Financial Statements of

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2025

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Index to Financial Statements

Year ended March 31, 2025

Management's Responsibility for the Financial Statements

The financial statements of The Sault College of Applied Arts and Technology (the "College") are the responsibility of management and have been approved by the Board of Governors (the "Board").

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

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

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor's report. The Audit Committee reports its findings to the Board for consideration when approving the financial statements. The Audit Committee also considers, for review and approval by the Board, the engagement or reappointment of the external auditors.

The financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the College's financial statements.

President
June 5, 2025

VP Finance and Corporate Services
June 5, 2025

KPMG LLP
480 Pim Street, Unit 1
Sault Ste. Marie, ON P6B 2V4
Canada
Telephone 705 949 5811
Fax 705 949 0911

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of The Sault College of Applied Arts and Technology

Opinion

We have audited the financial statements of Sault College of Applied Arts and Technologies (the "College"), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- the statement of remeasurement gains (losses) for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2025, and its results of operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

June 5, 2025

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2025, with comparative information for 2024

		2025		2024
Assets				
Current assets:				
Cash	$	16,653,854	$	29,398,083
Temporary investments (note 2)		46,522,860		60,181,596
Accounts receivable (note 3)		2,056,242		2,005,826
Grants and reimbursements receivable		2,998,997		2,049,809
Current portion of loan receivable (note 4)		218,639		211,520
Prepaids and other assets		3,217,578		3,968,518
		71,668,170		97,815,352
Loan receivable (note 4)		950,667		1,169,306
Capital assets (note 5)		66,068,191		69,171,801
	$	138,687,028	$	168,156,459
Liabilities, Deferred Contributions and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	6,942,123	$	9,970,058
Accrued vacation pay		4,319,124		4,417,902
Deferred contributions (note 6)		17,842,453		46,480,868
Payable to government agency		292,725		379,824
Current portion of long-term debt (note 7)		510,466		493,630
		29,906,891		61,742,282
Long-term debt (note 7)		3,484,970		3,995,436
Deferred capital contributions (note 8)		51,466,783		54,916,135
Asset retirement obligations (note 9)		824,327		804,222
Post-employment benefits and compensated absences (note 10)		2,074,000		1,867,000
		87,756,971		123,325,075
Net assets:				
Unrestricted		10,797,251		4,702,971
Invested in capital assets (note 12)		15,239,166		14,674,196
Internally restricted (note 13)		18,005,287		20,381,091
Restricted for student purposes and endowments		6,151,416		5,896,089
		50,193,120		45,654,347
Accumulated remeasurement gains (losses)		736,937		(822,963)
		50,930,057		44,831,384
Commitments and contingencies (note 15)				
	$	138,687,028	$	168,156,459

See accompanying notes to financial statements.

On behalf of the Board:

Chair

Treasurer

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Revenue (Schedule):		
Grants and reimbursements	$ 35,529,310	$ 31,998,189
Tuition fees	75,288,579	79,072,489
Ancillary operations	3,787,512	4,236,176
Other	12,461,144	13,469,295
Restricted for student purposes	1,736,453	2,739,910
Amortization of deferred capital contributions (note 8)	6,437,758	6,231,800
	135,240,756	137,747,859
Expenses:		
Salaries and benefits	52,923,865	54,842,797
Instructional supplies	2,033,793	2,379,230
Contracted services	52,530,596	56,027,990
Utilities, maintenance and taxes	4,547,365	4,387,575
Interest and bank charges	859,966	848,918
Travel and professional development	1,077,775	1,581,865
Training subsidies and allowances	702,079	867,701
Supplies and other expenses	3,510,769	3,062,321
Restricted for student purposes	316,831	290,519
Scholarships and bursaries	3,616,608	3,917,263
Amortization of capital assets	8,582,336	7,853,163
	130,701,983	136,059,342
Excess of revenue over expenses	$ 4,538,773	$ 1,688,517

See accompanying notes to financial statements.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Net Assets

