p>Enhance relationship building and community engagement where we don't have a physical campus presence</p> <p>Deliver programming that is responsive to regional learner needs</p>	<p>NorQuest conducted outreach throughout the year to communities within our stewardship region who aren't served by a physical campus to assess and understand adult learning needs. This includes the ongoing engagement via the Regional Workforce and Post-Secondary Task Team, chaired by NorQuest College. This Task Team is a combination of three former meeting tables consisting of regional workforce consultants, a regional post-secondary task team, and representatives of community adults learning programs.</p> <p>Whitecourt's Community Adult Learning Program delivered academic and non-academic foundational skills programming. Credit courses and programs were delivered at Wetaskiwin campus in academic upgrading, certificates, and diplomas. Additionally, over 70 workshops were delivered through the Rural Routes program on topics that support professional development and practitioners who support second language acquisition in non-metropolitan areas of Alberta.</p>

## 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, 2021. The college's consolidated financial statements for 2020–2021 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

It continued to be a difficult year with the ongoing impact of COVID-19 and the resulting ever changing restrictions. The college was able to pivot and mitigate revenue shortfalls by managing expenses across all lines of business and expanding enrollments for the Spring term. For the year ended June 30, 2021, the college reported a \$6.8 million operating surplus compared to a planned \$0.5M surplus and a \$2.7 million deficit in 2019–2020. This surplus represents the ability to hold costs to minimal levels in the challenging times.

### Revenues

2020–2021 Revenue (\$Millions)



Total 2020–2021 revenues of \$118.2 million decreased \$2.8 million compared to the year prior and are below the budgeted \$124.9 million by \$6.7 million.

Provincial grants represented \$55.6 million of revenue in 2020–2021 with the majority (\$42.4 million) being the Operating and Program Support grant (formerly called the Campus Alberta grant). The provincial grants budget target was successfully achieved. Government of Alberta revenues were \$3.7M lower than the prior year as a result of a \$1.9M decrease in the Operating and Program Support grant with the balance coming from grants that did not carry on from the 2019–2020 fiscal year. As a percentage of total revenue, provincial grants decreased to 47.0 per cent from 49.0 per cent in the year prior. Federal and other government grants contributed \$10.4 million revenue in 2020–2021, compared to a budget of \$11.7 million.

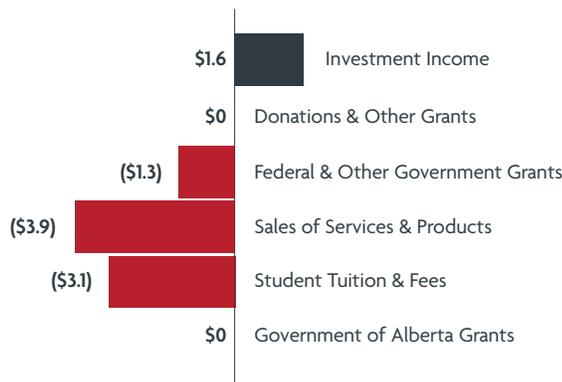
Student tuition and fees increased \$1.4 million from \$42.8 million in 2019–2020 to \$44.2 million in 2020–2021. Despite the full load equivalents (FLEs) dropping from 7,692 to 7,645 (0.6 per cent) the increase was achieved due to rate increases for tuition and fees.

**FINANCIAL INFORMATION**

Actual tuition revenue for 2020–2021 was below budget by \$3.1 million due to enrolments falling short of the planned 7,972 FLE by 325 FLE including 215 international FLE as a result of the COVID-19 pandemic. The fall and winter terms were a combined \$7.4 million short of the terms plans but a large spring term resulted in being \$3.4 million over the spring term plan which helped minimize the shortfall.

Sales of Services and Products saw a further decline of \$2.2 million from \$5.9 million in 2019–2020 as the pandemic continued to prevent in-person interactions. The pandemic also drove a \$3.9 million shortfall of revenue from a budget plan of \$7.6 million again due to the limitations of the interactions of people that generate these revenues. Investment income of \$3.0 million was a good news story as revenues exceeded the 2020–2021 budget by \$1.6 million and the 2019–2020 actual investment income by \$1.1 million. With the decline in the prime rate and overall market volatility in the fourth quarter of 2019–2020, a conservative budget was set for investment income. The conservative approach to investing resulted in exceptional capital gains, a \$1.2M increase, as compared to the year prior. Donations and other grants increased by \$0.2 million to \$1.4 million in 2020–2021 as anticipated in the budget.

**Revenue vs. Budget (\$Millions)**



**Expenses**

**Expenses (\$ Millions)**

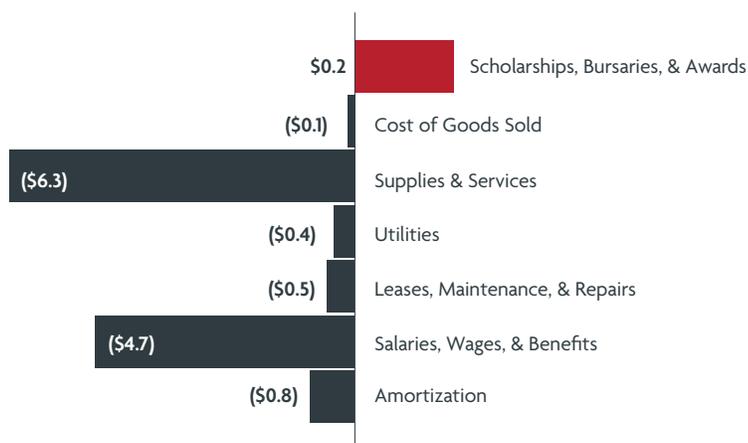


## FINANCIAL INFORMATION

Total 2020–2021 expenses of \$111.8 million decreased by \$12.0 million compared to the year prior and were below budget by \$12.6 million, primarily due to scaled back operations in programming and cost restraint measures. Salaries and benefits were under budget by \$4.7 million as we strategically managed costs with the decrease in the number of learners and as such a reduced requirement for faculty as well as a continued salary freeze across the organization. Faculty and Staffing levels were reduced entering into 2020–2021 resulting in a decrease in salary and benefit costs of \$8.2 million bringing total salaries and benefits to \$83.0 million for 2020–2021.

Materials, supplies and services expense of \$15.8 million decreased by \$2.0 million from last year and was below budget by \$6.3 million. This is due to the postponement of certain projects which resulted in savings of \$3.4 million in consulting and on campus expense savings of \$1.7 million due to significantly reduced staff and learners on campus due to the pandemic.

### Expenses vs. Budget (\$ Millions)



## Consolidated Statement of Financial Position

### Net Financial Assets

Financial Assets increased by \$24.1 million to \$79.2 million as at June 30, 2021. Cash holdings increased from \$14.6 million to \$37.5 million primarily due to increasing enrollments for future terms, \$11.7 million, increased enrollments for the Spring 2021 term, \$1.7 million, timelier collection of receivables from the Federal and Provincial governments, \$2.1 million, and increases in Provincial grant funding, \$2.8 million, with the remainder generated from operating activities. Liabilities increased by \$17.8 million over the same period to \$59.9 million primarily due to increases in unearned tuition revenue of \$13.4 million and unearned grant revenues of \$2.8 million. As a result, Net Financial Assets ended the period at \$25.9 million, an increase of \$7.4 million over the prior year. Net Financial Assets also include portfolio investments restricted for endowment with a value of \$6.6 million.

### Non-Financial Assets

Non-Financial Assets decreased over the prior year by \$3.7 million to a total of \$170.0 million as at June 30, 2021. Net additions to tangible capital assets of \$3.6 million was offset by \$7.2 million in amortization.

**Net Assets**

Net Assets increased \$7.7 million from \$37.0 million in 2019–2020 to \$44.7 million in 2020–2021 as a result of the annual operating surplus of \$6.8 million and an increase in accumulated re-measurement gains of \$0.9 million.

**Future Accounting Changes**

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 not yet been adopted. This standard will be adopted for the 2022–2023 fiscal year.

**COVID-19 Impact**

The pandemic continued to impact the financial results throughout 2020–2021. The estimated impact of COVID-19 on the operating results was favorable by \$4.4 million for the 2020–2021 fiscal year comprised of \$0.5 million in additional direct COVID-19 related expenses offset by an estimated net surplus, reductions in expenditures less missed revenues, of \$4.9 million. The pandemic also increased the cash and deferred revenue balances on the Statement of Financial Position by \$11.7 million. Students continued to pay tuition on the basis of a return to in-person learning on campus. As pandemic restrictions continued to prevent in person learning, students were choosing to defer their enrollment to a future term instead of requesting a refund of their payment. Based on the values of the amounts paid, the majority of the students were international students. As of June 30, 2021, there was an increase of 984 students from 2,811 in the prior year, who had paid to attend a future term at the college with a 212% increase in the average tuition paid by all 3,795 students.

