



**NORQUEST
COLLEGE**

2021–2022 Annual Report



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Accountability Statement

The NorQuest College Annual Report for the year ended June 30, 2022 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 of have been considered in the preparation of this report.

[Original signed by Mike Bacchus]

Mike Bacchus

Chair, Board of Governors

October 27, 2022

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 consolidated 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's audit committee, as well as approved by the Board of Governors and is prepared in accordance with the *Fiscal Planning and Transparency Act* and the *Post-Secondary Learning Act*. The Auditor General of Alberta, the institution's external auditor appointed under the *Post-Secondary Learning Act*, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.

[Original signed by Carolyn Campbell]

Carolyn Campbell

President & CEO

Message from The Board Chair & President

NorQuest College is growing, adapting, and leading as one of Alberta's largest post-secondary institutions. Our college strategic plan, *NorQuest 2030: We are who we include*, is our roadmap to engage, empower, and connect with our employees, learners, and external stakeholders. *NorQuest 2030* guides us towards attracting a diverse set of learners and managing our resources wisely.

This has been shaped through important changes that have enhanced our organization. A redesign of our organizational structure in Spring 2022 ensures that our long-term organizational framework is driven by our college strategy and data-driven decisions. New programs and academic restructuring at the college will mean better and more inclusive education options for our learners. Earning awards from academic institutions for our innovative curriculum and being recognized by Canada's Top Employers for offering an exceptional place to work shows that our devotion to college learners and employees has been noticed and appreciated. Throughout these changes, we know that one thing remains the same: our people are passionate and committed to serving our learners and the community.

As another fiscal year comes to an end, NorQuest is advancing with strong enrolment numbers and a solid financial position in our ever-changing economic landscape. Meaningful and strategic collaboration with government, industry, and college stakeholders helps refine and build our important role to serve our learners and play our part in Alberta's growing economy. In committing to *NorQuest 2030* in all that we do, we offer dynamic, workforce-relevant education solutions that build communities and help bolster a vibrant economy across the province.

Learners know that NorQuest College is a place where they feel welcome to pursue their goals. Our devotion to learners and proven community impact makes us a key player in Alberta's education sector and the economy – now and in the future.

[Original signed by Mike Bacchus]

Mike Bacchus

Chair, Board of Governors

[Original signed by Carolyn Campbell]

Carolyn Campbell

President & CEO

Public Interest Disclosure (Whistleblower Protection) Act

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

2021–2022 Reports

Inquiry Types	Number Received
General Inquiries	1
Disclosures of Wrongdoing	0
Investigations	0
Reports Written	0

Operational Overview

College achievements

Launch of *NorQuest 2030: We are who we include*

NorQuest 2030: We are who we include is NorQuest College's new strategic plan. Unveiled to employees in a virtual ceremony on October 5, 2021, the plan offers a reimagined vision for higher education that is defined by, and succeeds through, who it includes.

NorQuest 2030: We are who we include represents a significant moment in NorQuest's history and is an important guide for our future. The plan is the culmination of months of consultation with learners, employees, and community stakeholders, resulting in a document that resonates beyond the college's traditional audiences. By focusing on five outcomes – learner, people, connection, investment, and transformation – as places for impact, *NorQuest 2030* will offer its partners an inclusive and seamless post-secondary experience at NorQuest. The plan will also guide strategic planning and decision-making for all areas of the college for years to come.

NorQuest launches a new faculty and division

In February 2022, NorQuest College announced a revised organizational structure to support the strategic plan *NorQuest 2030: We are who we include* and *Reimagine Higher Education*, our strategic vision that guides the operations of the Academic portfolio at NorQuest. NorQuest enabled and strengthened data-driven decision making across the college by redefining our organizational structure and increasing the use of business analytics.

To help accelerate the college's progress towards our vision, a new faculty and a new division were added to NorQuest's academic portfolio — the Faculty of Arts and Sciences and Academic Strategy and Integration.

Over the coming years, the Faculty of Arts and Sciences (FOAS) will play an important role at NorQuest College as it builds new and exciting areas of focus in social sciences and humanities, biological and physical sciences, and Indigenous Peoples education. The FOAS is focused on fostering growth and innovation in arts and sciences education that will allow for greater access to education and enable integrated pathways for under-represented and excluded learners to other post-secondary institutions.

Academic Strategy and Integration (ASI) was established to provide consistent, cross-faculty leadership on shared priorities including Reimagine Higher Education, work-integrated learning and career services, student judicial affairs, microcredentials, and learner pathways. ASI will ensure the alignment and integration of the college's academic vision across the portfolio.

Building on our core strengths, and with this new faculty and division, NorQuest is growing and expanding with programs in technology, environment and energy, arts and sciences, and exciting new initiatives like the Indigenous House of Learning. We are also expanding our applied research to solve industry problems and provide exciting new opportunities for learners.

First in-person convocation since 2019

On May 24 and 25, 2022, over 1,800 NorQuest graduates were joined by four honorary diploma recipients in the college's first in-person convocation ceremonies since 2019, due to COVID-19. Business leader and CBC's Dragon's Den star Manjit Minhas joined fellow honorary diploma recipients Drs. Austin and Catherine Mardon and Dr. Norma Dunning in the two-day celebration.

Mike Bacchus appointed incoming Chair of NorQuest Board of Governors

NorQuest College is pleased to welcome Mr. Mike Bacchus to the Board of Governors for NorQuest College. Mr. Bacchus will be taking on the role of Board Chair effective July 1, 2022, from outgoing Chair, Carla Madra.

“NorQuest is an important institution for Alberta’s post-secondary system, and one of the most welcoming and culturally diverse campuses in our province,” said Hon. Demetrios Nicolaides, Minister, Alberta Advanced Education. “As a board chair, supporting a culture of engagement, building a vision, and creating partnerships are critical elements to success, and Mike Bacchus brings that and more to NorQuest and our post-secondary community in Alberta.”

Work Styles Policy

To reflect current trends, NorQuest developed a revised Work Styles Policy in June 2022 to offer employees flexibility in work styles while balancing essential services for NorQuest learners and strengthening our connections to the community. Two work style choices are available to employees:

- *Campus* workstyle applies to employees who will be on site all or most of the time at a dedicated assigned workspace, either to meet operational requirements or by preference.
- *Flex* work style means the employee works away from campus most of the time (roughly 60-70%). Employees choosing this style can use bookable workspaces when on campus.

Along with launching an electronic tool to formally select a work style, the college developed a NorQuest Guide to Campus for all new employees and faculty and a Leaders’ Playbook to support leading teams in the new, hybrid environment. As of June 30, 717 employees have selected Flex and 433 have selected Campus.

Downtown Campus Development Project

This project is now in its final stages, following the demolition of Centre 102 in September 2021 and construction of a green space on that building's former site. Work on the green space has progressed quickly, and the space should be completed in fall 2022.

Confirming collective agreements

NorQuest concluded bargaining with both AUPE (the first post-secondary in Alberta to do so), and with our Faculty Association, confirming collective agreements until 2024.

Targeted expansion seats in the 2022-2023 budget

The Government of Alberta's 2022 budget reinforced a commitment to helping Albertans build their skills and strengthen the economy. This investment in Alberta's prosperity translates into nearly 800 additional seats in the future at NorQuest, making education more accessible for Albertans. The following NorQuest programs will benefit:

- Early Learning & Child Care Certificate
- Early Learning & Child Care Diploma
- Health Care Aide Certificate
- Machine Learning Analyst Diploma
- Rural Health Care Aide Certificate with Mobile Lab

The college is pleased to grow its capacity to deliver workforce-relevant learning in these in-demand programs to better serve our communities and help keep Alberta's economy strong.

Awards and recognition

Gold, silver, and bronze from Colleges and Institutes Canada

In April 2022, NorQuest was proud to receive three Colleges and Institutes Canada Awards of Excellence:

- Gold Program Excellence: Interdisciplinary Therapy Assistant Diploma Program;
- Silver Leadership Excellence: Faculty award for Clara Bergen from the Faculty of Health Studies; and
- Bronze Indigenous Education Excellence award.

Best Programming from the Learning Resources Network (LERN)

LERN recognized NorQuest's Supply Chain and Business Analysis professional certificates for innovation in the field of continuing education and serving communities. For the February 2022 award, LERN noted the college's success in making non-credit programming welcoming for international and domestic students through flexible delivery and increased opportunities to access programming.

LERN is the largest association in continuing education in the world, serving over 800 organizations throughout the United States and Canada. LERN receives over 100 nominations each year for their 17 international awards.

NorQuest named one of Alberta's Top Employers for 2022

For the second consecutive year, NorQuest has been recognized by the editors of Canada's Top 100 Employers as a leader in offering an exceptional place to work in Alberta. Award judges noted the college offers resources that prioritize employee health and well-being, as well as a thoughtful approach to work-life balance when naming NorQuest to the list.

Fundraising milestones

1000 Women for STEM

NorQuest's 1000 Women for STEM campaign, launched in February 2021, is aimed at providing women better opportunities to pursue and thrive in STEM careers. Education in STEM is designed to encourage learners to pursue the kinds of careers that drive innovation and research. These learners graduate prepared to handle the biggest problems of today and tomorrow. With a focus on 1000 Women for STEM, 2021 was the best fundraising year in 1000 Women's 13 year history, including \$400,000 in funding from Alberta Jobs, Economy, and Innovation and a record-breaking Giving Tuesday campaign, in partnership with the Student's Association of NorQuest College, where \$20,000 was raised in one day.