Year ended March 31, 2025, with comparative information for 2024

	Unrestricted	Capital Assets	Internally Restricted	Restricted for Student Purposes and Endowments	2025 Total
Balance, beginning of year	$ 4,702,971	14,674,196	20,381,091	5,896,089	$ 45,654,347
Excess (deficiency) of revenue over expenses	6,420,440	(2,144,578)	(3,415)	266,326	4,538,773
Invested in capital assets (note 12)	(326,160)	2,709,548	(2,372,389)	(10,999)	-
Balance, end of year	$ 10,797,251	15,239,166	18,005,287	6,151,416	$ 50,193,120

	Unrestricted	Capital Assets	Internally Restricted	Restricted for Student Purposes and Endowments	2024 Total
Balance, beginning of year	$ 9,008,105	13,173,675	17,226,267	4,557,783	$ 43,965,830
Excess (deficiency) of revenue over expenses	1,889,641	(1,621,363)	2,458	1,417,781	1,688,517
Invested in capital assets (note 12)	(2,314,485)	3,121,884	(727,924)	(79,475)	-
Transfer between funds (note 13)	(3,880,290)	-	3,880,290	-	-
Balance, end of year	$ 4,702,971	14,674,196	20,381,091	5,896,089	$ 45,654,347

See accompanying notes to financial statements.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 4,538,773	$ 1,688,517
Adjustments for:		
Amortization of deferred capital contributions	(6,437,758)	(6,231,800)
Amortization of capital assets	8,582,336	7,853,163
Asset retirement obligation	20,105	27,196
Loss on disposal of capital assets	1,458	-
Accrual for employee future benefits	207,000	41,000
	6,911,914	3,378,076
Changes in non-cash working capital:		
Accounts receivable	(50,416)	864,447
Grants and reimbursement receivable	(949,188)	1,136,067
Prepaids and other assets	750,940	(2,463,789)
Accounts payable and accrued liabilities	(3,027,935)	339,534
Accrual for vacation pay	(98,778)	(7,369)
Payable to government agency	(87,099)	298,179
Deferred contributions	(28,638,415)	(6,701,260)
	(25,188,977)	(3,156,115)
Investing activities:		
Increase in investments	(2,191,364)	(11,956,534)
Proceeds on redemption of investments	17,410,000	6,896,876
	15,218,636	(5,059,658)
Financing activities:		
Receipt of loan receivable	211,520	204,632
Repayment of long-term debt	(493,630)	(477,647)
	(282,110)	(273,015)
Capital activities:		
Purchase of capital assets	(5,480,184)	(6,796,871)
Receipt of deferred capital contributions	2,988,406	3,880,071
	(2,491,778)	(2,916,800)
Net decrease in cash	(12,744,229)	(11,405,588)
Cash, beginning of year	29,398,083	40,803,671
Cash, end of year	$ 16,653,854	$ 29,398,083

See accompanying notes to financial statements.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Remeasurement Gains (Losses)

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Accumulated remeasurement losses, beginning of year	$ (822,963)	$ (1,604,696)
Unrealized gains attributable to:		
Temporary investments	1,693,372	785,450
Realized loss reclassified to the statement of operations:		
Temporary investments:	(133,472)	(3,717)
Net remeasurement gains for the year	1,559,900	781,733
Accumulated remeasurement gain (loss), end of year	$ 736,937	$ (822,963)

See accompanying notes to financial statements.

The Sault College of Applied Arts and Technology (the “College”) is a provincial community college offering educational programs and upgrading to the accessing communities. The College is considered a Non-profit Schedule III Agency of the Ontario provincial government. The College is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The College follows the deferral method of accounting for contributions which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received at the end of an accounting period are accrued.

Tuition fees and contract training revenues is recognized on the basis of teaching days incurred during the fiscal year.

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding to those of the related capital assets.

Contributions for student purposes and the interest thereon are recognized as direct increases in net assets restricted for student purposes.

Sales and services revenue is recognized at the point of sale.

(b) Inventory:

Inventory is valued at the lower of cost and net realizable value.

(c) Vacation pay:

The College recognizes vacation pay as an expense on the accrual basis.