## 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, and transforming lives, communities, and the world.

### Type of Project and Funding Sources

Type	Project description	Total project cost	Funding sources	Funding received to date and source	Revised funding sources
Expansion	Downtown Campus Development Project	193.8 million	89% GOA 8% Donations 3% NorQuest	GOA 100% received Donations 43% received	No change
Proposed	Teaching and Research Continuing Care Centre	\$225 million	Developing an Unsolicited Proposal	No funds received to date	No change

### Downtown Campus Development Project

NorQuest College's top priority capital project, the Downtown Campus Development Project, was initiated to better serve our fast-growing learner population. The Government of Alberta committed \$170 million towards this \$193.8 million project while the remaining funding is a combination of internal college funding and donations.

The Singhmar Centre for Learning (opened in 2017) and renovation to the Civic Employees Legacy Tower (completed in 2019) enabled the college to create enhanced experiences for our learners by maximizing occupancy, creating new spaces to foster greater inclusiveness, updating work spaces, upgrading learning technologies in all classrooms and labs, and creating efficiencies in our facilities expenditure.



In spring 2020 the college began the next phase of the project, which includes landscape improvements around the Civic Employees Legacy Tower (completed in spring 2021), and demolition of the aging Centre 102 building. The final phases will include remediation of soil contaminants and construction of a campus quad (green space) on the former Centre 102 site.



**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 (includes CELT landscaping and Centre 102 demolition)	September 2013 – September 2022	September 2013	September 2022	In progress	Project moved from 95% to 97% CELT exterior landscaping complete Centre 102 demolition underway

**Future Needs**

NorQuest College continues to see unprecedented growth in learners as a result of offering workforce-relevant training and education that leads directly to careers. Alongside this growth, the COVID-19 pandemic rapidly changed the way students learn and the way the college does business. In response, NorQuest is thinking strategically about what education in the future will look like and the virtual and physical infrastructure we will need to get us there. These changes and opportunities are leading towards the development of an institutional campus master plan that will provide for continued growth and positive student experiences.

**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).

NorQuest is leveraging its leadership in health care 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 learning opportunities in continuing care by integrating innovative approaches to clinical and community care, education and training, and research.

Both NorQuest 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. In April 2021, NorQuest and Covenant Care partnered with Build for the Future Alliance, 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 \$225 million.

**Deferred Maintenance**

Renovations to the CELT and the demolition of Centre 102, have dropped NorQuest’s five-year deferred maintenance value from more than \$15 million to approximately \$2.5 million. The

**The college’s deferred maintenance priorities include:**

Description	Expected start	Expected completion	Value	Funding status
Replace CELT elevators	Spring 2021	Summer 2022	\$1.6 Million	Approved and received

Government of Alberta is further relieving the value of deferred maintenance by providing grant funding for the refurbishment of CELT’s four elevators. While there was a significant delay to the start of the project due to the COVID-19 pandemic, on-site activities commenced in spring 2021.

The Government of Alberta provides capital funding from the Capital Maintenance Renewal (CMR) program to assist in maintaining college facilities for efficient and effective delivery of programs. The college received \$1.1 million for the 2020–2021 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. CMR funding will also partially contribute to repairs and upgrades to elevators in CELT.

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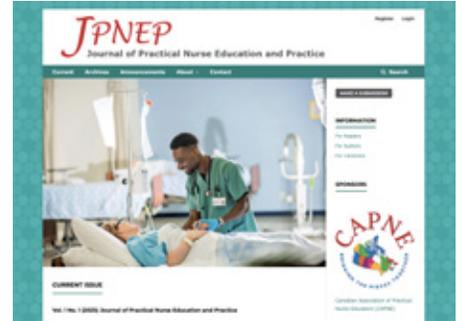
## RESEARCH, APPLIED RESEARCH, AND SCHOLARLY ACTIVITIES

In 2020–2021, NorQuest College's commitment to applied research, innovation, and scholarly activity was strengthened. Across the college, we secured ~\$3.9 million in net new research funding and supported 27 research projects. Some exciting research activities from this year include:

- The college's Applied Research Strategy was approved. Under this strategy, by 2030 the college will:
  - » Embed applied research opportunities into every credit program, becoming internationally recognized for our unique approach to community-based research;
  - » transform applied research into a college-wide initiative;
  - » diversify our applied research funding; and
  - » establish the capacity for ongoing applied research growth in support of social advancement and economic development across Alberta and Canada.
- The *Black Equity in Alberta Rainforest*, in partnership with Ribbon Rouge Foundation and University of Alberta, and funded by Mitacs (a Canadian leader in research and training programs), is a three-year comprehensive multidisciplinary applied research and social innovation initiative comprising nine different sub-projects. The initiative's overall goal is to address Black health inequities through sustainable solutions to systemic barriers to employment, justice, and social participation.
- Dr. Dustin Grue, Office of Student Judicial Affairs, undertook *Honestly Investigating Honesty: Interrogating the Effects of an Online Academic Integrity Intervention* in order to identify those factors that best improve deep understanding of academic integrity by students. His research resulted in a comprehensive revision of the college's student academic integrity training.
- Launched this year with funding from Employment and Social Development Canada, NorQuest College joined forces with Technology North Corp., Douglas College, and Humber College to create Autism CanTech!, a unique program that takes a holistic approach to accessible and inclusive employment in Canada. By working with employers and autistic youth, as well as leveraging assistive technologies, the program tailors education to individual learner needs while simultaneously addressing regional labour market shortages in the digital economy. Autistic youth learn employability and technical skills for the digital economy and apply those skills in work-integrated learning opportunities, while employer-partners receive training and support in creating inclusive workplaces. NorQuest has received funding to expand this innovative program to serve Indigenous youth beginning early in 2022.
- NorQuest also received funding through the federal Tri-Agency Equity, Diversity and Inclusion Institutional Capacity-Building Grant. With this funding, the college will review and update its policies, procedures, practices, and monitoring capacity in order to ensure we are promoting the full participation of diverse individuals in applied research and scholarly communities.



- NorQuest received Natural Science and Engineering Research Council Innovation Enhancement Grant funding to develop *Rapid Response Research in Seniors' Care*. Under this two-year initiative, the college will connect technology companies with community and continuing care organizations to identify and implement technology solutions in support of improved senior care and quality of life.
- NorQuest published its first issue of the *Journal of Practical Nurse Education and Practice*, an open-access, peer-reviewed academic journal. Exclusively dedicated to exploring the field of practical nursing, this journal is the first of its kind.



### Living Labs Initiative

In 2020–2021, the Living Labs Initiative, funded by Alberta Innovates, saw the continuation of its Home Health Monitoring project for the Management of Heart Failure, undertaken in partnership with Telus Health, Covenant Health, Mint Health + Drugs, Boehringer Ingelheim, Health City, and the Institute of Health Economics. The project (still underway) is using new technology to track in real-time heart failure patients' symptoms in order to improve care management. In December 2020, a Virtual Resilience project was also launched in partnership with *headversity*, a leading workplace solution for training resilience and mental health. The ongoing project provides NorQuest College students and employees access to a personalized virtual resilience building program developed by *headversity*. This study will explore the impact of resilience building on the development of participants' resilience skills set and overall well-being.



### Entrepreneurship

Although working largely online in 2021, NorQuest College continued to develop its entrepreneurial research, supports, and programming. This includes partnering with the Edmonton Regional Innovation Network to establish an Entrepreneur in Residence to support faculty and students to start their own businesses. As part of this program, four NorQuest students participated in free training; one of them, Ketsia Lombosso Engoya (Business program), was awarded second place in the 150 Startups Kick-off Weekend. She was recognized for her business platform that empowers minority female students by connecting them with brands to earn passive income through influencer programs. In addition to our Entrepreneur in Resident, NorQuest College successfully partnered with the Africa Centre and the Julian Simon Group to receive Black Entrepreneurship Ecosystem Funding. Under this federal program, the three organizations will jointly support Black entrepreneurs throughout western Canada develop and grow their businesses.



### Other Scholarly Activities

Scholarly activities across NorQuest College continued through 2020–2021. In response to the global pandemic, many faculty and staff undertook projects examining the impacts of this shift to online learning on students and staff. This included a province-wide study by Drs. Viola Manokore and Jeff Kuntz, *Reimagining Higher Education: The Impact of COVID-19 in Post-Secondary Learning and Teaching*, that won the Alberta Colleges and Institutes Faculty Association Scholarship of Teaching and Learning Award.