Goals and Performance Measures

To realize the strategic outcomes defined in *NorQuest 2030: We are who we include*, the college prioritized a number of objectives. The following section describes progress made towards those objectives and performance measures in 2021-22.

Section 1: Key objectives

Outcome	Strategic Direction	Key Objectives
1. Learner: <i>NorQuest is the first choice for an inclusive and seamless educational experience.</i>	Expand and enhance our services, offerings, and research to best serve our learners and position them for success.	1.1 Attract and retain learners by transforming the learner experience, anticipating learners' needs, improving accessibility and supporting mental health and wellness. <ul style="list-style-type: none">NorQuest supported 651 students with confirmed disabilities, navigating them through the accommodation process and helping them secure assistive technology, sign language interpretation, testing, and coaching support services.Testing Services ensured students registered with Accessibility Services had access to their exam accommodations and delivered 1,846 in-person and/or online exams. The college implemented flexible, extended bookings to help address unique access burdens and barriers faced by students with experience of disability and implemented universal extra time for timed, written assessments to support students with undiagnosed or undisclosed disabilities and students with other barriers to learning.

Outcome	Strategic Direction	Key Objectives (continued)
<p>1. Learner:</p> <p><i>NorQuest is the first choice for an inclusive and seamless educational experience.</i></p>	<p>Expand and enhance our services, offerings, and research to best serve our learners and position them for success.</p>	<ul style="list-style-type: none"> • The Alberta Indigenous Construction Career Centre supported 317 learners providing short- and long-term training-to-employment services to encourage Indigenous inclusion in the construction and industrial labour market. • The Centre for Growth and Harmony had more than 11,000 points of contact with learners, addressing mental health, newcomer health, and community supports, and developed a college-wide Community Response to Students in Distress model and a Sexual and Gender-based Violence Policy. • The Learner Centre developed new courses (e.g., <i>Fake Believe: An Introduction to Misinformation</i> course) and established a student-led community agreement defining the Learner Centre as a safe space. • Tutorial & Academic Coaching Services provided more than 13,600 in-person and/or online learner sessions across all college programs. This included over 2,000 intensive coaching appointments for students with experience of disability who are registered with Accessibility Services, facilitating weekly conversation circles for English language learners, and providing support within the Indigenous Student Centre. • Rural Routes supported community-based practitioners, in person and online, to gain instructional skills that support the needs of foundational and language learners at the local Community Adult Learning Provider (CALP) and community facilities.

Outcome	Strategic Direction	Key Objectives (continued)
<p>1. Learner:</p> <p><i>NorQuest is the first choice for an inclusive and seamless educational experience.</i></p>	<p>Expand and enhance our services, offerings, and research to best serve our learners and position them for success.</p>	<ul style="list-style-type: none"> Foundations for Learning, providing literacy, numeracy, and language-training, in an online format for Foundational learners, was also offered through CALPs. <p>1.2 Increase program flexibility and diversity, and implement Reimagine Higher Education, which addresses game changers such as connected teaching, learning communities and assessment.</p> <ul style="list-style-type: none"> NorQuest launched its first technology program, the Machine Learning Analyst Diploma, in January 2022. Two more new programs – the Behaviour and Regulation Studies Post Diploma Certificate and the Autism Spectrum Disorder Studies Post Diploma Certificate – were submitted to Alberta Advanced Education for approval. NorQuest continued to develop microcredentials in various subjects. NorQuest launched the Academic Strategy and Integration division to support Reimagine Higher Education. We are focused on implementing five of its priority initiatives: 1. Authentic Assessment, 2. Anti-racism, 3. Decolonization, 4. Microcredentials, and 5. Modalities (HyFlex). NorQuest received a Colleges and Institutes Canada Gold Program Excellence award for the Interdisciplinary Therapy Assistant Diploma Program. Our Supply Chain and Business Analysis professional certificates were recognized as innovative and high quality when they won the award for Best Programming by the Learning Resources Network, the largest continuing education association in the world.

Outcome	Strategic Direction	Key Objectives (continued)
<p>1. Learner:</p> <p><i>NorQuest is the first choice for an inclusive and seamless educational experience.</i></p>	<p>Expand and enhance our services, offerings, and research to best serve our learners and position them for success.</p>	<p>1.3 Integrate Indigenous knowledge and wisdom into all aspects of college life and facilitate a mutual understanding, respect and learning between Indigenous Peoples and others.</p> <ul style="list-style-type: none"> • A knowledge keeper/cultural advisor position was created within the Centre for Growth and Harmony, and a mental health professional was placed within the Indigenous Student Centre. • Application fees were eliminated for self-declared Indigenous applicants. This decision was approved by leadership and the Board of Governors to recognize the barriers to education faced by Indigenous learners as well as the college's commitment to the Truth and Reconciliation Commission recommendations. • On September 30, 2021, National Truth and Reconciliation Day was observed at NorQuest by students, faculty, and staff. On September 29, the college held an event for staff and students to learn and reflect on their relationship to Truth and Reconciliation, the continued impacts of Indian Residential Schools, and the ongoing nature of colonialism. • The Reimagine Higher Education project, Decolonial Indigenization, launched in 2021–2022 and will continue into the next fiscal year. • We completed our first-year partnership with Actua to deliver InSTEM to K-12 learners. • NorQuest received Colleges and Institutes Canada's Bronze award for Indigenous Education Excellence.

Outcome	Strategic Direction	Key Objectives (continued)
<p>1. Learner:</p> <p><i>NorQuest is the first choice for an inclusive and seamless educational experience.</i></p>	<p>Expand and enhance our services, offerings, and research to best serve our learners and position them for success.</p>	<p>1.4 Prepare each learner for the changing workforce through the NorQuest Skills of Distinction: Inclusion, Resilience and New Ways of Thinking.</p> <ul style="list-style-type: none"> In 2021, the Skills of Distinction Competencies were created. The integration of our Skills of Distinction into our current curriculum began in 2021–2022 and will continue into future years. An “Intro to Skills of Distinction” module for learners was also piloted. The Work-Integrated Learning and Career Employment Centre is developing Skills of Distinction badges. <p>1.5 Solve real world problems for industry and communities and provide work-integrated learning opportunities for our learners through advancing applied research.</p> <ul style="list-style-type: none"> NorQuest secured Mitacs internships for NorQuest students and post-doctoral fellows that are co-funded by industry or community partners and Mitacs, led by NorQuest students, and respond to an immediate industry or community need. Most newly submitted research proposals included opportunities for student research assistants or citizen scientists and during the past year, our students were hired under several projects. NorQuest also established a process where students involved in applied research are provided work-integrated learning recognition.

Outcome	Strategic Direction	Key Objectives (continued)
<p>1. Learner:</p> <p><i>NorQuest is the first choice for an inclusive and seamless educational experience.</i></p>	<p>Expand and enhance our services, offerings, and research to best serve our learners and position them for success.</p>	<p>1.6 Internationalize NorQuest to create opportunities for all students, faculty, and staff to engage in global issues, mobility opportunities and strong partnerships for recruitment.</p> <ul style="list-style-type: none"> NorQuest entered into a \$500,000 contract with Colleges and Institutes Canada, funded by Global Affairs Canada and Employment and Social Development Canada, to fund student mobility opportunities until 2025. NorQuest also received a Faculty Mobility for Partnership Building Program grant, which will allow one of our faculty to travel to Uruguay in 2022-2023. An Internationalization Strategy was developed, and implementation is underway, including work to internationalize our policies and procedures. In addition, a review of international student supports and institutional capacity was conducted to better serve our international learners. NorQuest collaborated with the Government of Alberta to further their Alberta Bureau for International Education concept, which would create new opportunities to build the Alberta post-secondary brand internationally.

Outcome	Strategic Direction	Key Objectives (continued)
<p>2. People:</p> <p><i>NorQuest is a purpose-driven employer of choice.</i></p>	<p>Create an adaptive and inclusive organization.</p>	<p>2.1 Attract, grow and develop team members through a people-first approach that sparks innovation and continuous learning.</p> <ul style="list-style-type: none"> NorQuest received its second consecutive recognition as a top Alberta employer. This designation recognizes Alberta employers that lead their industries in offering exceptional places to work. A new leadership development framework was established, and implementation is underway, supported by individual, small- and large- group learning and development opportunities. <p>2.2 Support and ensure a safe, welcoming, supportive, and flexible workplace and learning environment.</p> <ul style="list-style-type: none"> A Workstyles Policy was implemented that offers flexibility in workstyles while serving and supporting learners and achieving our strategy. <p>2.3 Fulfill our commitment to becoming an inclusive, anti-racist, and decolonized organization through an ongoing focus on racial equity, diversity, and inclusion.</p> <ul style="list-style-type: none"> The NorQuest College Equity, Diversity, and Inclusion & Anti-Racism Action Report was released and over the last year all recommendations were actioned.