1. Significant accounting policies (continued):

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Construction in progress is recorded as a capital asset but not amortized until construction is put into service.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

	Years
Buildings	40
Site improvements	10
Equipment	5-10
Vehicles	5
Furniture and fixtures	5
Computer equipment	5
Aircraft	10

(e) Retirement and post-employment benefits and compensated absences:

The College is a member of the Colleges of Applied Arts and Technology Pension Plan, which is a multi-employer, defined benefit plan.

The College also provides defined retirement and other post-employment benefits and compensated absences to certain employee groups. These benefits include health and dental, vesting sick leave and non-vesting sick leave. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method pro-rated on service. The most recent actuarial valuation of the benefit plans for funding purposes was as of February 28, 2023 for the health and dental, August 31, 2022 for the non-vesting sick leave and March 31, 2023 for vesting sick leave. The College has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discounts rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.

(ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

1. Significant accounting policies (continued):

(e) Retirement and post-employment benefits and compensated absences (continued):

(iii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

(iv) The discount used in the determinations of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain or loss is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Long-term debt is recorded at amortized cost.

The standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards, including the 4200 standards for government not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of fair value for temporary investments, allowance for doubtful accounts, amortization of capital assets and deferred capital contributions, estimated costs and timing of asset retirement obligations and actuarial estimation of employee future benefits and sick leave benefit entitlement liabilities.

(h) Private career colleges:

The College has entered into contractual agreements that enable international students of the College to pursue a recognized Sault College program at a private career college. The College receives payment of tuition and fees directly from the enrolled students, and the College then allocates a portion of the tuition and fees to the private career college in return for providing agreed-upon materials and services as per the terms of the agreement. The College has determined that it is acting as a principal in the provision of academic delivery to international students enrolled with the private career college, and accordingly the College recognizes revenue from the private career college agreement on gross basis in accordance with Canadian Public Sector Accounting Standards. The amount of tuition and fees received by the College for the students enrolled in these programs is recorded within Tuition revenue in the Statement of Operations. Expenses incurred by the College in fulfilling its obligations to the private career college are included in the Statement of Operations based on the nature of the expense. Expenses incurred by the private career college in fulfilling their contractual obligations are not included in the financial statements of the College.

(i) Asset retirement obligations:

The College recognizes the fair value of an asset retirement obligation (“ARO”) when all of the following criteria have been met:

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

A liability for the removal of asbestos-containing materials in certain College facilities has been recognized based on estimated future expenses. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the financial statements is recognized in the Statement of Operations at the time the remediation occurs.

1. Significant accounting policies (continued):

(j) Student organizations:

These financial statements do not reflect assets, liabilities and results of operations of the various student organizations at the college.

2. Temporary investments:

	Level	2025	2024
Assets at designated fair value			
Fixed income	1	$ 46,522,860	$60,181,596

All temporary investments are classified as Level 1 with no transfers or activity related to Level 2 or Level 3 investments during the year.

Fixed income investments have interest rates from 1.4% to 7% (2024 - 1% to 6.47%) and mature between April 2025 and December 2055.

The maturity profile of fixed income investments held is as follows:

As at March 31, 2025	Within 1 year	1 – 5 years	5+ years	Total
Carrying value	$ 5,921,273	$ 29,342,329	$ 11,259,258	$ 46,522,860
Percentage of total	13%	63%	24%	100%

As at March 31, 2024	Within 1 year	1 – 5 years	5+ years	Total
Carrying value	$ 8,196,887	$ 39,394,933	$ 12,589,776	$ 60,181,596
Percentage of total	14%	65%	21%	100%

3. Accounts receivable:

	2025	2024
Accounts receivable	$ 2,545,100	$ 2,504,796
Less allowance for doubtful accounts	(488,858)	(498,970)
	$ 2,056,242	$ 2,005,826

4. Loan receivable:

	2025	2024
Health and Wellness building – Sault College Students Union receivable	$ 1,169,306	$ 1,380,826
Current portion of long-term receivable	(218,639)	(211,520)
	$ 950,667	$ 1,169,306

Aggregate maturities of long-term receivable for each of the five years subsequent to March 31, 2025, are as follows; 2026 - $218,639, 2027 - $225,998, 2028 - $233,605, 2029 - $241,468, and 2030 - $249,596.