### Institutional Research

In addition to its applied research and scholarly activities, NorQuest College operates a rigorous institutional research program across the organization. This year, Institutional Research supported the decentralization of evaluation activities for projects such as instruction and course evaluations and accreditation reporting, developed new staff and student surveys, and continued to support organizational data requests, non-core surveys, pilot studies, and other institutional projects.

Following a successful three-institution pilot to examine the impacts of the transition to emergency remote teaching, described in the study *Emergency Remote Teaching in the Language Instruction for Newcomers to Canada (LINC) Program* in summer 2020, Institutional Research received funding from Immigration, Refugees and Citizenship Canada to expand the study in 2021. The follow-up study, including 25 organizations from Western Canada, identified challenges related to technology, resources, knowledge, and skills experienced by instructors and newcomer students during online education.



# REGIONAL STEWARDSHIP, FOUNDATIONAL LEARNING, UNDERREPRESENTED LEARNERS

## Regional Stewardship

NorQuest College fulfills its regional stewardship mandate by serving distant learners virtually and through our Wetaskiwin campus. The principal aim of regional stewardship at NorQuest is to understand and meet the diverse needs of learners and the communities in which they live and work. The college is committed to working with community partners to enhance access to and respond to our regional learners' needs. To that end, the college:

- Offered Language Instruction for Newcomers (LINC) programs in many rural communities including Edson, Spruce Grove, Drayton Valley, Grand Prairie, Lloydminster, and Whitecourt and continued to provide quality instruction throughout the pandemic through remote learning opportunities.
- Delivered accessible learning in academic and non-academic foundational skills with affordable, self-directed learning opportunities through our Community Adult Learning Program (CALP) in Whitecourt. We continue to build CALP partnerships where learners need us and are transitioning our rural LINC programs to CALPs.
- Delivered over 70 workshops on various topics to bolster professional development and support practitioners as part of the Rural Routes program to establish and enhance second language acquisition in non-metropolitan communities.
- Offered credit courses and programs at the Wetaskiwin campus in Academic Upgrading and at the certificate and diploma level.



Need to improve some skills to find a job or get ahead at work?  
Want to help the kids in your life with their schoolwork?

**NORQUEST COLLEGE** Community Adult Learning Program

## Under-represented Learners

NorQuest College offers comprehensive services to support students with an experience of disability including assistive technology, academic coaching, accommodated exams, sign language interpretation, and student navigators. We help students be independent and more effective learners. Between July 1, 2020 and June 30, 2021, 656 learners with an experience of disability accessed supports.

- In partnership with Technology North Corp and other Canadian post-secondaries, we launched Autism CanTech!, a national program that helps autistic youth learn employability and technical skills for the digital economy. Since inception, 22 learners at NorQuest College have transformed their skills through Autism CanTech!. The project's goal is to serve at least 260 Autistic youth nationally by 2023.
- Our ongoing partnership with Inclusion Alberta continues to offer learners with developmental disabilities the opportunity to grow through inclusive learning experiences and support finding meaningful employment.
- Our Transitions to Employment program provided individuals with mild cognitive disability or delay with the training and support they need to obtain employment and establish and maintain independence.
- Administrative tasks such as documentation submission and key information were moved into easy to use, centralized online services providing seamless service throughout the pandemic.
- We continue to make our downtown campus more inclusive and accessible.

NorQuest continues to support all students by removing barriers to learning through learning support that provides free, unlimited access to tutoring and coaching services. These services provide unique opportunities for content mastery and strengthening transferrable, life-long learning skills that are critical to academic success and workforce readiness. They are essential supports for those learners who may have gaps in their formal education, those who are learning English as an additional language, and people who may have an undiagnosed or undocumented disability. This year we broadened supports by piloting a new Habits for Success program, designed to help students build on their strengths and increase autonomy in setting goals and using critical learning strategies.

### Open Educational Resources (OER)

Through our LINCWorks project, we have made a significant number of resources freely available for programs working with newcomers to Canada. These resources include two open education online workbooks. Full course modules as well as Essential Skills assessment testing suitable for newcomers with lower language and literacy levels are all available both on the NorQuest web site as well as other government-funded collections of resources.

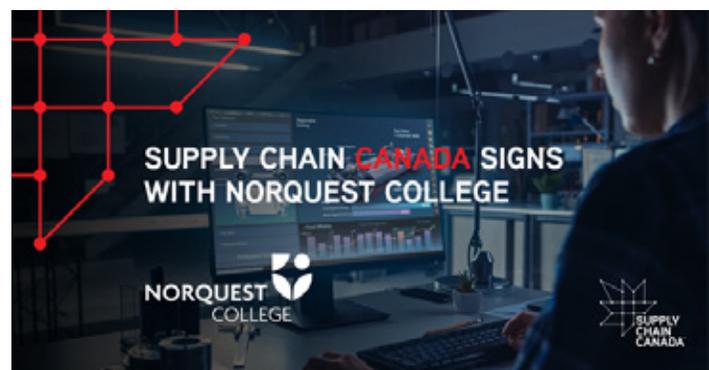
### Reducing the Digital Divide

Digital Citizenship includes online safety. Spending more time online increases the risk of encountering digital threats. The WebSafe project is an OER about the prevention and detection of scams and digital disinformation that targets new Canadians. The course is based on extensive community consultations and is freely available on the NorQuest web site. The topics covered are based on feedback from newcomer communities and service provider organizations, and include email scams, web site disinformation, and strategies to manage digital life. The course uses video, audio, and whiteboard animation to create an interactive and engaging set of learning tools. The materials have been developed for newcomers at a range of language proficiencies and are published as an OER. There is an instructor manual which provides a comprehensive course description, sample tasks for use with LINC classes, and sample language extension activities. The teacher manual and course videos are available in English and French.

### Occupation Specific Training for Newcomers to Canada

#### Supply Management Training Program for Newcomers to Canada

NorQuest, in partnership with Supply Chain Canada, offered a cohort of its Supply Management Training Program for newcomers to Canada. This program provided training in technical skills, intercultural competency, language, and a facilitated work placement in the supply chain industry. Students received a diploma from Supply Chain Canada and a one-year membership with the association to facilitate their development of a professional network. All of the course materials were designed to be accessible to newcomers with a Canadian Language Benchmarks (CLB) level 5 or 6. This program was unique in offering facilitated work placement and redesigned material for the lower CLB levels while meeting the outcomes set by Supply Chain Canada to ensure students receive the Certificate from Supply Chain Canada, a well-recognized training program for the field.



### Career Pathways for Newcomers

COVID-19 has shown the crucial need for health care workers in our province. Two new programs are helping to address that need by providing opportunities for newcomers to Canada to advance their language skills while learning about and preparing to be Health Care Aides.

### Language for Health Care Aide

Through funding from the Government of Alberta, a bridging program that prepares students for the revised Health Care Aide entrance requirements was developed. It is offered in two formats. One is designed for regional learners and offered in a part-time, self-paced model. The other offering is a full-time blended delivery. To date, all students who completed the program have met the language requirement for the Health Care Aide Program.

### Health Care Aide for English Language Learners

The second program, launching in 2021, utilizes a modified version of the same curriculum but is offered in conjunction to the Health Care Aide program. It incorporates both the bridge and the certificate to be a health care aide in the 48-week Health Care Aide for English Language Learners program.

### Improving Access to Education for Indigenous peoples and communities

NorQuest College is committed to Indigenous learners and an inclusive post-secondary experience that supports their goals. We have taken great strides in designing and implementing access-initiatives that are responsive to the needs and lived realities of Indigenous learners. The college undertook a comprehensive analysis of admissions data to better understand structural barriers to Indigenous access and participation in post-secondary education within our admissions processes. As a result of this analysis, we identified key aspects of the admission process that have been adapted to respond to the needs of Indigenous learners.

- In early 2020, NorQuest implemented a Tuition Deposit Waiver so that Indigenous learners have the option of securing a seat in their programs of choice without paying a tuition deposit, and avoid being put on a wait list for high-demand programs. To date, over 300 Indigenous learners have benefitted from the program.
- Beginning in March 2021, we began offering application fee waivers to Indigenous applicants. Over 60 Indigenous learners, half in foundational learning, took their first steps at NorQuest with the support of the program.
- We held over 700 seats in high-demand programs specifically for Indigenous students; continuing towards our goal of having 30 per cent of our student population identify as Indigenous by 2030.
- We launched the Indigenous Legacy Access Bursary, a full tuition and fees bursary, for Indigenous learners whose ambitions place them in the Faculty of Business, Environment, and Technology's open admissions programs.