Outcome	Strategic Direction	Key Objectives (continued)
<p>2. People:</p> <p><i>NorQuest is a purpose-driven employer of choice.</i></p>	<p>Create an adaptive and inclusive organization.</p>	<ul style="list-style-type: none"> NorQuest developed the Executive Education for Reconciliation Professional Development Series Framework in 2022. This work seeks to strengthen the knowledge, skills, and capacities of leaders to understand key topics such as: truth and reconciliation, decolonization, treaties and treaty-based governance, Intergenerational impacts of Residential Schools and the Sixties Scoop. All staff had the opportunity to participate in the following professional development series: <ul style="list-style-type: none"> <i>Is Reconciliation Dead?</i>, exploring the Truth and Reconciliation Commission report, its legacy areas, and where we are today in relation to “reconciliation.” <i>Is Everyone Really Equal Learning Series</i>, to support learning about critical theory and tools for social justice work.
<p>3. Connection:</p> <p><i>NorQuest is a values-driven partner in advancing societal and economic growth.</i></p>	<p>Advance our place as a trusted, growth-oriented institution.</p>	<p>3.1 Transform the NorQuest brand to broaden its appeal, attract more learners and align with the college’s renewed strategic focus, and elevate public perception of colleges as critical drivers of economic growth.</p> <ul style="list-style-type: none"> NorQuest launched a refreshed brand to better show who we are and who we want to become. The refresh was guided by accessibility and inclusion to align with <i>NorQuest 2030: We are who we include</i>. The updated brand reflects a vibrant, bold, inclusive institution that transforms lives and strengthens communities.

Outcome	Strategic Direction	Key Objectives (continued)
<p>3. Connection:</p> <p><i>NorQuest is a values-driven partner in advancing societal and economic growth.</i></p>	<p>Advance our place as a trusted, growth-oriented institution.</p>	<p>3.2 Become a leader in work-integrated learning to give our learners and industry partners economic advantages.</p> <ul style="list-style-type: none"> As of June 2022, 100% of approved programs at NorQuest had work-integrated learning components. <p>3.3 Work with socially responsible organizations and partners and promote values of inclusion to increase our impact and make a significant, meaningful and positive effect on communities.</p> <ul style="list-style-type: none"> The Black History Month working group created partnerships with three local organizations (i.e., Africa Centre, The National Black Coalition of Canada (Edmonton chapter), and the Black Teachers' Association) to provide month-long programming and events. These events showcased Black entrepreneurs, scholars, and artists and provided opportunities for NorQuesters to educate themselves on issues affecting Afro-Black-Caribbean communities. In consultation with the Canadian National Institute for the Blind, NorQuest installed studded tiles, tactile stair nosings, and frostings around building entrances, the cafeteria, stairs, and washrooms to improve accessibility for low vision learners and employees.

Outcome	Strategic Direction	Key Objectives (continued)
<p>3. Connection:</p> <p><i>NorQuest is a values-driven partner in advancing societal and economic growth.</i></p>	<p>Advance our place as a trusted, growth-oriented institution.</p>	<ul style="list-style-type: none"> NorQuest engaged communities and partners in our region, including hosting Regional Workforce Task Team meetings. These meetings brought together community members, Community Adult Learning Partnership providers, business, municipalities and other stakeholders to present information on NorQuest College services and program offerings and to learn more about the educational and training needs of the community and stakeholders. <p>3.4 Work with international partners to build NorQuest's brand in key markets for increased competitiveness and sustainable growth.</p> <ul style="list-style-type: none"> NorQuest contributed to a number of international projects, such as CIGan Young Africa Works TVET-02 project, that expanded and enhanced the brand of the organization around the globe. NorQuest signed a third contract with Guanghua International Education Association and Sino-Canada International Academy for Health Studies Inc. to teach Chinese nursing students remotely.

Outcome	Strategic Direction	Key Objectives (continued)
<p>4. Investment:</p> <p><i>NorQuest is adaptable, sustainable and has the resources to develop and offer solutions and create stronger communities.</i></p>	<p>Diversify revenue and grow funding streams to support learners and communities.</p>	<p>4.1 Develop and offer solutions for learners, community partners and the workforce by increasing external investment in NorQuest through efforts such as community-based fundraising, micro campaigns and alumni and corporate engagement.</p> <ul style="list-style-type: none"> NorQuest enjoyed the most successful 1000 Women movement fundraising year to date with over \$475,000 raised to support bursaries. This included a \$400,000 commitment from the Government of Alberta in support of the campaign, and brings the total amount raised across the 1000 Women 4STEM campaign to \$861,000. The Alumni program was officially re-launched, and the college sent its' first Alumni newsletter to over 4,000 alumni. Our first Alumni event engaged individuals in our equity, diversity, and inclusion training and the college launched an inaugural campaign in support of Indigenous learners in honour of Truth and Reconciliation Day. <p>4.2 Grow funding streams for applied research activity and capacity.</p> <ul style="list-style-type: none"> Our cumulative research funding received to date is \$13 million (since 2015-16), with \$4.6 million in net new funding in 2021-2022, exceeding our cumulative funding goal of \$10 million. A major achievement supporting our growth in research activity and capacity came from securing full institutional eligibility with the Natural Sciences and Engineering Research Council (NSERC).

Outcome	Strategic Direction	Key Objectives (continued)
<p>4. Investment:</p> <p><i>NorQuest is adaptable, sustainable and has the resources to develop and offer solutions and create stronger communities.</i></p>	<p>Diversify revenue and grow funding streams to support learners and communities.</p>	<ul style="list-style-type: none"> • NorQuest secured funding for the following projects, among others: <ul style="list-style-type: none"> ○ An expansion for the CanTech! program in support of expanded programming in rural regions and the development of an Indigenous-specific program, IndTech! ○ A one year Future SkillsCentre grant to examine quality of work and the Social Return on Investment to organizations that create accessible workplaces. <p>4.3 Attract international students from primary and secondary markets for increased diversification, sustainability, and an enhanced experience.</p> <ul style="list-style-type: none"> • NorQuest recruited agents in Africa, Asia, and Latin America, significantly expanding our connection to international learners outside of India. We also participated in online recruitment fairs in the Philippines, Thailand, Nepal, Bangladesh, Taiwan, Hong Kong, Kenya, Nigeria, Mexico, Brazil, Colombia, and the Caribbean. • Agent engagement, participation in online fairs, digital recruitment tactics and student generated recruitment content for social media are some of the ways NorQuest increased recruitment efforts of international students this year.

Outcome	Strategic Direction	Key Objectives (continued)
<p>4. Investment:</p> <p><i>NorQuest is adaptable, sustainable and has the resources to develop and offer solutions and create stronger communities.</i></p>	<p>Diversify revenue and grow funding streams to support learners and communities.</p>	<p>4.4 Grow and diversify revenue streams and profitability by forming strategic partnerships, leveraging technology and creating new business models.</p> <ul style="list-style-type: none"> By earning approximately \$9.8M in self-generated revenue for 2021–2022, NorQuest exceeded its goal of earning \$7.29M in spite of challenges presented by the campus closures due to the Omicron wave of COVID-19 in Winter 2022.
<p>5. Transformation:</p> <p><i>NorQuest is adaptable, sustainable and has the resources to develop and offer solutions and create stronger communities.</i></p>	<p>Leverage our technology and resources.</p>	<p>5.1 Realize strategic campus growth opportunities and evolve business enterprises.</p> <ul style="list-style-type: none"> The Teaching and Research Continuing Care Centre (TRCCC) Unsolicited Proposal was submitted to the Government of Alberta. Alberta Infrastructure issued a letter of conformance indicating that the proposal met all compliance requirements and recommended that it proceed to the Stage 2 Evaluation. Work commenced on a new Campus Master Plan to provide a long-term vision for NorQuest’s physical presence, including campus expansion, development, and other strategies that enable us to maintain the optimal campus size.

Outcome	Strategic Direction	Key Objectives (continued)
<p>5. Transformation:</p> <p><i>NorQuest is adaptable, sustainable and has the resources to develop and offer solutions and create stronger communities.</i></p>	<p>Leverage our technology and resources.</p>	<p>5.2 Enhance business intelligence, predictive analytics, machine learning and enterprise resource planning to maximize return on our investment.</p> <ul style="list-style-type: none"> • Several new dashboards were developed to support data-driven decision-making in various areas of college operations including strategic enrolment management, enterprise risk management, and financial management, among other areas. • A new cloud-based repository for the college's official records was introduced. This provides better accessibility to records and aligns with the colleges' cloud-smart procurement approach. Digital historical archives were also launched to support the ongoing preservation of NorQuest's historical information. <p>5.3 Expand digital literacy and access, and leverage technology and data sharing to support college and learner growth.</p> <ul style="list-style-type: none"> • The college developed Digital and Technology strategies that provide long-term direction to the college on how we invest in digital applications, information, and processes, as well as technology infrastructure, capabilities and services.

Outcome	Strategic Direction	Key Objectives (continued)
<p>5. Transformation:</p> <p><i>NorQuest is adaptable, sustainable and has the resources to develop and offer solutions and create stronger communities.</i></p>	<p>Leverage our technology and resources.</p>	<ul style="list-style-type: none"> • An AI-powered student engagement app and portal were launched to help communicate with students more effectively and provide them with a personalized campus experience. These tools enable students to stay engaged with the campus community and provide convenient access to services. The college continued to support students with basic digital literacy skills. • In response to the pandemic and ongoing learner-demand, several areas of the college developed or adapted their courses and services for online environments and hybrid service models. • The college engaged e-proctoring vendors to provide 24/7 online, anytime exam proctoring. Post-secondary applicants and newly admitted foundational learners can now write admissions and placement testing from anywhere at any time.