The Sault College Student Union committed to a contribution totalling $3,927,000 towards the construction of the College's Health and Wellness building. The loan has been guaranteed through the collections of the Student Building Trust Fund Ancillary fee. The terms of repayment are 15 years commencing on April 30, 2015 at an interest rate of 3.338%.

5. Capital assets:

2025	Cost	Accumulated amortization	Net book value
Land	$ 1,020,817	$ –	$ 1,020,817
Buildings	84,049,463	48,188,126	35,861,337
Site improvements	49,063,579	30,455,713	18,607,866
Equipment	21,204,210	17,934,297	3,269,913
Vehicles	542,405	528,567	13,838
Furniture and fixtures	4,022,389	3,339,010	683,379
Computer equipment	24,022,538	22,882,419	1,140,119
Aircraft	9,481,161	4,257,456	5,223,705
Construction-in-process	247,217	–	247,217
	$ 193,653,779	$ 127,585,588	$ 66,068,191

5. Capital assets (continued):

2024	Cost	Accumulated amortization	Net book value
Land	$ 1,020,817	$ –	$ 1,020,817
Buildings	84,029,358	46,416,548	37,612,810
Site improvements	46,900,043	26,073,306	20,826,737
Equipment	20,702,032	17,054,915	3,647,117
Vehicles	525,108	515,987	9,121
Furniture and fixtures	3,870,313	3,041,623	828,690
Computer equipment	23,646,058	22,400,332	1,245,726
Aircraft	7,515,659	4,087,368	3,428,291
Construction-in-process	552,492	–	552,492
	$ 188,761,880	$ 119,590,079	$ 69,171,801

6. Deferred contributions:

Deferred contribution consists of the following:

	2025	2024
Student tuition fees	$ 13,859,477	$ 42,167,480
Expenses for future periods	3,982,976	4,313,388
	$ 17,842,453	$ 46,480,868

Details of continuity of these funds are as follows:

	2025	2024
Balance, beginning of year	$ 46,480,868	$ 53,182,128
Additional contributions received	57,959,623	78,004,953
Amounts taken into revenue	(86,598,038)	(84,706,213)
Balance, end of year	$ 17,842,453	$ 46,480,868

7. Long-term debt:

		2025		2024
3.338% term loan to Ontario Financing Authority, unsecured, payable $127,931 semi-annually including interest, due October 31, 2029	$	1,169,306	$	1,380,825
3.415% term loan to Ontario Financing Authority, unsecured, payable $192,934 semi-annually including interest, due April 18, 2033		2,826,130		3,108,241
		3,995,436		4,489,066
Current portion of long-term debt		(510,466)		(493,630)
	$	3,484,970	$	3,995,436

The scheduled principal amounts payable within the next five years and thereafter are as follows:

2026	$	510,466
2027		527,875
2028		545,485
2029		564,836
2030		583,748
Thereafter		1,263,026
	$	3,995,436

8. Deferred capital contributions:

The balance of unamortized and unspent capital contributions related to capital assets consists of the following:

	2025	2024
Unamortized capital contributions used to purchase assets	$ 50,829,025	$ 54,497,605
Unspent contributions	637,758	418,530
	$ 51,466,783	$ 54,916,135

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2025	2024
Balance, beginning of year	$ 54,916,135	$ 57,267,864
Additional contributions received	2,988,406	3,880,071
Less amounts amortized to revenue	(6,437,758)	(6,231,800)
Balance, end of year	$ 51,466,783	$ 54,916,135

9. Asset retirement obligations:

The College has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

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

	2025	2024
Balance, beginning of year	$ 804,222	$ 777,026
Plus: Inflationary increase	20,105	27,196
Balance, end of year	$ 824,327	$ 804,222

There is no current portion of the liability identified for removal or remediation activities or related expenditures during the next fiscal year.