- In May 2021, we entered a two-year, \$1 million agreement with Indspire to fund access for Indigenous learners to all of NorQuest’s learning opportunities, including academic upgrading. This agreement is the first of its kind in Canada, and will change many lives.

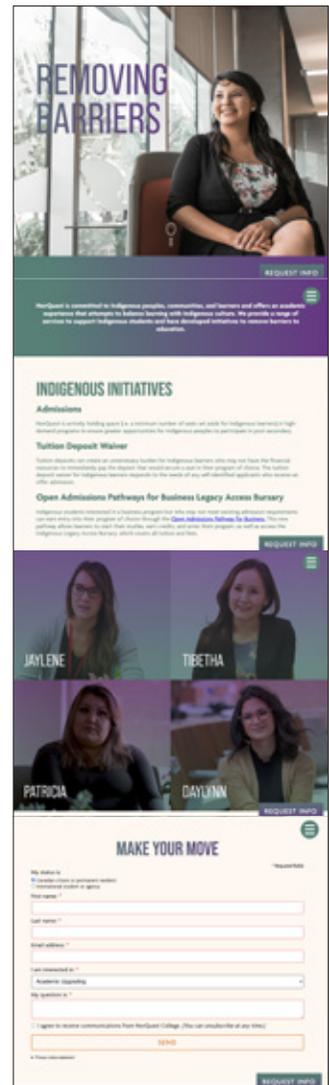
### Indigenous Learner Success

Working to ensure Indigenous learners are achieving high degrees of course completion within their programs also remains a priority focus for NorQuest College. The Indigenous learner course completion rate for 2020–2021 was 69 per cent. This represents an approximate 1.5 per cent decrease from the 2019–2020 result which was 71 per cent<sup>1</sup>. These decreases require further analysis to explain causality; however, these reductions are consistent with decreased course completion rates among other learner groups. We attribute this decrease, at least in part, to challenges presented by the COVID-19 pandemic. Indigenous student enrolment also remained strong throughout the year, with steady enrolment trends in both credit and non-credit programming. Several academic programs and instructional locations have also observed improvements to Indigenous learner course completion year over year. Analysis is ongoing to assess variability by program and delivery method to ensure learner supports and services are responsive and aligned to meet the distinct needs of Indigenous learners. To support Indigenous learner success, the college continues to make available Elders and Knowledge Keepers, online supports, and staff advisors. NorQuest is also working with faculty and curriculum development to increase the relevance of college programming to improve Indigenous learner retention and readiness and strengthen relationships with Indigenous community-partners.

### Alberta Indigenous Construction Career Centre

In 2019, the provincial government announced an additional two-year investment to support the Alberta Indigenous Construction Career Centre (AICCC) at NorQuest College. This provincial funding has enabled the AICCC to continue the important work of connecting unemployed and underemployed Indigenous peoples to employers who have construction-related job openings. To date, there have been over 1,500 intakes of Indigenous job seekers with nearly 75 per cent of these individuals being placed successfully in meaningful, rewarding work.

Through the AICCC, Indigenous clients have been successful in gaining the skills, training, and certification they need to be job ready. With its holistic, culturally-responsive, and client-focused approach, the AICCC offers career-related support to Indigenous peoples seeking rewarding careers in the construction industry. The AICCC has become well-known within the city of Edmonton and throughout Alberta for its demonstrated capacity to address employment-related barriers for Indigenous job-seekers. The AICCC has attracted candidates from across Canada including clients from the Northwest Territories, British Columbia, Saskatchewan, and Manitoba. With a concurrent focus on matching Indigenous candidates to employers who offer fair wages and opportunities for advancement, the AICCC has also contributed to narrowing the gap in the high unemployment rates that are disproportionately experienced by Indigenous peoples, and to moving Indigenous clients from the social and economic margins into the labour market. NorQuest’s industry partnerships, including EllisDon, Chandos, Syncrude, and JV Driver, have been crucial to the success of the AICCC.



1. The 2019–2020 result was incorrectly reported as 74 per cent in the 2019–2020 Annual Report.

## Indigenous Perspectives in Correctional Education

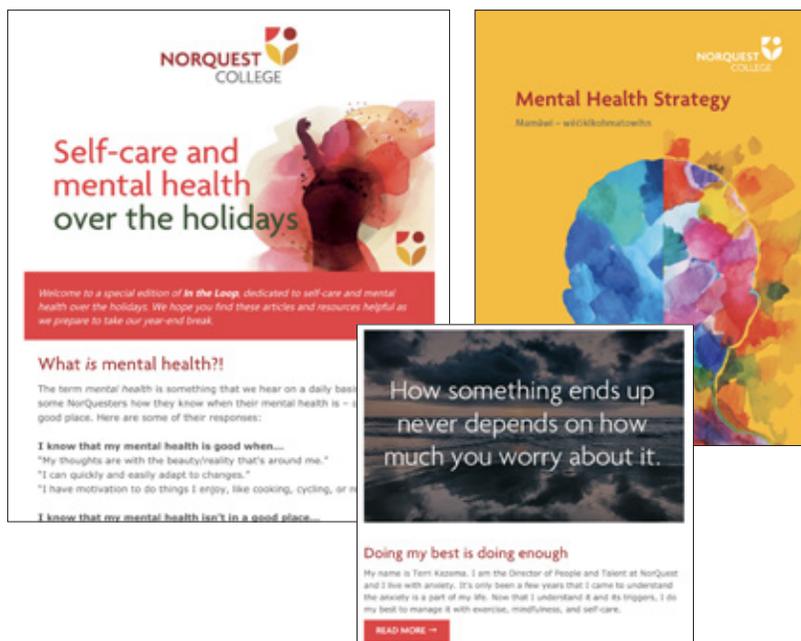
The Correctional Education program has completed an extensive Indigenous perspectives review and consultation. This resulted in a number of curricular improvements, specialized Indigenous course offerings, increased student support systems, and partnerships with Knowledge Keepers. Student feedback and engagement in courses with Indigenized content are positive and growing.

## Mental Health

NorQuest College promotes health and wellness. Our services are offered to learners in private settings, helping with matters that affect all aspects of well-being. Supported by grant funding from the government, we are investing in the mental health of Alberta's post-secondary students, creating stronger communities, and helping learners reach their full potential in and out of the classroom.

The college undertook a number of activities to support mental health at NorQuest, including:

- Provided pertinent, timely mental health resources and training online as a result of the shifting requirements of the pandemic
- Delivered sexual violence support, training, and awareness campaigns throughout the pandemic to both learners and staff
- Implemented Mental Health Strategy recommendations
- Provided the college community with online resources to increase awareness and reduce stigma associated with mental health
- Developed regular articles on the topics of mental health, wellness, and inclusion



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## INTERNATIONALIZATION



**1,904** International learners **from** **66** countries **=** **5%↑** increase

### International Student Recruitment

In 2020–2021, NorQuest College welcomed 1,904 international learners from 66 different countries, the majority coming from India and the Philippines. This represents a 5 per cent increase over the previous year, despite the challenges presented by COVID-19 such as closed borders, restricted international flights, and delays in study visa processing. Diversification of source countries continues to be a main priority for our international recruitment team as we look to grow the international student body. Overall, international learners represent 12 per cent of all learners at NorQuest. The international differential fee they pay, in addition to base tuition, represents a significant revenue, the majority of which is reinvested back into the college to create new programs and services that benefit all NorQuest students.

### International Skills and Competencies

In 2020–2021, NorQuest launched the Global Citizenship Bootcamp Pilot Program and issued a digital badge to students who successfully completed the new extra-curricular program. Funded by Employment and Social Development Canada and administered by Colleges and Institutes Canada (CiCan), the 15-hour program engaged students in a series of workshops and reflections that strengthened their confidence and preparedness to go abroad while building their intercultural knowledge and competencies. The Bootcamp was an innovative initiative that reduced barriers to studying and working internationally. The Bootcamp delivered content specifically designed to broaden access and equity while building global competencies. This upfront investment by CiCan allowed NorQuest to test different tools, supports, and services necessary to build inclusive study/work abroad opportunities in the future.