Section 2: Measures

2021-22 Result	2021-22 Target	Comments & Analysis
1.1 Increase the total number of learners served by 50%		
16,198* Unofficial until Fall	16,672	<ul style="list-style-type: none"> We achieved 97% of our target for total unduplicated learners. Although we did not meet our target, we achieved growth in key learner populations (International and Indigenous learners) while much of the sector saw declines coming out of the pandemic.
1.2 90% of learners are satisfied with the overall quality of education they received at NorQuest		
84%	85%	<ul style="list-style-type: none"> Students remain satisfied with the quality of education they receive at NorQuest, but we believe this result may have been impacted by the uncertainty and ongoing changes students needed to adapt to as a result of the pandemic.
2.1 Exceed top quartile engagement among Canadian post-secondary institutions by 10%		
N/A	65% (for 2022-23)	<ul style="list-style-type: none"> The 2020-21 results were shared across the college and all divisions created action plans to address their top areas for growth. The survey is conducted biennially, next scheduled for completion in 2022-2023.
2.2 Achieve Level 5 rating on the Global Diversity, Equity and Inclusion Benchmarks Foundational Categories		
2-3	2-3	<ul style="list-style-type: none"> A preliminary assessment indicated we are between levels 2 and 3 in the foundational categories of: <ol style="list-style-type: none"> Vision, Strategy, and Business Impact Leadership & Accountability EDI Structure and Implementation The college will complete a comprehensive assessment in 2022-2023 to determine results in each category and targets for future years.

3.1 Achieve a combined learner, employee, and stakeholder net promoter score that increases annually

14	>2020-2021 result of 22	<ul style="list-style-type: none"> Our 2021-2022 combined net promoter score (NPS) is 14, compared to 22 in the previous year. Due to methodology revisions, the results are not directly comparable to the previous year. Lower scores in the first half of 2021-2022 could be attributed to how learners felt about in-year changes related to COVID-19 including changing teaching and learning modalities and vaccination requirements on-campus and during placements. Although student NPS scores declined in the first half of the year, scores showed steady improvement over the course of winter and spring 2022 returning to levels comparable to our 2020-2021 result.
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3.2 100% of approved programs have work-integrated learning as part of the program

100%	84%	<ul style="list-style-type: none"> As of June 2022, 100% of approved credit programs have work-integrated learning as part of their program.
------	-----	---

4.1 Increase self-generated revenue to \$33 million

\$9.8M	\$7.29M	<ul style="list-style-type: none"> By earning approximately \$9.8M in self-generated revenue for 2021-22, NorQuest exceeded its goal of earning \$7.29M in spite of challenges presented by the campus closures due to the Omicron wave of COVID-19 in Winter 2022.
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5.1 Staff agree that they have the technology, tools, and information to meet the needs of the people they serve

76%	TBD	<ul style="list-style-type: none"> This is a new measure with first time results that have recently become available. Targets are being established as part of developing the college's Digital and Technology strategies.
-----	-----	---

5.2 Learners agree that they have the technology, tools, and information they need for learning

89%	TBD	<ul style="list-style-type: none">• This is a new measure with first time results that have recently become available. Targets are being established as part of developing the college's Digital and Technology strategies.
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Financial Information

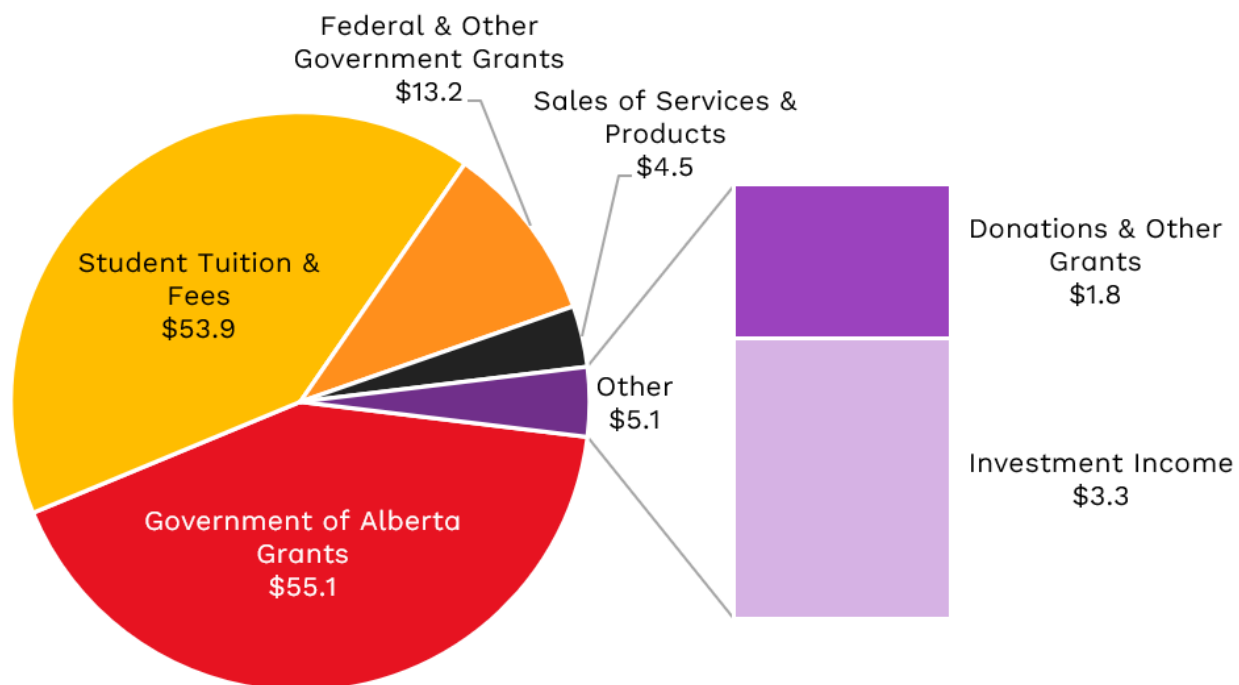
The following discussion and analysis of the financial statements should be reviewed in conjunction with the audited financial statements and accompanying notes to the financial statements. The financial statements represent the financial position and results of operations for NorQuest College for the fiscal year ended June 30, 2022. The college's consolidated financial statements for 2021–2022 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 adapt, manage expenses across all lines of business, and expand enrollments for the spring term. For the year ended June 30, 2022, the college reported a \$9.1 million operating surplus compared to a planned \$0.4 million surplus. This surplus represents the ability to hold costs to essential levels in challenging times.

Revenues

2021–2022 Revenue (\$Millions)



Total revenues of \$131.8 million increased by \$13.6 million compared to the year prior and are above the budgeted \$130.5 million by \$1.3 million.

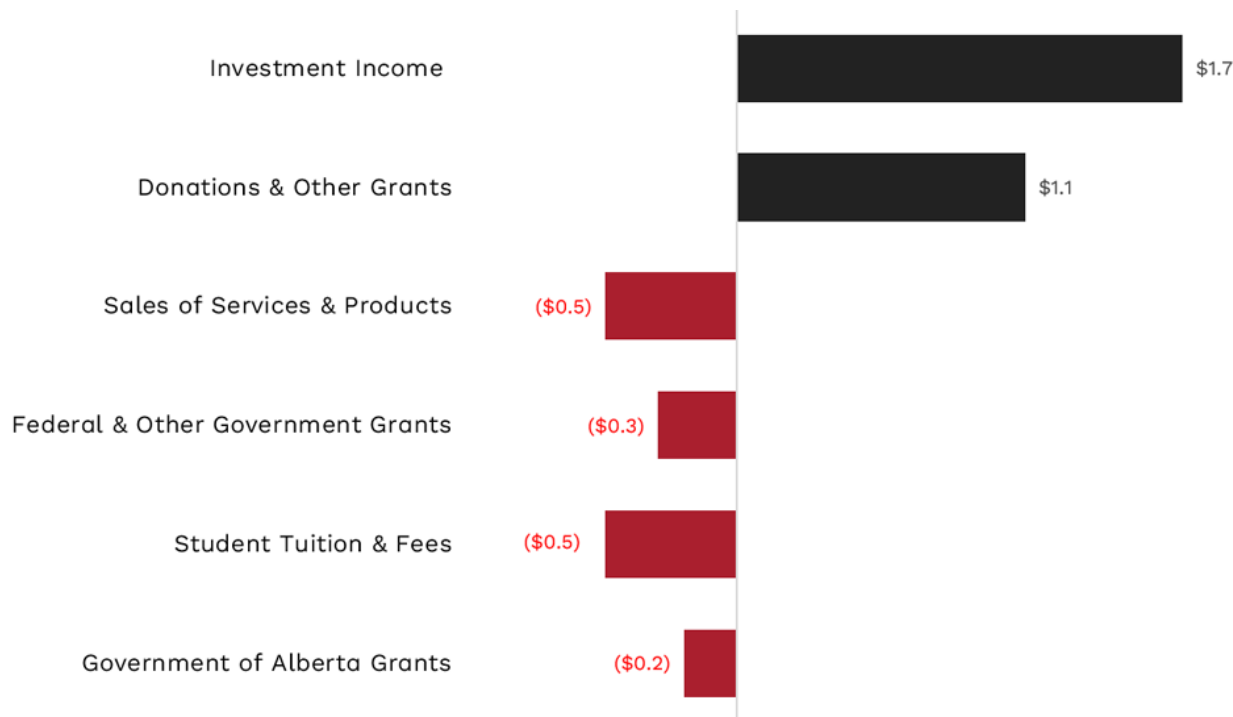
Provincial grants represented \$55.1 million of revenue in 2021–2022, slightly below the budgeted \$55.3 million with the majority (\$40.7 million) being the Operating and Program Support grant. Government of Alberta grant revenues were \$0.5 million lower than the prior year and as a percentage of total revenue, provincial grants decreased to 41.8 per cent from 47.0 per cent in the year prior. Federal and other government grants contributed \$13.2 million revenue in 2021–2022, compared to a budget of \$13.5 million.