10. Employee future benefits:

The employee benefit and other liabilities, reported on the statement of financial position, are made up of the following:

	2025	2024
Post-employment benefits	$ 554,000	$ 471,000
Non-vesting sick leave	1,473,000	1,352,000
Vesting sick leave	47,000	44,000
	$ 2,074,000	$ 1,867,000

Information about the College's benefit plans is as follows:

	2025	2024
Accrued benefit obligation	$ 2,444,000	$ 2,269,000
Fair value of plan assets	(118,000)	(116,000)
Funded status – plan deficit	2,326,000	2,153,000
Unamortized actuarial loss	(252,000)	(286,000)
Employee future benefit liability	$ 2,074,000	$ 1,867,000
Current service cost	$ 115,000	$ 90,000
Interest on accrued benefit obligation	65,000	53,000
Experienced gains	101,000	12,000
Benefit payments	(150,000)	(147,000)
Amortization of actuarial losses	76,000	34,000
Employee future benefit expense	$ 207,000	$ 42,000

The unamortized actuarial loss is amortized over the expected average remaining service life.

Post-employment benefits:

The College extends the opportunity to acquire post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The College recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation study on behalf of the Ontario College system as a whole and the results were extrapolated to March 31, 2025.

10. Employee future benefits (continued):

Post-employment benefits (continued):

The major actuarial assumptions employed for the valuations are as follows:

(i) Discount rate:

The present value as at March 31, 2025 of the future benefits was determined using a discount rate of 3.2% (2024 – 3.5%)

(ii) Drug costs:

Drug costs were assumed to increase at a rate of 5.91% for 2025 (2024 – 6.16%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040.

(iii) Hospital and other medical:

Hospital and other medical costs were assumed to increase at 4% per annum in 2025 (2024 - 4.0%).

Medical premium increases were assumed to increase at 5.91% per annum in 2025 (2024 – 6.16%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040.

(iv) Dental costs:

Dental costs were assumed to increase at 4% per annum in 2025 (2024 – 4.0%).

Compensated absences:

(i) Vesting sick leave:

The College has provided for vesting sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive 50% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study on behalf of the Ontario College system as a whole and the results were extrapolated to March 31, 2025.

(ii) Non-vesting sick leave:

The College allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study on behalf of the Ontario College system as a whole and the results were extrapolated to March 31, 2025.

11. Pension plan:

Substantially, all of the employees of the College are members of the Colleges of Applied Arts and Technology (“CAAT”) Pension Plan (the “Plan”), which is a multi-employer jointly-sponsored defined benefit pension plan available to all employees of the participating members of the CAAT. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the highest five consecutive years prior to retirement, termination, or death. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan’s governors to ensure the long-term viability of the Plan.

Since the plan is a multi-employer plan the College’s contributions are accounted for as if the Plan were a defined contribution plan with the College’s contributions being expensed in the period they come due.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy. Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan’s pension surplus or deficit as insufficient information is available to identify the College’s share of the underlying pension asset and liabilities. As of January 1, 2025, the CAAT Pension Plan has increased its funding reserve to $6.1 billion and is currently 124% funded on a going-concern basis.

Under these arrangements, the College makes contributions equal to those of the employees. Contributions made by the College during the year amounted to approximately $4,452,607 (2024 - $4,279,180).

12. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2025	2024
Capital assets	$ 66,068,191	$ 69,171,801
Amounts financed by:		
Unamortized capital contributions used to purchase assets	(50,829,025)	(54,497,605)
	$ 15,239,166	$ 14,674,196

12. Investment in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2025	2024
Excess of revenues over expenses:		
Amortization of deferred capital contributions	$ 6,437,758	$ 6,231,800
Amortization of capital assets	(8,582,336)	(7,853,163)
	$ (2,144,578)	$ (1,621,363)
Net change in investment in capital assets:		
Purchase of capital assets	$ 5,480,184	$ 6,796,871
Amounts funded by:		
Deferred capital contributions	(2,769,178)	(3,674,987)
Loss on disposal of asset	(1,458)	–
	$ 2,709,548	$ 3,121,884