### Partnerships

NorQuest is currently supporting various capacity building projects overseas including some of the following:

- *Integrating Persons with Disabilities Consultancy* as part of the Skills for Accessing the Green Economy program in the Caribbean funded by Global Affairs Canada and administered by CiCan
- *Youth Employability Through Technical and Vocational Education and Training – Curricula Gap Audit* as part of the Young Africa Works program in Kenya funded by the MasterCard Foundation and administered by CiCan
- *Development of Prior Learning Assessment and Recognition Guidelines and Tools* as part of the Young Africa Works program in Kenya funded by the MasterCard Foundation and administered by CiCan
- Guanghua International Education Association and NorQuest partnership to offer select NorQuest nursing courses at three post-secondary institutions in China including Binzhou, Zhengzhou, and Changzhou.

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# NorQuest College

## Consolidated Financial Statements

**Year ended June 30, 2021**

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# NorQuest College

## Statement of Management Responsibility

**Year ended June 30, 2021**

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The consolidated financial statements of NorQuest College have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements present fairly the financial position of the college as at June 30, 2021 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 the 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]

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Carolyn Campbell  
President & Chief Executive Officer

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

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

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# 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, 2021, 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, 2021, 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.

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## Independent Auditor's Report

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.

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## Independent Auditor's Report

- 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

November 8, 2021  
Edmonton, Alberta

# NorQuest College

## Consolidated Statement of Financial Position

**As at June 30, 2021**  
*in thousands of dollars*

	2021	2020
<b>Financial assets excluding portfolio investments restricted for endowments</b>		
Cash	\$ 37,507	\$ 14,622
Portfolio investments - non-endowment (note 3)	38,525	35,081
Accounts receivable	2,945	5,018
Inventories held for sale	188	367
	<b>79,165</b>	<b>55,088</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	15,352	13,485
Employee future benefit liabilities (note 5)	1,686	1,581
Debt (note 6)	4,502	4,607
Deferred revenue (note 7)	38,370	22,400
	<b>59,910</b>	<b>42,073</b>
<b>Net financial assets excluding portfolio investments restricted for endowments</b>	<b>19,255</b>	<b>13,015</b>
Portfolio investments - restricted for endowments (note 3)	6,605	5,467
	<b>25,860</b>	<b>18,482</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 8)	168,862	172,503
Prepaid expenses	1,172	1,230
	<b>170,034</b>	<b>173,733</b>
<b>Net assets before spent deferred capital contributions</b>	<b>195,894</b>	<b>192,215</b>
Spent deferred capital contributions (note 9)	151,183	155,256
	<b>\$ 44,711</b>	<b>\$ 36,959</b>
<b>Net assets is comprised of:</b>		
Accumulated surplus	\$ 42,330	\$ 35,487
Accumulated remeasurement gains	2,381	1,472
	<b>\$ 44,711</b>	<b>\$ 36,959</b>
Contingent asset and contractual rights (notes 11 and 13)		
Contingent liabilities and contractual obligations (notes 12 and 14)		

**Approved by the Board of Governors:**

[Original signed by Carla Madra, CPA, CA]

Carla Madra, CPA, CA  
 Chair, Board of Governors

[Original signed by Chris Lavin, FCMC]

Chris Lavin, FCMC  
 Chair, Finance and Audit Committee

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

# NorQuest College

## Consolidated Statement of Operations

**Year ended June 30, 2021**  
*in thousands of dollars*

	2021 Budget	2021	2020
<b>Revenues</b>	(note 21)		
Government of Alberta grants (note 18)	\$ 55,609	\$ <b>55,553</b>	\$ 59,336
Federal and other government grants (note 18)	11,734	<b>10,375</b>	9,974
Sales of services and products	7,551	<b>3,649</b>	5,850
Student tuition and fees	47,322	<b>44,183</b>	42,761
Donations and other grants	1,366	<b>1,435</b>	1,234
Investment income	1,350	<b>2,975</b>	1,893
	124,932	<b>118,170</b>	121,048
<b>Expenses</b> (note 15)			
Instruction	40,825	<b>38,465</b>	42,464
Academic support	24,307	<b>20,077</b>	21,700
Student support	15,824	<b>13,931</b>	15,952
Computing and data communication	8,395	<b>9,114</b>	9,728
Facility operations and maintenance	13,292	<b>11,962</b>	14,037
Institutional support	17,700	<b>15,232</b>	17,334
Ancillary services	2,146	<b>1,821</b>	2,362
Sponsored research	1,951	<b>1,183</b>	193
Special purpose	-	<b>4</b>	4
	124,440	<b>111,789</b>	123,774
<b>Annual operating surplus (deficit)</b>	492	<b>6,381</b>	(2,726)
Endowment contributions (note 10)	-	<b>260</b>	30
Endowment capitalized investment income (note 10)	-	<b>202</b>	36
	-	<b>462</b>	66
<b>Annual surplus (deficit)</b>	492	<b>6,843</b>	(2,660)
<b>Accumulated surplus, beginning of year</b>	35,487	<b>35,487</b>	38,147
<b>Accumulated surplus, end of year</b>	\$ 35,979	\$ <b>42,330</b>	\$ 35,487

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, 2021**  
*in thousands of dollars*

	2021 Budget (note 21)	2021	2020
<b>Annual surplus (deficit)</b>	\$ 492	\$ <b>6,843</b>	\$ (2,660)
Acquisition of tangible capital assets	(6,935)	<b>(3,590)</b>	(4,199)
Amortization of tangible capital assets	8,013	<b>7,197</b>	7,294
Loss on disposal of tangible capital assets		<b>34</b>	42
Change in prepaid expenses		<b>58</b>	(323)
Change in spent deferred capital contributions		<b>(4,073)</b>	(2,651)
Change in accumulated remeasurement gains		<b>909</b>	538
<b>Increase (decrease) in net financial assets</b>		<b>7,378</b>	(1,959)
<b>Net financial assets, beginning of year</b>		<b>18,482</b>	20,441
<b>Net financial assets, end of year</b>		<b>\$ 25,860</b>	\$ 18,482

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, 2021  
*in thousands of dollars*

	2021	2020
<b>Accumulated remeasurement gains, beginning of year</b>	<b>\$ 1,472</b>	<b>\$ 934</b>
Unrealized gains attributable to:		
Portfolio investments - non-endowment		
Quoted in active market	2,578	982
Amounts reclassified to Consolidated Statement of Operations:		
Portfolio investments - non-endowment		
Quoted in active market	(1,669)	(444)
<b>Accumulated remeasurement gains, end of year</b>	<b>\$ 2,381</b>	<b>\$ 1,472</b>

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

# NorQuest College

## Consolidated Statement of Cash Flows

**Year ended June 30, 2021**  
*in thousands of dollars*

	2021	2020
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 6,843	\$ (2,660)
Add (deduct) non-cash items:		
Amortization of tangible capital assets	7,197	7,294
Gain on sale of portfolio investments	(2,029)	(588)
Loss on disposal of tangible capital assets	34	42
Expended capital recognized as revenue	(5,500)	(5,577)
Increase in employee future benefit liabilities	105	463
Change in non-cash items	(193)	1,634
Decrease (increase) in accounts receivable	2,073	(944)
Decrease (increase) in inventories held for sale	179	(182)
Increase (decrease) in accounts payable and accrued liabilities	1,867	(1,798)
Increase (decrease) in deferred revenue, excluding change in restricted unrealized gain	15,333	(3,318)
Decrease (increase) in prepaid expenses	58	(323)
<b>Cash provided by (applied to) operating transactions</b>	<b>26,160</b>	<b>(7,591)</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(3,590)	(4,199)
<b>Cash applied to capital transactions</b>	<b>(3,590)</b>	<b>(4,199)</b>
<b>Investing transactions</b>		
Purchase of portfolio investments	(5,063)	(2,106)
Proceeds on sale of portfolio investments	4,056	1,094
<b>Cash applied to investing transactions</b>	<b>(1,007)</b>	<b>(1,012)</b>
<b>Financing transactions</b>		
Debt - repayment	(105)	(145)
Increase in spent deferred contribution, less expended capital recognized as revenue	1,427	2,926
<b>Cash provided by financing transactions</b>	<b>1,322</b>	<b>2,781</b>
<b>Increase (decrease) in cash</b>	<b>22,885</b>	<b>(10,021)</b>
<b>Cash, beginning of year</b>	<b>14,622</b>	<b>24,643</b>
<b>Cash, end of year</b>	<b>\$ 37,507</b>	<b>\$ 14,622</b>

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

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# NorQuest College

## Notes to the Consolidated Financial Statements

**Year ended June 30, 2021**  
*in thousands of dollars*

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### 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 - 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 and liabilities 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 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:

<b>Financial Statement Component</b>	<b>Measurement</b>
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
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 cash and cash equivalents and 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.

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# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
*in thousands of dollars*

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### 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 records 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.