Student tuition and fees increased \$9.7 million from \$44.2 million in 2020–2021 to \$53.9 million in 2021–2022, slightly below the budget \$54.4 million. Full load equivalents (FLEs) climbed from 7,645 to 8,141 (6.5 per cent),

exceeding the target of 7,971. The increase in tuition and fees was driven by both tuition rate increases and enrolment increases.

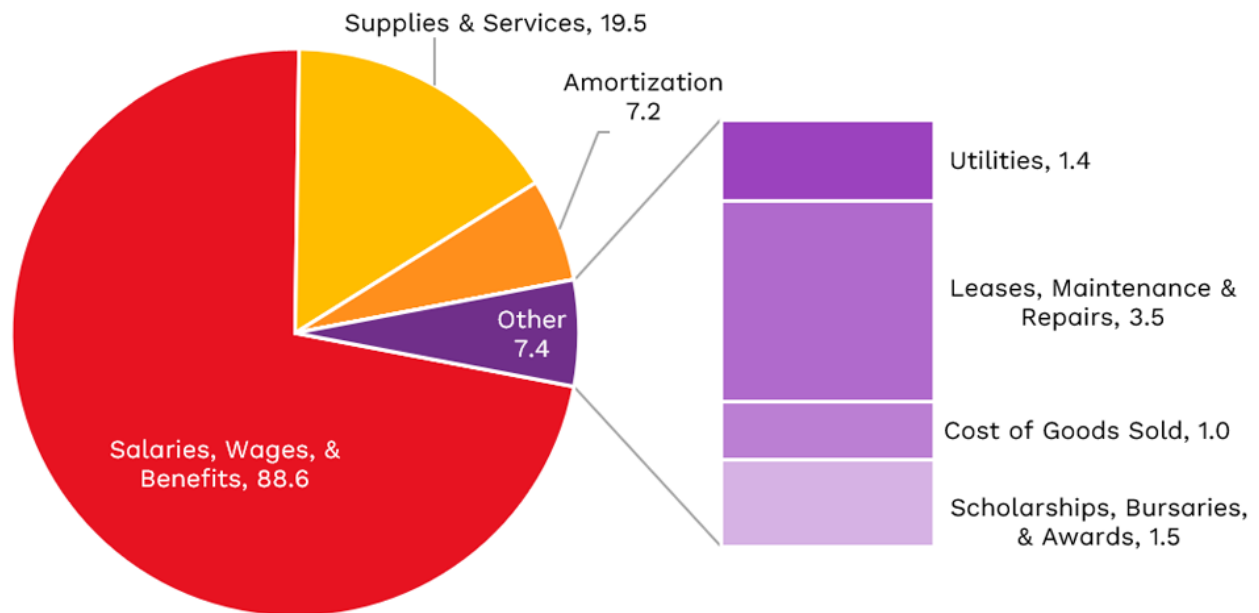
Sales of Services and Products increased from \$3.6 million in 2020–2021 to \$4.5 million in 2021–2022, falling short of budget by \$0.5 million as the pandemic prevented some in-person interactions. Investment income of \$3.3 million exceeded the budget by \$1.7 million. Donations and other grants increased to \$1.8 million in 2021–2022, exceeding the budget by \$1.1 million. This is mostly due to a \$0.4 million positive variance in donation revenue and \$0.5 million in non-government grants.

2021–2022 Revenue vs. Budget (\$Millions)



Expenses

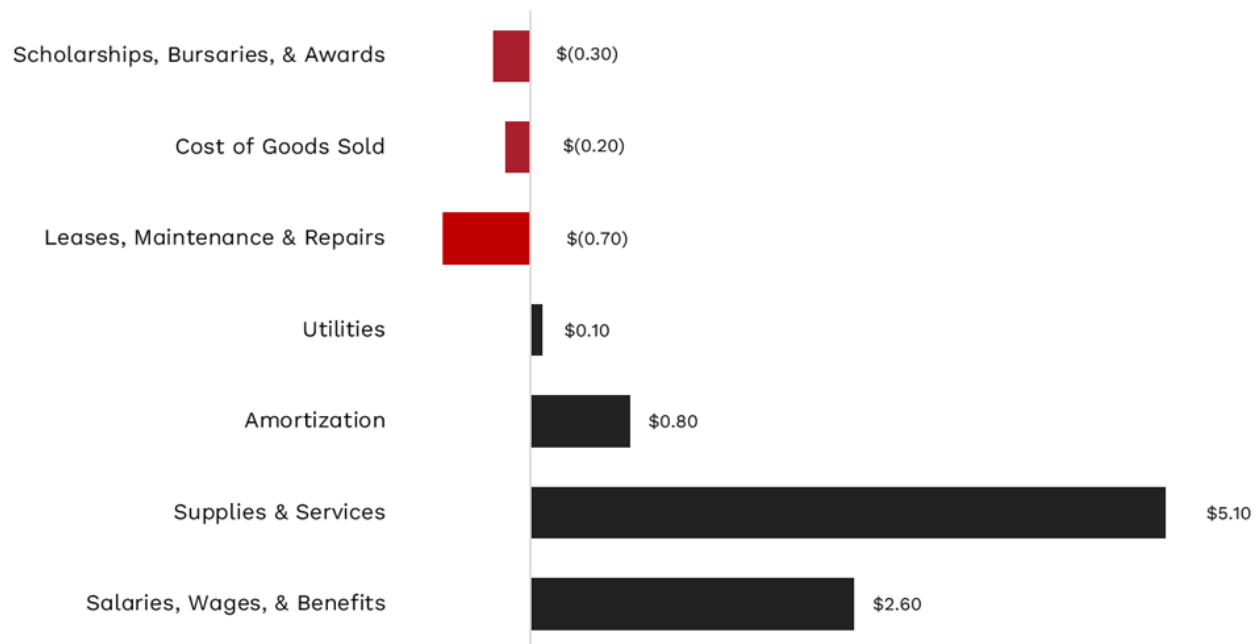
2021–2022 Expenses (\$Millions)



Total expenses of \$122.7 million increased by \$10.9 million compared to the year prior and were below budget by \$7.4 million. Salaries, wages, and benefits of \$88.6 million, were under budget by \$2.6 million, as a result of vacant positions, below planned severance costs, and adjustments to short- and long-term illness benefits.

Materials, supplies and services expense of \$19.5 million increased by \$3.9 million from last year and was below budget by \$5.1 million. This is due to operational impacts resulting from the pandemic, cost management activities, and being under budget on project and consulting expenses.

2021–2022 Expenses vs. Budget (\$Millions)



Consolidated Statement of Financial Position

Net Financial Assets

Financial Assets increased by \$19.2 million to \$98.4 million. Cash holdings increased from \$37.5 million to \$57.1 million. Liabilities increased by \$16.7 million over the same period to \$76.6 million. This is largely due to an increase in deferred revenue for the year of \$6.5 million in student tuition payments for future terms and the \$12.8 million Health Care Aide Bursary grant. As a result, Net Financial Assets ended the period at \$28.0 million, an increase of \$2.1 million over the prior year. Net Financial Assets also include portfolio investments restricted for endowment with a value of \$6.2 million.

Non-Financial Assets

Non-Financial Assets decreased over the prior year by \$2.6 million to a total of \$167.4 million. Net additions to capital assets of \$3.5 million was offset by \$7.0 million in amortization and \$0.2 million in loss on disposal.

Net Assets

Net Assets increased \$3.6 million from \$44.7 million in 2020–2021 to \$48.3 million in 2021–2022 as a result of the annual operating surplus of \$9.1 million, increases in endowment activity of \$0.4 million and a change in accumulated re-measurement losses of \$5.9 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.

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

COVID-19 Impact

The COVID-19 pandemic continued to cause disruption to NorQuest College resulting in the temporary closure of buildings on campus and an overall economic slowdown across Alberta and the rest of the world. The college worked proactively to assess and monitor the impact of COVID-19 on its operations and financial condition throughout 2021–2022, including the potential for decreased revenues and shifting expenditures as a direct result of the 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.

Capital

NorQuest College supports asset investments across a spectrum of needs:

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

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

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

Type	Project Description	Total Project Cost	Funding Sources	Funding Received to Date 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	\$240 million (estimated)	To be determined	No funds received to date	N/A

DCDP Timelines and Status

Project Description	Project Timelines	Expected Project Start	Expected Project Completion	Project Status	Progress Made in Last 12 Months
Downtown Campus Development Project	September 2013–2023	September 2013	September 2023	In progress	Project moved from 97% to 98%; Centre 102 demolition completed; Green Space development 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 education of the future and the virtual and physical infrastructure to get us there. This is culminating in the development of a new institutional campus master plan that will

outline a plan for continued campus growth and positive student experiences. The campus master plan is expected to be complete by the end of 2022.

Teaching and Research Continuing Care Centre

NorQuest College, Covenant, and Graham Capital 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 design of the Teaching and Research Continuing Care Centre (TRCCC).

The vision for the TRCCC is a state-of-the-art health facility in the core of Edmonton's downtown, across from the NorQuest College campus, where residents will receive leading-edge, technology-driven, compassionate care. This centre will provide desperately needed capacity in the continuing care system, as well as provide learners, researchers, and interdisciplinary faculty with a truly unique opportunity to further understand the complexities of continuing care in a real-world, highly innovative setting. The TRCCC will be a catalyst for health care innovation and attract the health workforce of tomorrow.