13. Internally restricted net assets:

The College, by resolution of the Board of Governors, internally restricts amounts from net assets as follows:

	2025	2024
Strategic Investments	$ 17,861,197	$ 20,233,586
Joint Employment Stability Reserve Fund	144,090	147,505
	$ 18,005,287	$ 20,381,091

14. Externally restricted net assets:

Externally restricted net assets include restricted donations received by the College where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with the various purposes established by donors. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on externally restricted endowments that was disbursed during the year has been recorded in the statement of operations since this income is available for disbursement as scholarships and bursaries and the donors' conditions have been met.

15. Commitments and contingencies:

The College is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of the administration, a liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the College. Losses, if any, arising from these matters will be accounted for in the year in which they are resolved.

16. Risk management:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. The College is exposed to credit risk relating to its cash, grants and accounts receivable and investments. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to $300,000 (2024 - $300,000).

Accounts receivable are comprised of government, student receivables and other receivables. Student receivables are ultimately due from students, and credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. Government receivables are ultimately due primarily from MCU, as well as other government entities, and credit risk is mitigated by the governmental nature of the funding source. Other receivables arise during the course of the College's normal operations and are due from a diverse customer base.

The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections.

The amounts outstanding at year end were as follows:

As at March 31, 2025	Current	31 - 60 days	60 - 90 days	91+ days	Total
Grants receivable	$ 2,998,997	$ –	$ –	$ –	$ 2,998,997
Accounts receivable	1,065,143	–	4,901	35,052	1,105,096
Current portion of loan receivable	–	108,415	–	110,224	218,639
SCSU receivable	–	–	–	950,667	950,667
Net receivables	$ 4,064,140	$ 108,415	$ 4,901	$1,095,943	$ 5,273,399

As at March 31, 2024	Current	31 - 60 days	60 - 90 days	91+ days	Total
Grants receivable	$ 2,049,809	$ –	$ –	$ –	$ 2,049,809
Accounts receivable	1,302,063	1,878	1,483	34,745	1,340,169
Current portion of loan receivable	–	104,885	–	106,635	211,520
SCSU receivable	–	–	–	1,169,306	1,169,306
Net receivables	$ 3,351,872	$ 106,763	$ 1,483	$1,310,686	$ 4,770,804

The College also has student receivable balances of $1,440,004 (2024 - $1,164,627) less allowance amounts of $488,858 (2024 - $498,970).

16. Risk management (continued):

(a) Credit risk (continued):

Student and other receivables not impaired are collectible based on the College's assessment and historical trends regarding collection rates. The maximum exposure to credit risk of the College at March 31, 2025 is the carrying value of these assets.

The maximum exposure to investment credit risk is outlined in note 2 and note 16.

There have been no significant changes from the previous year in the College's exposure to credit risk or its policies, procedures and methods used to measure the risk.

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The investment policies of the College operate within the constraints of the investment guidelines issued by the MCU. The policies' application is monitored by management, the investment managers and the Board of Governors. Diversification techniques are utilized to minimize risk.

There have been no significant changes from the previous year in the College's exposure to market risk or its policies, procedures and methods used to measure the risk.

(i) Currency risk:

Currency risk arises from the College's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The College does not have any material transactions or financial instruments denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The College is exposed to this risk through its interest bearing investments.

The College's bond portfolio has interest rates ranging from 1.4% to 7% with maturities ranging from 2025 to 2055. At March 31, 2025, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of fixed income investments of $465,229 (2024 - $601,816).

16. Risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet all of its cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. Accounts payable are all current.