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# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

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### 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:

Buildings and site improvements	10 - 40 years
Leasehold improvements	Term of lease
Furniture, equipment and vehicle	10 years
Computer hardware and software	3 years

Tangible capital assets 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.

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.

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# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

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

#### (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. In the period of settlement, foreign exchange gains and losses related to non-capital items are recorded at the exchange rate on the date of the transaction in the Consolidated Statement of Operations, and capital items are recorded in the Consolidated Statement of Financial Position.

#### (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 a bi-annual basis and extrapolates the prior year actuarial information forward in the years in which a formal actuarial review is not performed. 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)*.

#### (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. Contaminated sites occur when an environmental standard exists and contamination exceeds the environmental standard.

Contaminated sites in productive use:

A liability for remediation of contaminated sites from an operations(s) that is in productive use is recognized net of any expected recoveries when all of the following criteria are met:

- i. the college has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- ii. 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
- iii. the transaction or events obligating the institution have already occurred.

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# NorQuest College

## Notes to the Consolidated Financial Statements

**Year ended June 30, 2021**  
*in thousands of dollars*

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

Contaminated sites no longer in productive use:

A liability for remediation of contaminated sites from an operation(s) no longer in productive use, and/or an unexpected event occurs resulting in contamination, is recognized net of any expected recoveries when all of the following criteria are met:

- i. the college is directly responsible or accepts responsibility;
- ii. it is expected that future economic benefits will be given up; and
- iii. a reasonable estimate of the amount can be made.

#### (k) 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.

##### **Facility operations and maintenance**

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, custodial services, landscaping and grounds keeping, major repairs and renovations and amortization of buildings, site improvements, furniture, equipment and vehicles.

##### **Institutional support**

Expenses related to executive management, public relations, alumni relations, corporate marketing and communication, fund-raising and funds development, corporate insurance premiums, corporate finance, human resources, and any other centralized college-wide administrative services.

##### **Ancillary services**

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.

##### **Sponsored research**

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

##### **Special purpose**

Expenses that do not support the major activities of the college such as instruction, ancillary services, and sponsored research. These include expenses that support special strategic initiatives outside of major activities specifically funded by restricted grants and donations, and internally restricted funds.

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# NorQuest College

## Notes to the Consolidated Financial Statements

**Year ended June 30, 2021**  
*in thousands of dollars*

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

#### **(l) 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.

#### **(m) Future Accounting Changes**

In August 2018, the Public Sector Accounting Board (PSAB) issued PS 3280 Asset retirement obligations. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2022. Asset retirement obligations provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

In November 2018, PSAB approved 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.

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

### 3. Portfolio Investments

	2021	2020
Portfolio investments - non-endowment	\$ 38,525	\$ 35,081
Portfolio investments - restricted for endowments	6,605	5,467
	<b>\$ 45,130</b>	<b>\$ 40,548</b>

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

	Level 1	Level 2	Level 3	2021 Total
Portfolio investments at fair value				
Pooled investment funds				
Fixed income	\$ 25,454	\$ -	\$ -	\$ 25,454
Canadian equities	9,022	-	-	9,022
Foreign equities	10,654	-	-	10,654
Total portfolio investments	<b>\$ 45,130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,130</b>
	100.00%	%	%	100.00%
				2020
	Level 1	Level 2	Level 3	Total
Portfolio investments at fair value				
Pooled investment funds				
Fixed income	\$ 24,925	\$ -	\$ -	\$ 24,925
Canadian equities	6,100	-	-	6,100
Foreign equities	9,523	-	-	9,523
Total portfolio investments	<b>\$ 40,548</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,548</b>
	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).

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# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
*in thousands of dollars*

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### 3. Portfolio Investments (continued)

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 subject 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.

### 4. 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 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 2021, 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 Statement of Remeasurement Gains and Losses or deferred revenue if they relate to restricted funds.

The college assesses its portfolio sensitivity to a percentage increase (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, 2021, if market prices had a 5% (2020 - 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 \$446 (2020 - \$395).

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The college does not hold any financial assets or liabilities denominated in foreign currencies. 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, 2021, 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 (2020: A).

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

#### 4. Financial Risk Management (continued)

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

Credit Rating	2021	2020
AA	100.0%	0.0%
A	0.0%	100.0%

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

#### 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 6 and for other contractual obligations in note 14.

#### 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, while its interest sensitive liabilities that incur interest expense are debt. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the college holds. In 2021, the college was exposed to low interest rate risk on its cash balances. There was no change in the prime rate in 2021 (2020 - 150 basis point decrease) that affected the interest earned on cash balances held at the college's bank. Interest rates for pooled bond funds, did not fluctuate between 2021 and 2020. If interest rates decreased by 1%, and all other variables are held constant, the potential gain in fair value to the college would be approximately 6.32% or \$1,609 on total investments in pooled bond funds of \$25,453 (2020 - approximately 7.18% or \$1,790 on total investments in pooled bond funds of \$24,925). 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 6.

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%	-	-	0.65%
Portfolio investments - pooled bond funds	-	-	100.00%	2.80%

#### 5. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2021	2020
Benefit liability for employees on long-term disability	\$ 1,645	\$ 1,542
Liability for short-term illness	41	39
	<b>\$ 1,686</b>	<b>\$ 1,581</b>

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

### 5. Employee Future Benefit Liabilities (continued)

#### (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 valued as at June 30, 2020. The college performs an actuarial valuation every second year with the next valuation scheduled for the 2022 fiscal year. Benefit liability for employees on LTD for 2021 was estimated assuming no change in actuarial assumptions and using forecasted values for new additions to the LTD plan from the 2020 actuarial assessment and adjusting for changes in volume of staff on LTD. The college had 16 (2020 - 15) employees on LTD as at June 30, 2021.

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

	2021	2020
	<b>Benefit liability for employees on LTD</b>	Benefit liability for employees on LTD
<b>Expense</b>		
Interest cost	\$ -	\$ 11
Actuarial loss	103	1,226
Total expense	<b>\$ 103</b>	<b>\$ 1,237</b>
<b>Financial Position</b>		
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,542	\$ 1,068
Adjustment for actuarial estimate	304	(475)
Interest cost	-	11
Benefits paid	(304)	(288)
Actuarial loss	103	1,226
Accrued benefit obligation and benefit liability for LTD	<b>\$ 1,645</b>	<b>\$ 1,542</b>

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

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

### 5. Employee Future Benefit Liabilities (continued)

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

	2021	2020
	Benefit liability for employees on LTD	Benefit liability for employees on LTD
Accrued benefit obligation		
Discount rate	1.30%	1.30%
Benefit cost		
Discount rate	1.30%	1.30%
Alberta inflation (long-term)	2.00%	2.00%
Estimated average remaining service life	5.80yrs	5.80yrs

As there are no assets set aside to fund these liabilities, the 2021 and 2020 discount rates used for the accrued benefit obligation and benefit cost were provided by the actuary engaged by the college in the 2020 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 6 (2020 - 17, of which 9 employees had zero benefits left) employees on STI as at June 30, 2021.

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

	2021	2020
Accrued benefit liability, beginning of year	\$ 39	\$ 50
Obligations arising/expense during the year	762	738
Benefits paid	(760)	(749)
Accrued benefit liability, end of year	\$ 41	\$ 39

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

##### Multi-employer pension plans

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

The PSPP is a multi-employer contributory defined benefit pension plan for all permanent and term employees excluding management positions and is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is \$6,075 (2020 - \$6,618).

An actuarial valuation of the PSPP was carried out as at December 31, 2019. PSPP had a surplus at December 31, 2020 of \$2,223,582 (2019 - surplus \$2,759,320). For the year ended December 31, 2020, PSPP reported employer contributions of \$323,497 (2019 - \$323,894) and employee contributions of \$323,832 (2019 - \$330,257). For the 2020 calendar year, the college's employer contributions were \$6,411 (2019 calendar year - \$6,385).

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# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

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### 5. Employee Future Benefit Liabilities (continued)

#### 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 \$1,224 (2020 - \$1,402).

An actuarial valuation of the MEPP was carried out as at December 31, 2018, and was then extrapolated to December 31, 2020. MEPP had a surplus at December 31, 2020 of \$809,850 (2019 - surplus \$1,008,135). For the year ended December 31, 2020, MEPP reported employer contributions of \$78,167 (2019 - \$108,615) and employee contributions of \$76,747 (2019 - \$81,924). For the 2020 calendar year, the college's employer contributions were \$1,232 (2019 calendar year - \$1,603).

#### 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 Management Employee Pension Plan (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 \$97 (2020 - \$131).