The TRCCC has full strategic alignment with many priority objectives and development agendas for the Government of Alberta, its Ministries/Agencies, and the City of Edmonton to encourage innovation, collaboration, and appropriate risk sharing with the private sector. A key element of the TRCCC is the use of a collaborative partnership model which brings together NorQuest College, Covenant, and Graham Capital in an equity partnership in order to use their combined knowledge and experience to design, build, finance, operate and maintain the new facility. 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 \$240 million. In December 2021, the TRCCC Project was submitted to the GOA as an Unsolicited Proposal and is currently under evaluation with a request for Government support in the form of planning and operational funding.

Deferred Maintenance

Renovations to the Civic Employees Legacy Tower (CELT) and the demolition of Centre 102, dropped NorQuest's five-year deferred maintenance value significantly. Refurbishment of CELT's four traction elevators will further relieve the value of deferred maintenance once complete. While the start of the project was delayed due to the COVID-19 pandemic, on-site activities commenced in Spring 2021 and continued through 2021-22, with completion planned for the fall of 2022.

Description	Expected Start	Expected Completion	Value	Funding Status
Replace CELT Elevators	Spring 2021	Fall 2022	\$1.6 Million	Approved and received

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 \$1.6 million for the 2021–2022 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 also partially contributed to repairs and upgrades to elevators in CELT.

APPENDIX: AUDITED FINANCIAL STATEMENTS

NORQUEST COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Statement of Management Responsibility

Independent Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Change in Net Financial Assets

Consolidated Statement of Remeasurement Gains and Losses

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

NORQUEST COLLEGE

STATEMENT OF MANAGEMENT RESPONSIBILITY YEAR ENDED JUNE 30, 2022

The consolidated financial statements of NorQuest College have been prepared by management in accordance with Canadian public sector accounting standards as described in note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of the college as at June 30, 2022 and the results of its operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended.

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

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

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

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

[Original signed by Carolyn Campbell]

Carolyn Campbell
President & Chief Executive Officer

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

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

Independent Auditor's Report



To the Board of Governors of NorQuest College

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of NorQuest College (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, 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, 2022, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

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

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

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

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

October 27, 2022
Edmonton, Alberta

NORQUEST COLLEGE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

in thousands of dollars

	2022	2021
Financial assets excluding portfolio investments restricted for endowments		
Cash	\$ 57,182	\$ 37,507
Portfolio investments - non-endowment (note 3)	37,246	38,525
Accounts receivable	4,880	2,945
Inventories held for sale	241	188
	99,549	79,165
Liabilities		
Accounts payable and accrued liabilities	15,606	15,352
Employee future benefit liabilities (note 5)	1,396	1,686
Debt (note 6)	4,350	4,502
Deferred revenue (note 7)	56,420	38,370
	77,772	59,910
Net financial assets excluding portfolio investments restricted for endowments	21,777	19,255
Portfolio investments - restricted for endowments (note 3)	6,205	6,605
Net financial assets	27,982	25,860
Non-financial assets		
Tangible capital assets (note 8)	165,155	168,862
Prepaid expenses	2,278	1,172
	167,433	170,034
Net assets before spent deferred capital contributions	195,415	195,894
Spent deferred capital contributions (note 9)	147,091	151,183
Net assets (note 10)	\$ 48,324	\$ 44,711
Net assets is comprised of:		
Accumulated surplus	\$ 51,797	\$ 42,330
Accumulated remeasurement (losses) gains	(3,473)	2,381
	\$ 48,324	\$ 44,711
Contingent asset and contractual rights (notes 11 and 13)		
Contingent liabilities and contractual obligations (notes 12 and 14)		

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

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2022
in thousands of dollars

	Budget (Note 21)	2022	2021
Revenues			
Government of Alberta grants (note 18)	\$ 55,274	\$ 55,053	\$ 55,553
Federal and other government grants (note 18)	13,528	13,237	10,375
Sales of services and products	4,955	4,516	3,649
Student tuition and fees	54,406	53,888	44,183
Donations and other grants	708	1,755	1,435
Investment income	1,625	3,329	2,975
	130,496	131,778	118,170
Expenses (note 15)			
Instruction	42,953	38,761	36,735
Academic support	25,505	22,922	21,807
Student support	15,651	14,995	13,931
Computing and data communication	9,096	11,050	9,114
Operational	13,991	13,606	11,962
Administration	15,579	15,636	15,232
Ancillary services	2,029	1,961	1,821
Sponsored research	5,254	3,784	1,183
Special purpose	4	4	4
	130,062	122,719	111,789
Annual operating surplus	434	9,059	6,381
Endowment contributions and capitalized investment income			
Endowment contribution (note 10)	-	37	260
Endowment capitalized investment income (note 10)	-	371	202
	-	408	462
Annual surplus	434	9,467	6,843
Accumulated surplus, beginning of year	42,330	42,330	35,487
Accumulated surplus, end of year (note 10)	\$ 42,764	\$ 51,797	\$ 42,330

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, 2022

in thousands of dollars

	Budget (note 21)	2022	2021
Annual surplus	\$ 434	\$ 9,467	\$ 6,843
Acquisition of tangible capital assets	(9,073)	(3,541)	(3,590)
Amortization of tangible capital assets	7,803	7,047	7,197
Loss on disposal of tangible capital assets	-	201	34
(Increase) decrease in prepaid expenses		(1,106)	58
Decrease in spent deferred capital contributions		(4,092)	(4,073)
(Decrease) increase in accumulated remeasurement (losses) gains		(5,854)	909
Increase in net financial assets		2,122	7,378
Net financial assets, beginning of year		25,860	18,482
Net financial assets, end of year		\$ 27,982	\$ 25,860

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, 2022

in thousands of dollars

	2022	2021
Accumulated remeasurement gains, beginning of year	\$ 2,381	\$ 1,472
Unrealized (losses) gains attributable to:		
Portfolio investments - non-endowment		
Quoted in active market	(4,141)	2,578
Foreign exchange loss	(13)	-
Amounts reclassified to consolidated statement of operations:		
Portfolio investments - non-endowment		
Quoted in an active market	(1,692)	(1,669)
Foreign exchange loss	(8)	-
Accumulated remeasurement (losses) gains, end of year	\$ (3,473)	\$ 2,381

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

NORQUEST COLLEGE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

	2022	2021
Operating transactions		
Annual surplus	\$ 9,467	\$ 6,843
Add (deduct) non-cash items:		
Amortization of tangible capital assets	7,047	7,197
Gain on sale of portfolio investments	(1,989)	(2,029)
Gain on foreign exchange	(21)	-
Loss on disposal of tangible capital assets	201	34
Expended capital contributions recognized as revenue	(5,619)	(5,500)
(Decrease) increase in employee future benefit liabilities	(290)	105
Change in non-cash items	(671)	(193)
(Increase) decrease in accounts receivable	(1,935)	2,073
(Increase) decrease in inventories held for sale	(53)	179
Increase in accounts payable and accrued liabilities	254	1,867
Increase in deferred revenue, excluding change in restricted unrealized gain	19,170	15,333
(Increase) decrease in prepaid expenses	(1,106)	58
Cash provided by operating transactions	25,126	26,160
Capital transactions		
Acquisition of tangible capital assets	(3,541)	(3,590)
Cash applied to capital transactions	(3,541)	(3,590)
Investing transactions		
Purchase of portfolio investments	(9,755)	(5,063)
Proceeds on sale of portfolio investments	6,470	4,056
Cash applied to investing transactions	(3,285)	(1,007)
Financing transactions		
Debt - repayment	(152)	(105)
Increase in spent deferred capital contribution, less expended capital contributions recognized as revenue	1,527	1,427
Cash provided by financing transactions	1,375	1,322
Increase in cash	19,675	22,885
Cash, beginning of year	37,507	14,622
Cash, end of year	\$ 57,182	\$ 37,507

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

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

1. Authority and Purpose

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

2. Summary of Significant Accounting Policies and Reporting Practices

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

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

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

(b) Valuation of Financial Assets and Liabilities

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

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

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

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

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

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

(c) Revenue Recognition

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

i. Government grants, non-government grants and donations

Government transfers are referred to as government grants.

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

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

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

ii. Grants and donations related to land

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

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

iii. Endowment contributions

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

iv. Investment income

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

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

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

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

(d) Endowments

Endowments consist of:

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

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

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

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

(e) Inventories Held for Sale

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

(f) Tangible Capital Assets

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

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

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

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.

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

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. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the consolidated statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses.

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

(h) Employee Future Benefits

i. Pension

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

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

ii. Long-term disability

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

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

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

(j) Liability for Contaminated Sites

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

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

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

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

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

(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.

Operational

Expenses related to maintenance and renewal of facilities that house the teaching, research, and administrative activities within the college. These include utilities, facilities administration, building maintenance, custodial services, landscaping and grounds keeping, major repairs and renovations and amortization of buildings, site improvements, furniture, equipment and vehicles.

Administration

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.

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

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

(k) Expense by Function (continued)

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.

(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 Changes in Accounting Standards

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. The college will adopt this accounting standard on a modified retroactive basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated.