There have been no significant changes from the previous year in the College's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at March 31, 2025	Within 6 months	6 – 12 months	1 – 5 years	5+ years	Total
Accounts payable	$ 6,942,123	$ –	$ –	$ –	$ 6,942,123
Deferred Contributions	17,842,453	–	–	–	17,842,453
Long-term debt	253,093	257,373	2,221,944	1,263,026	3,995,436
	$25,037,669	$ 257,373	$ 2,221,944	$1,263,026	$ 28,780,012

As at March 31, 2024	Within 6 months	6 – 12 months	1 – 5 years	5+ years	Total
Accounts payable	$ 9,970,058	$ –	$ –	$ –	$ 9,970,058
Deferred Contributions	46,480,868	–	–	–	46,480,868
Long-term debt	244,746	248,884	2,148,663	1,846,773	4,489,066
	$56,695,672	$ 248,884	$ 2,148,663	$1,846,773	$ 60,939,992

16. Risk management (continued):

(d) Other risk:

On January 22, 2024, the Government of Canada (the "Government") introduced a two-year intake cap on international student permit applications, resulting in an approximate 35% reduction in approved study permits for that year. On January 22, 2025, the Government reaffirmed this policy direction by announcing an additional 10% reduction in the national study permit cap for 2025, setting a maximum of 437,000 approved applications. These measures form part of a broader strategy to reduce the proportion of temporary residents in Canada to 5% of the total population by the end of 2026.

In addition, the Government expanded eligibility requirements for study permits by extending the need for a Provincial or Territorial Attestation Letter (PAL) to include most applicants from within Canada, as well as those pursuing master's and doctoral programs. Furthermore, students enrolled at public-private partnership campuses in Ontario remain ineligible for post-graduate work permits, raising ongoing concerns about the long-term viability of these partnerships.

As a result of these policy changes, students at the College's public-private partnership, triOS campuses, will no longer be eligible for post-graduate work permits, which affects the sustainability of this partnership. The last planned enrolment for the triOS campus will be in 2025/26, which represents the flow-through enrolment from the last intake in spring 2024.

17. Endowment funds:

The following information outlines the activity of the Ontario Student Opportunity Trust Fund 1 (OSOTF I), the Ontario Student Opportunity Trust Fund II (OSOTF II) and Ontario Trust for Student Support Fund (OTSS) matching program. These amounts are reflected in the net assets restricted for student purposes.

Schedule of changes in Endowment Fund balances
Year ended March 31

	OSOTF I	OSOTF II	OTSS	2025 Total	2024 Total
Balance, beginning and end of year	$ 664,172	$ 331,340	$ 2,346,515	$ 3,342,027	$ 3,342,027

17. Endowment funds (continued):

Schedule of changes in expendable funds available for awards
Year ended March 31

	OSOTF I	OSOTF II	OTSS	2025 Total	2024 Total
Balance, beginning of year	$ 400,892	$ 115,840	$ 650,491	$ 1,167,223	$ 1,188,763
Investment income net, of expenses	29,351	21,079	71,068	121,498	100,460
Bursaries awarded	(45,400)	(6,500)	(60,922)	(112,822)	(122,000)
Balance, end of year	$ 384,843	$ 130,419	$ 660,637	$ 1,175,899	$ 1,167,223
Bursaries awarded #	53	6	59	118	155

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Revenue

Year ended March 31, 2025, with comparative information for 2024

		2025		2024
Grants and reimbursements:				
Operating grant:				
General purpose	$	5,126,471	$	4,868,880
Special purpose		24,528,840		20,988,918
Apprentice training		1,570,022		1,728,926
Ontario training strategies		4,031,197		4,151,811
Other		272,780		259,654
		35,529,310		31,998,189
Tuition fees:				
Full-time post-secondary		74,046,977		77,797,023
Other		1,241,602		1,275,466
		75,288,579		79,072,489
Ancillary operations		3,787,512		4,236,176
Other:				
Contract educational services		604,343		702,221
Sale of course products and services		253,989		224,283
Investment Income		2,540,066		3,888,262
Recoveries		6,970,936		6,225,381
Miscellaneous		2,091,810		2,429,148
		12,461,144		13,469,295
Restricted for student purposes		1,736,453		2,739,910
Amortization of deferred contributions		6,437,758		6,231,800
	$	135,240,756	$	137,747,859