An actuarial valuation of the SRP was carried out as at December 31, 2018, and was then extrapolated to December 31, 2020. At December 31, 2020, the SRP reported an actuarial deficit of \$59,972 (2019 - \$44,698). For the year ended December 31, 2020, SRP reported employer contributions of \$2,425 (2019 - \$2,735) and employee contributions of \$2,422 (2019 - \$2,741). For the 2020 calendar year, the college's employer contributions were \$122 (2019 calendar year - \$125). 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.

#### (c) Health and Dental Plan

The health and dental plan is an employee benefit plan contributed to by the college and its employees. As of December 31, 2020, the college portion of accumulated surplus is estimated at \$808 (2019 surplus - \$510). Management believes the estimated amount does not have a material effect on the financial position or the results of operations of the college. The surplus is held by the benefit administrator to address unanticipated increases in claims experience and to moderate the impact of increasing premium rates for the college and employees in future years.

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

### 6. Debt

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

	Collateral	Maturity date	Interest rate	2021	2020
Debtures payable to the Department of Treasury Board and Finance:					
Debture for parkade loan	1	September 2042	2.989%	\$ 4,502	\$ 4,607
				<b>\$ 4,502</b>	<b>\$ 4,607</b>

Collateral - (1) general security agreement.

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

	Principal	Interest	Total
2022	\$ 152	\$ 133	\$ 285
2023	156	127	283
2024	161	122	283
2025	166	117	283
2026	171	112	283
Thereafter	3,696	983	4,679
	<b>\$ 4,502</b>	<b>\$ 1,594</b>	<b>\$ 6,096</b>

Interest expense on debt is \$137 (2020 - \$141) and is included in the Consolidated Statement of Operations.

### 7. Deferred Revenue

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

				2021	2020
	Deferred contributions	Unspent deferred capital contributions	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 8,116	\$ 5,891	\$ 8,393	\$ 22,400	\$ 25,819
Grants, tuition, donations received during the year	16,456	-	57,614	74,070	58,319
Restricted investment income - realized gain	332	35	-	367	278
Restricted investment income - unrealized gain	637	-	-	637	(100)
Transfers (to) from spent deferred capital contributions	(2,345)	918	-	(1,427)	(2,926)
Recognized as revenue	(13,261)	(234)	(44,182)	(57,677)	(58,960)
Transfer to endowments	-	-	-	-	(30)
Balance, end of year	<b>\$ 9,935</b>	<b>\$ 6,610</b>	<b>\$ 21,825</b>	<b>\$ 38,370</b>	<b>\$ 22,400</b>

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

### 8. Tangible Capital Assets

						2021	2020
	Land	Buildings & site improvements	Leasehold improvements	Furniture, equipment & vehicle	Computer hardware & software	Total	Total
<b>Cost</b>							
Balance, beginning of year	\$ 6,752	\$ 178,891	\$ 4,568	\$ 7,236	\$ 13,595	\$ 211,042	\$ 207,365
Acquisitions	911	1,370	3	245	1,061	3,590	4,199
Disposals	-	-	-	(107)	(841)	(948)	(522)
	<b>7,663</b>	<b>180,261</b>	<b>4,571</b>	<b>7,374</b>	<b>13,815</b>	<b>213,684</b>	<b>211,042</b>
<b>Accumulated Amortization</b>							
Balance, beginning of year	\$ -	\$ 21,282	\$ 3,513	\$ 2,890	\$ 10,854	\$ 38,539	\$ 31,725
Amortization expense	-	5,075	166	654	1,302	7,197	7,294
Disposals	-	-	-	(75)	(839)	(914)	(480)
	<b>-</b>	<b>26,357</b>	<b>3,679</b>	<b>3,469</b>	<b>11,317</b>	<b>44,822</b>	<b>38,539</b>
<b>Net book value, June 30, 2021</b>	<b>\$ 7,663</b>	<b>\$ 153,904</b>	<b>\$ 892</b>	<b>\$ 3,905</b>	<b>\$ 2,498</b>	<b>\$ 168,862</b>	
Net book value, June 30, 2020	\$ 6,752	\$ 157,609	\$ 1,055	\$ 4,346	\$ 2,741		\$ 172,503

Historic cost includes work-in-progress as at June 30, 2021 totaling \$2,474 (2020 - \$1,735) comprised of land \$911 (2020 - \$0) related to soil remediation which is not subject to amortization upon completion, site improvements \$977 (2020 - \$979), development of information systems \$511 (2020 - \$675) and equipment & fixtures \$75 (2020 - \$81), which are not amortized as the assets are not in service.

### 9. 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).

	2021	2020
<b>Balance, beginning of year</b>	<b>\$ 155,256</b>	<b>\$ 157,907</b>
Transfers (to) from unspent deferred capital contributions	(918)	2,554
Transfers from deferred contributions	2,345	372
Expended capital recognized as revenue	(5,500)	(5,577)
<b>Balance, end of year</b>	<b>\$ 151,183</b>	<b>\$ 155,256</b>

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

### 10. Net Assets

The composition of net assets is as follows:

	Accumulated surplus from operations	Investment in tangible capital assets	Internally restricted surplus	Endowments	Total
<b>Net assets, as at June 30, 2019</b>	<b>\$ 18,374</b>	<b>\$ 11,687</b>	<b>\$ 4,218</b>	<b>\$ 4,802</b>	<b>\$ 39,081</b>
<b>Annual operating deficit</b>	(2,726)	-	-	-	(2,726)
<b>Endowments</b>					
Capitalized investment income	-	-	-	36	36
Transfer to endowments	-	-	-	30	30
<b>Internally funded tangible capital assets</b>					
Amortization of tangible capital assets	1,753	(1,753)	-	-	-
Acquisition of tangible capital assets	(1,278)	1,278	-	-	-
Debt repayment	(145)	145	-	-	-
Net book value of tangible capital asset disposals	9	(9)	-	-	-
<b>Expenditures funded from internally restricted surplus</b>	1,409	-	(1,409)	-	-
<b>Net Board appropriation to internally restricted surplus</b>	(2,100)	-	2,100	-	-
<b>Changes in accumulated remeasurement gains</b>	538	-	-	-	<b>538</b>
<b>Net assets, as at July 1, 2020</b>	<b>\$ 15,834</b>	<b>\$ 11,348</b>	<b>\$ 4,909</b>	<b>\$ 4,868</b>	<b>\$ 36,959</b>
<b>Annual operating surplus</b>	6,381	-	-	-	6,381
<b>Endowments</b>					
New donations	-	-	-	260	260
Capitalized investment income	-	-	-	202	202
<b>Internally funded tangible capital assets</b>					
Amortization of tangible capital assets	1,702	(1,702)	-	-	-
Acquisition of tangible capital assets	(1,247)	1,247	-	-	-
Debt repayment	(105)	105	-	-	-
Net book value of tangible capital asset disposals	27	(27)	-	-	-
<b>Expenditures funded from internally restricted surplus</b>	2,757	-	(2,757)	-	-
<b>Net Board appropriation to internally restricted surplus</b>	(7,359)	-	7,359	-	-
<b>Change in accumulated remeasurement gains</b>	909	-	-	-	909
<b>Net assets, as at June 30, 2021</b>	<b>\$ 18,899</b>	<b>\$ 10,971</b>	<b>\$ 9,511</b>	<b>\$ 5,330</b>	<b>\$ 44,711</b>
<b>Net assets is comprised of:</b>					
Accumulated surplus	\$ 16,518	\$ 10,971	\$ 9,511	\$ 5,330	<b>42,330</b>
Accumulated remeasurement gain	2,381	-	-	-	<b>2,381</b>
	<b>\$ 18,899</b>	<b>\$ 10,971</b>	<b>\$ 9,511</b>	<b>\$ 5,330</b>	<b>\$ 44,711</b>

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

### 10. Net Assets (continued)

#### Investment in tangible capital assets

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

#### Internally restricted surplus

Internally restricted surplus represent amounts set aside by the college's Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the 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	Spent during year	Balance at end of year
<b>Capital</b>				
Downtown campus development	\$ 454	\$ -	\$ -	454
Information and technology asset investment	2,534	2,813	(1,198)	4,149
Non-IT asset investment	184	112	(51)	245
	<u>3,172</u>	<u>2,925</u>	<u>(1,249)</u>	<u>4,848</u>
<b>Operating</b>				
Program and curriculum development	1,500	-	-	1,500
Scholarships and bursaries	57	-	(1)	56
Downtown Campus	30	-	-	30
Information and technology projects	-	2,993	(579)	2,414
Non-IT projects	-	1,441	(928)	513
	<u>1,587</u>	<u>4,434</u>	<u>(1,508)</u>	<u>4,513</u>
<b>Research</b>				
Applied research	150	-	-	150
	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>
	<u>\$ 4,909</u>	<u>\$ 7,359</u>	<u>\$ (2,757)</u>	<u>\$ 9,511</u>

### 11. 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.

### 12. Contingent Liabilities

The college is a defendant in fifteen (2020 - nine) legal proceedings arising in the normal course of business. A liability is recorded where future liability is likely and the amount can be reasonably estimated based on legal advice. While the ultimate outcome and liability of other proceedings cannot be reasonably determined at this time, the college believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the college.