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

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

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

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

3. Portfolio Investments

	2022	2021
Portfolio investments - non-endowment	\$ 37,246	\$ 38,525
Portfolio investments - restricted for endowments	6,205	6,605
	<u>\$ 43,451</u>	<u>\$ 45,130</u>

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

	2022			
	Level 1	Level 2	Level 3	Total
Pooled investment funds				
Fixed income	\$ 26,301	\$ -	\$ -	\$ 26,301
Canadian equities	9,342	-	-	9,342
Foreign equities	7,808	-	-	7,808
Total portfolio investments	\$ 43,451	\$ -	\$ -	\$ 43,451
	100.00 %	- %	- %	100.00 %
	2021			
	Level 1	Level 2	Level 3	Total
Pooled investment funds				
Fixed income	\$ 25,454	\$ -	\$ -	\$ 25,454
Canadian equities	9,022	-	-	9,022
Foreign equities	10,654	-	-	10,654
Total portfolio investments	\$ 45,130	\$ -	\$ -	\$ 45,130
	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).

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

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 according to the college's investment policy. Investment holdings are currently separated into two funds: operating reserve and endowment, whose performances are monitored against established benchmark returns.

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 reserve and endowment portfolio investments. The policy provides for an acceptable level of investment risk to obtain a reasonable rate of return, provide growth and income that aligns with college obligations, and preserve capital amounts.

In 2022, the college invested solely in pooled investment funds that have market-based unit values subject to fluctuation. The market value of a pooled investment fund is its net asset value, which is allocated to pool participants. Participants in the pools have no control over the management or selection of securities in the pool. The college is exposed to market price risk when it purchases units issued by the pools. Unrealized gains and losses attributable to changes in fair market value are reflected in either the consolidated statement of remeasurement gains and losses or deferred revenue if they relate to restricted funds.

The college assesses its portfolio sensitivity to a percentage increase or decrease in market prices. The sensitivity rate is determined using the beta coefficient relative to the security's benchmark, weighted by holding over a one-year period for total pooled equities as determined by the external investment manager. At June 30, 2022, if market prices had a 5% (2021 - 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 \$373 (2021 - \$446).

Foreign currency risk

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

Credit risk

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

The college is exposed to credit risk on its fixed income investments and has established an investment policy with required minimum credit quality standards and issuer limits to manage this risk. As at June 30, 2022, 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 (2021: AA).

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

4. Financial Risk Management (continued)

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

Credit Rating	2022	2021
AA	100.0 %	100.0 %

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

Liquidity risk

Liquidity risk is the risk that the college will encounter difficulty in meeting obligations associated with its financial liabilities. The college's liquidity risk arises due to its cash outflow requirements related to accounts payable and accrued liabilities, debt and financing of capital construction in progress. The college maintains and monitors adequate working capital and a line of credit to ensure that funds are available to meet current and forecasted financial requirements in the most cost effective manner. The future contractual payments related to fixed rate debt are described in note 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. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the college holds. In 2022, the college was exposed to low interest rate risk on its cash balances. There was 125 basis point increase in 2022 (2021 - no change) in the prime rate that reflected in the interest earned on cash balances held in the college's bank accounts. Interest rates for pooled bond funds, fluctuated between 2022 and 2021. If interest rates increased by 1%, and all other variables are held constant, the potential gain in fair value to the college would be approximately 3.53% or \$928K on total investments in pooled bond funds of \$26,301 (2021 - approximately 6.32% or \$1,609 on total investments in pooled bond funds of \$25,453). 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 %	-	-	1.03 %
Portfolio investments - pooled bond funds	-	-	100.00 %	3.50 %

5. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2022	2021
Benefit liability for employees on long-term disability	\$ 1,280	\$ 1,645
Liability for short-term illness	116	41
	<u>\$ 1,396</u>	<u>\$ 1,686</u>

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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 valuated as at June 30, 2022. Beginning in 2022, the actuarial valuation has been performed annually. The college had 19 (2021 - 16) employees on LTD as at June 30, 2022.

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

	2022	2021
Expense		
Current service cost	\$ -	\$ -
Interest cost	15	-
Amortization of net actuarial loss	255	103
Total expense	\$ 270	\$ 103
Financial Position		
Accrued benefit liability:		
Balance, beginning of year	\$ 1,645	\$ 1,542
Adjustment for actuarial estimate	(393)	304
Current service cost	-	-
Interest cost	15	-
Benefits paid	(242)	(304)
Actuarial loss	255	103
Accrued benefit liability, end of year	\$ 1,280	\$ 1,645

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

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

	2022	2021
Accrued benefit obligation		
Discount rate	4.30 %	1.30 %
Benefit cost		
Discount rate	1.30 %	1.30 %
Alberta inflation (long-term)	2.00 %	2.00 %
Estimated average remaining service life	4.90 yrs	5.80 yrs

As there are no assets set aside to fund these liabilities, the 2022 and 2021 discount rates used for the accrued benefit obligation and benefit cost were provided by the actuary engaged by the college in the 2022 actuarial review.

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

5. Employee Future Benefit Liabilities (continued)

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 18 (2021 - 6) employees on STI as at June 30, 2022.

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

	2022	2021
Accrued benefit liability, beginning of year	\$ 41	\$ 39
Obligations arising/expense during the year	1,337	762
Benefits paid	(1,262)	(760)
Accrued benefit liability, end of year	\$ 116	\$ 41

(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 \$6,292 (2021 - \$6,075).

An actuarial valuation of the PSPP was carried out as at December 31, 2020 and then extrapolated to December 31, 2021. PSPP reported a surplus of \$4,588,479 (2020 - \$2,223,582) as at December 31, 2021. For the year ended December 31, 2021, PSPP reported employer contributions of \$310,371 (2020 - \$323,497) and employee contributions of \$299,408 (2020 - \$323,832). For the 2021 calendar year, the college's employer contributions were \$6,057 (2020 calendar year - \$6,411).

ii. Management Employee Pension Plan (MEPP)

The Management Employee Pension Plan (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 \$1,366 (2021 - \$1,224).

An actuarial valuation of the MEPP was carried out as at December 31, 2020, and was then extrapolated to December 31, 2021. At December 31, 2021, the MEPP reported a surplus of \$1,348,160 (2020 - \$809,850). For the year ended December 31, 2021, MEPP reported employer contributions of \$76,674 (2020 - \$78,167) and employee contributions of \$73,075 (2020 - \$76,747). For the 2021 calendar year, the college's employer contributions were \$1,255 (2020 calendar year - \$1,232).

iii. Supplementary Retirement Plan (SRP)

Supplementary Retirement Plan (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 \$65 (2021 - \$97).

An actuarial valuation of the SRP was carried out as at December 31, 2020, and was then extrapolated to December 31, 2021. At December 31, 2021, the SRP reported an actuarial deficit of \$20,982 (2020 - \$59,972). For the year ended December 31, 2021, SRP reported employer contributions of \$1,694 (2020 - \$2,425) and employee contributions of \$1,677 (2020 - \$2,422). For the 2021 calendar year, the college's employer contributions were \$72 (2020 calendar year - \$122). 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.

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

6. Debt

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

	Collateral	Maturity date	Interest rate	2022	2021
Debentures payable to the Department of Treasury Board and Finance:					
Debenture for parkade loan	1	September 2042	2.989 %	\$ 4,350	\$ 4,502
				<u>\$ 4,350</u>	<u>\$ 4,502</u>

Collateral - (1) general security agreement.

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

	Principal	Interest	Total
2023	\$ 156	\$ 129	\$ 285
2024	161	124	285
2025	166	119	285
2026	171	114	285
2027	176	109	285
Thereafter	3,520	905	4,425
	<u>\$ 4,350</u>	<u>\$ 1,500</u>	<u>\$ 5,850</u>

Interest expense on debt is \$132 (2021 - \$137) 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:

	2022			2021	
	Deferred contributions	Unspent deferred capital contributions	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 9,935	\$ 6,610	\$ 21,825	\$ 38,370	\$ 22,400
Grants, tuition, donations received during the year	28,261	-	60,213	88,474	74,070
Restricted investment income - realized gains	453	61	-	514	367
Restricted investment income - unrealized (losses) gains	(1,120)	-	-	(1,120)	637
Transfers to spent deferred capital contributions	(732)	(795)	-	(1,527)	(1,427)
Recognized as revenue	(13,613)	(771)	(53,888)	(68,272)	(57,677)
Transfer to endowments	(19)	-	-	(19)	-
Balance, end of year	<u>\$ 23,165</u>	<u>\$ 5,105</u>	<u>\$ 28,150</u>	<u>\$ 56,420</u>	<u>\$ 38,370</u>

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

8. Tangible Capital Assets

						2022	2021
	Land	Buildings & site improvements	Leasehold improvements	Furniture, equipment & vehicle	Computer hardware & software	Total	Total
Cost							
Balance, beginning of year	\$ 7,663	\$ 180,261	\$ 4,571	\$ 7,374	\$ 13,815	\$ 213,684	\$ 211,042
Acquisitions	(119)	1,356	-	802	1,502	3,541	3,590
Disposals	-	(1,871)	(2,997)	(637)	(308)	(5,813)	(948)
	<u>7,544</u>	<u>179,746</u>	<u>1,574</u>	<u>7,539</u>	<u>15,009</u>	<u>211,412</u>	<u>213,684</u>
Accumulated Amortization							
Balance, beginning of year	\$ -	\$ 26,357	\$ 3,679	\$ 3,469	\$ 11,317	\$ 44,822	\$ 38,539
Amortization expense	-	5,124	214	641	1,068	7,047	7,197
Effects on disposals	-	(1,851)	(2,995)	(453)	(313)	(5,612)	(914)
	<u>-</u>	<u>29,630</u>	<u>898</u>	<u>3,657</u>	<u>12,072</u>	<u>46,257</u>	<u>44,822</u>
Net book value, June 30, 2022	<u>\$ 7,544</u>	<u>\$ 150,116</u>	<u>\$ 676</u>	<u>\$ 3,882</u>	<u>\$ 2,937</u>	<u>\$ 165,155</u>	
Net book value, June 30, 2021	\$ 7,663	\$ 153,904	\$ 892	\$ 3,905	\$ 2,499		\$ 168,862

Cost includes work-in-progress as at June 30, 2022 totaling \$2,870 (2021 - \$2,474) comprised of land \$792 (2021 - \$911) related to soil remediation and the change is due to the reduction of prior year accrual, site improvements \$1,143 (2021 - \$977), development of information systems \$672 (2021 - \$511) and equipment & fixtures \$263 (2021 - \$75), 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).