The college has identified contingent liabilities related to the existence of hazardous materials in a number of its owned facilities. Over the years, the college has undergone extensive abatement of known hazardous materials in its facilities according to applicable environmental standards. For the facilities where the college is able to reasonably estimate the costs associated with remediating the hazardous materials, and where it is likely that a future event will confirm the

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

### 12. Contingent Liabilities (continued)

existence of the liability, a liability has been recorded in the financial statements based on current contractual obligations for remediation. For the other college facilities, without extensive destructive testing, it is not possible to confirm if there are any remaining unknown hazardous materials and to reliably estimate a cost to remediate any unknown hazardous materials.

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 future liability is likely and the amount can be reasonably estimated based on the enrolment information available to the college.

### 13. 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:

	<b>Total Revenue Contracts<sup>(a)</sup></b>	
2022	\$	<b>861</b>
2023		<b>261</b>
2024		<b>198</b>
2025		<b>81</b>
2026		<b>21</b>
Thereafter		<b>4</b>
	<b>\$</b>	<b>1,426</b>
Total at June 30, 2020	\$	<b>402</b>

<sup>(a)</sup> There are no operating and capital lease contracts.

### 14. 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:

	<b>Service contracts</b>		<b>Information systems and technology</b>		<b>Long-term leases</b>		<b>Capital projects</b>		<b>Total</b>	
2022	\$	1,434	\$	1,817	\$	1,254	\$	2,635	\$	<b>7,140</b>
2023		291		569		1,267		989		<b>3,116</b>
2024		211		178		1,273		124		<b>1,786</b>
2025		180		105		983		119		<b>1,387</b>
2026		177		3		464		114		<b>758</b>
Thereafter		-		-		42		1,013		<b>1,055</b>
	<b>\$</b>	<b>2,293</b>	<b>\$</b>	<b>2,672</b>	<b>\$</b>	<b>5,283</b>	<b>\$</b>	<b>4,994</b>	<b>\$</b>	<b>15,242</b>
Total at June 30, 2020	\$	3,010	\$	2,930	\$	5,403	\$	3,635	\$	<b>14,978</b>

# NorQuest College

## Notes to the Consolidated Financial Statements

**Year ended June 30, 2021**  
*in thousands of dollars*

### 15. Expense by Object

The following is a summary of expense by object:

		2021	2020
	Budget	Actual	Actual
Salaries	\$ 73,416	\$ 68,939	\$ 75,610
Employee benefits	14,293	14,027	15,545
Materials, supplies and services	22,105	15,786	17,834
Utilities	1,574	1,242	1,411
Leases, maintenance and repairs	3,331	2,802	3,358
Cost of goods sold	963	862	1,374
Scholarships and bursaries	606	764	1,122
Amortization of tangible capital assets (including loss on disposal)	8,013	7,230	7,336
Interest on debt	139	137	184
	<u>\$ 124,440</u>	<u>\$ 111,789</u>	<u>\$ 123,774</u>

### 16. 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.

	2021	2020
Deferred Salary Leave Plan	\$ 23	\$ 19
NorQuest College Faculty Association	31	64
NorQuest College Student Association	(39)	1
Other	9	9
	<u>\$ 24</u>	<u>\$ 93</u>

### 17. 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 6. The college received government transfers as described in note 18.

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.

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

### 18. 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.

	2021	2020
<b>Grants from Government of Alberta</b>		
Advanced Education:		
Operating	\$ 42,383	\$ 44,274
Capital	1,648	1,142
Recurring restricted grants <sup>(a)</sup>	5,440	5,440
Other	1,974	1,144
Total Advanced Education grants	51,445	52,000
Other Government of Alberta departments and agencies		
Alberta Health	90	-
Alberta Labour	979	1,020
Other	-	23
Total other Government of Alberta departments and agencies	1,069	1,043
Total contributions received	52,514	53,043
Expended capital recognized as revenue	5,349	5,479
Change in deferred revenue	(2,310)	814
Total Government of Alberta grants	\$ 55,553	\$ 59,336
<b>Federal and other government grants</b>		
Contributions received	\$ 10,204	\$ 10,196
Expended capital recognized as revenue	-	13
Change in deferred revenue	171	(235)
Total Federal and other government grants	\$ 10,375	\$ 9,974

<sup>(a)</sup>Recurring restricted grants include grants for health workforce action plan, support learners with disabilities and inmate education.

# NorQuest College

## Notes to the Consolidated Financial Statements

Year ended June 30, 2021  
in thousands of dollars

### 19. Salary and Employee Benefits

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

				2021	2020
	Base salary <sup>(2)</sup>	Other cash benefits <sup>(3)(4)</sup>	Other non-cash benefits <sup>(5)(6)</sup>	Total	Total
<b>Governance<sup>(1)</sup></b>					
Chair of the Board of Governors	\$ -	\$ 5	\$ -	\$ 5	\$ 5
Members of the Board of Governors	-	33	-	33	32
<b>Executive</b>					
President & Chief Executive Officer <sup>(7)</sup>	267	9	56	332	580
<b>Chiefs/Vice-Presidents (VP):</b>					
Chief Culture & Transformation Officer <sup>(8)</sup>	26	21	4	51	266
Chief Customer Experience Officer <sup>(9)(15)</sup>	157	21	34	212	273
VP Administration & CFO <sup>(10)(15)</sup>	56	-	13	69	-
VP External Relations & Partnerships	193	-	38	231	255
VP Corporate Services & Finance <sup>(11)(15)</sup>	151	-	33	184	213
VP External Affairs & Brand <sup>(12)</sup>	79	117	14	210	220
VP Learner Experience <sup>(13)(15)</sup>	54	-	12	66	-
VP People & Culture	193	30	41	264	240
VP Academic	198	7	42	247	276
AVP Marketing & Communications <sup>(14)</sup>	93	-	22	115	-

(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 Executive and non-pensionable compensation to Interim President.

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

(4) Other cash benefits for Executive includes earnings such as car allowance, bonuses, vacation payouts and other lump sum payments including severance. No bonuses were paid in 2021.

(5) Other non-cash benefits for Executive includes 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 CRA 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 5.

(7) The President & Chief Executive Officer position was vacated on January 3, 2020 and was replaced on an interim basis until July 19, 2020. The role was transitioned to the incoming president June 15 to July 19, 2020 with full responsibility starting on July 20, 2020.

(8) The role of Chief Culture & Transformation Officer was eliminated on July 31, 2020.

(9) The role of Chief Customer Experience Officer was occupied up to March 15, 2021.

(10) The VP Administration & CFO has been occupied since March 16, 2021.

(11) The VP Corporate Services & Finance position was occupied up to March 15, 2021.

(12) The VP External Affairs & Brand position was eliminated in November 2020. Included in Other Cash Benefits \$100K was paid in lieu of notice and employer portion of benefit contributions as a result of a termination agreement.

(13) The VP Learner Experience has been occupied since March 16, 2021

(14) The AVP Marketing & Communications is a new role since December 18, 2020.

(15) The individuals who occupied the roles of Chief Customer Experience Officer and VP Corporate Services & Finance exchanged portfolios March 16, 2021 and their titles were revised to VP Learner Experience and VP Administration & CFO respectively.

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# NorQuest College

## Notes to the Consolidated Financial Statements

**Year ended June 30, 2021**  
*in thousands of dollars*

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**20. Impact of COVID-19**

The COVID-19 pandemic continues to cause material disruption to NorQuest College by causing the temporary closure of buildings on campus and by creating an overall economic slowdown across Alberta and the rest of the world. The college continues to assess and monitor the impact of COVID-19 on its financial condition, including the likelihood of decreased revenues and increased expenditures as a direct result of this pandemic. The magnitude and duration of COVID-19 is uncertain and accordingly, it is difficult to reliably measure the potential future impact on the college's financial position and operations.

**21. Budget Figures**

Budgeted figures have been provided for comparison purposes and have been derived from the college's budget plan as approved by the Board of Governors.

**22. Approval of Financial Statements**

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

**23. Comparative Figures**

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



**NorQuest College**

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