	2022	2021
Balance, beginning of year	\$ 151,183	\$ 155,256
Transfers from (to) unspent deferred capital contributions	795	(918)
Transfers from deferred contributions	732	2,345
Expended capital contributions recognized as revenue	<u>(5,619)</u>	<u>(5,500)</u>
Balance, end of year	<u>\$ 147,091</u>	<u>\$ 151,183</u>

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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
Net assets, as at June 30, 2020	\$ 15,834	\$ 11,348	\$ 4,909	\$ 4,868	\$ 36,959
Annual operating surplus	6,381	-	-	-	6,381
Endowments					
New donations	-	-	-	260	260
Capitalized investment income	-	-	-	202	202
Internally funded tangible capital assets					
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)	-	-	-
Expenditures funded from internally restricted surplus	2,757	-	(2,757)	-	-
Net Board appropriation to internally restricted surplus	(7,359)	-	7,359	-	-
Change in accumulated remeasurement gains	909	-	-	-	909
Net assets, as at July 1, 2021	\$ 18,899	\$ 10,971	\$ 9,511	\$ 5,330	\$ 44,711
Annual operating surplus	9,059	-	-	-	9,059
Endowments					
New donations	-	-	-	18	18
Transfer to endowments	-	-	-	19	19
Capitalized investment income	-	-	-	371	371
Internally funded tangible capital assets					
Amortization of tangible capital assets	1,612	(1,612)	-	-	-
Acquisition of tangible capital assets	(2,015)	2,015	-	-	-
Debt repayment	(152)	152	-	-	-
Net book value of tangible capital asset disposals	37	(37)	-	-	-
Expenditures funded from internally restricted surplus	4,171	-	(4,171)	-	-
Net Board appropriation to internally restricted surplus	(9,940)	-	9,940	-	-
Change in accumulated remeasurement losses	(5,854)	-	-	-	(5,854)
Net assets, as at June 30, 2022	\$ 15,817	\$ 11,489	\$ 15,280	\$ 5,738	\$ 48,324
Net assets is comprised of:					
Accumulated surplus	\$ 19,290	\$ 11,489	\$ 15,280	\$ 5,738	\$ 51,797
Accumulated remeasurement losses	(3,473)	-	-	-	(3,473)
	\$ 15,817	\$ 11,489	\$ 15,280	\$ 5,738	\$ 48,324

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.

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

10. Net Assets (continued)

Internally restricted surplus

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

Internally restricted surplus with significant balances include:

	Balance at beginning of year	Appropriations from unrestricted net assets	Disbursements during the year	Balance at end of year
Capital				
Downtown campus development	\$ 454	\$ -	\$ -	\$ 454
Information and technology asset investment	4,149	5,870	(1,973)	8,046
Non-IT asset investment	245	2,400	(48)	2,597
	<u>4,848</u>	<u>8,270</u>	<u>(2,021)</u>	<u>11,097</u>
Operating				
Program and curriculum development	1,500	-	-	1,500
Scholarships and bursaries	56	-	-	56
Downtown campus development	30	-	-	30
Information and technology projects	2,414	900	(1,298)	2,016
Non-IT projects	513	770	(852)	431
	<u>4,513</u>	<u>1,670</u>	<u>(2,150)</u>	<u>4,033</u>
Research				
Applied research	150	-	-	150
	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>
	<u>\$ 9,511</u>	<u>\$ 9,940</u>	<u>\$ (4,171)</u>	<u>\$ 15,280</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 ten (2021 - fifteen) 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 remaining 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 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 potential future liability is likely and the amount can be reasonably estimated based on the enrolment information available to the college.

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

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:

	Total Revenue Contracts^(a)
2023	\$ 910
2024	699
2025	331
2026	74
2027	1
Thereafter	3
Total at June 30, 2022	<u>\$ 2,018</u>
Total at June 30, 2021	<u>\$ 1,426</u>

(a) 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:

	Service contracts	Information systems and technology	Long-term leases	Capital projects	Total
2023	\$ 1,444	\$ 1,324	\$ 1,397	\$ 3,152	\$ 7,317
2024	896	799	1,402	124	3,221
2025	834	315	1,092	119	2,360
2026	834	201	532	114	1,681
2027	652	40	42	109	843
Thereafter	1	8	-	904	913
Total at June 30, 2022	<u>\$ 4,661</u>	<u>\$ 2,687</u>	<u>\$ 4,465</u>	<u>\$ 4,522</u>	<u>\$ 16,335</u>
Total at June 30, 2021	<u>\$ 2,293</u>	<u>\$ 2,672</u>	<u>\$ 5,283</u>	<u>\$ 4,994</u>	<u>\$ 15,242</u>

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

15. Expense by Object

The following is a summary of expense by object:

	2022		2021
	Budget		
	(note 21)	Actual	Actual
Salaries	\$ 74,311	\$ 74,895	\$ 68,939
Employee benefits	16,941	13,658	14,027
Materials, supplies and services	24,649	19,492	15,621
Utilities	1,466	1,365	1,242
Leases, maintenance and repairs	2,780	3,453	2,967
Cost of goods sold	795	981	862
Scholarships and bursaries	1,178	1,495	764
Amortization of tangible capital assets (including loss on disposal)	7,803	7,248	7,230
Interest on debt	139	132	137
	<u>\$ 130,062</u>	<u>\$ 122,719</u>	<u>\$ 111,789</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.

	2022	2021
Deferred Salary Leave Plan	\$ -	\$ 23
NorQuest College Faculty Association	48	31
NorQuest College Student Association	(99)	(39)
Other	-	9
	<u>\$ (51)</u>	<u>\$ 24</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, 2022

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.

	2022	2021
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 40,775	\$ 42,383
Capital	1,142	1,648
Recurring restricted grants ⁽¹⁾	5,440	5,440
Other	1,208	1,974
Total Advanced Education grants	48,565	51,445
Other Government of Alberta departments and agencies		
Ministry of Health ⁽²⁾	12,854	90
Ministry of Labour and Immigration	952	979
Ministry of Jobs, Economy and Innovation	400	-
Total other Government of Alberta departments and agencies	14,206	1,069
Total contributions received	62,771	52,514
Expended capital contributions recognized as revenue	5,438	5,349
Change in deferred revenue	(13,156)	(2,310)
Total Government of Alberta grants	\$ 55,053	\$ 55,553
Federal and other government grants		
Contributions received	\$ 13,537	\$ 10,204
Change in deferred revenue	(300)	171
Total Federal and other government grants	\$ 13,237	\$ 10,375

⁽¹⁾ Recurring restricted grants include grants for health workforce action plan, support for learners with disabilities and inmate education.

⁽²⁾ This includes \$12.8 million grant from Ministry of Health for administering the financial incentive program, the health care aide tuition bursary program, and the workplace tutor program.

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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.

	2022			2021	
	Base salary ⁽²⁾	Other cash benefits ⁽³⁾⁽⁴⁾	Other non-cash benefits ⁽⁵⁾⁽⁶⁾	Total	Total ⁽⁷⁾
Governance⁽¹⁾					
Chair of the Board of Governors	\$ -	\$ 6	\$ -	\$ 6	\$ 5
Members of the Board of Governors	-	40	-	40	33
Executives					
President & Chief Executive Officer	256	10	53	319	332
Vice-Presidents (VP)					
VP Academic	198	1	41	240	247
VP Administration & Chief Financial Officer	214	21	48	283	253
VP External Relations & Partnerships	194	2	38	234	231
VP Learner Experience ⁽⁸⁾	113	123	26	262	278
VP Marketing & Communications ⁽⁹⁾	189	-	39	228	115
VP People & Culture	194	2	40	236	264

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

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

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

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

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

(6) The Supplementary Retirement Plan (SRP) was implemented effective January 1, 2013. Under the terms of the SRP, executive officers may receive supplemental payments. SRP is described in note 5.

(7) The college underwent organizational restructuring in 2021. Some executive roles were either eliminated or renamed and do not appear in the 2022 organizational structure. These roles included elimination of Chief Culture & Transformation Officer and the VP External Affairs & Brand and the renaming of the VP Corporate Services & Finance to VP Administration & Chief Financial Officer, and Chief Customer Experience Office to VP Learner Experience.

(8) The role VP Learner Experience was vacant on September 3, 2021 and was replaced on February 6, 2022. Included in other cash benefits was \$123K paid in lieu of notice and employer portion of benefit contributions as a result of a termination agreement.

(9) The role of VP Marketing & Communications was reclassified from AVP Marketing & Communications role on February 7, 2022.

20. Impact of COVID-19

The COVID-19 pandemic continues to cause material disruption to NorQuest College resulting in the temporary closure of buildings on campus and 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 shifting 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

The college's 2021-22 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.

NORQUEST COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

in thousands of dollars

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.