Consolidated Financial Statements of

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Year ended March 31, 2025

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

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Year ended March 31, 2025

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated 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. Consolidated 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 consolidated financial statements are presented fairly, in all material respects.

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

The College's insurance liabilities have been reviewed by management in consultation with its broker. There are no material liabilities in either fact or contingency as at the date of this report.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit and Risk Committee.

The Audit and Risk 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 consolidated financial statements and the external auditor's report. The Audit and Risk Committee reports its findings to the Board for consideration when approving the consolidated financial statements. The Audit and Risk Committee also considers, for review and approval by the Board, the engagement or re- appointment of the external auditors.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. KPMG LLP has full and free access to the Audit and Risk Committee.

Mark Kirkpatrick
President & Chief Executive Officer

John Pinsent
Senior Vice President Corporate Services & Chief Financial Officer

June 20, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Loyalist College of Applied Arts & Technology

Opinion

We have audited the consolidated financial statements of Loyalist College of Applied Arts & Technology (the College), which comprise:

- the consolidated statement of financial position as at March 31, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated financial position of the College as at March 31, 2025, and its consolidated results of operations, its consolidated changes in net assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2024-2025.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2024-2025 as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the College has a working capital deficiency at March 31, 2025, experienced negative cash flows from operating activities for the year then ended and is forecasting negative cash flows from operating activities in the next fiscal year.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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 these 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 20, 2025

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY
Consolidated Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	$ 29,878,196	$ 13,691,062
Short-term investments (note 7(a))	–	66,435,205
Accounts receivable	2,294,737	3,968,304
Grants receivable	4,618,489	3,150,325
Inventory	59,829	67,115
Prepaid expenses	2,907,905	6,511,594
	39,759,156	93,823,605
Tangible capital assets (note 6)	103,858,760	79,727,591
Investments, net (note 7(b))	15,807,333	14,803,363
	$ 159,425,249	$ 188,354,559

	2025	2024

Liabilities and Net Assets

	2025	2024
Current liabilities:		
Accounts payable and accrued liabilities	$ 17,199,313	$ 9,119,013
Accrued vacation entitlement	3,929,765	3,927,301
Grants refundable	2,490,501	1,070,615
Deferred revenue (note 9(a))	25,873,840	66,973,495
Current portion of term loans payable (note 8)	371,606	509,593
	49,865,025	81,600,017
Term loans payable (note 8)	591,746	963,352
Accrued future employee benefits (note 16)	224,041	115,659
Accrued non-vested sick leave (note 16)	1,767,000	1,630,000
Accrued post-retirement benefits (note 16)	594,000	435,000
Accrued WSIB employment benefits (note 16)	63,100	278,600
Accrued asset retirement obligation (note 17)	5,000,059	5,231,576
Deferred capital contributions (note 9(b))	34,356,402	34,210,520
	92,461,373	124,464,724
Net assets:		
Unrestricted:		
Operating sufficiency (deficit)	(5,517,807)	14,816,139
Unfunded asset retirement obligation	(5,000,059)	(5,231,576)
Post-employment benefits and compensated expenses	(2,648,141)	(2,459,259)
Vacation	(3,929,765)	(3,927,301)
Residences (note 11(b))	(1,386,377)	(724,950)
	(18,482,149)	2,473,053
Investment in capital assets (note 10(a))	68,552,134	44,970,322
Endowment (note 11(a))	13,314,640	12,741,529
Internally restricted (note 11(b))	3,579,251	3,704,931
	66,963,876	63,889,835
Commitments (notes 12 and 15)		
Contingencies (note 13)		
	$ 159,425,249	$ 188,354,559

See accompanying notes to consolidated financial statements.

On behalf of the Board:

__________________________ Chair   __________________________ President

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Operations

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

	2025	2024
Revenue:		
Ministry of Colleges, Universities, Research Excellence and Security and other government grants	$ 34,190,878	$ 28,834,063
Amortization of deferred capital contributions (note 10(b))	3,152,769	3,151,932
Tuition fees and non-tuition incidental fees	55,015,841	51,234,614
Ancillary	3,929,515	3,102,235
Contracted services and other	59,034,756	75,988,975
Interest, dividends and realized gains/losses on investments (note 7(e))	3,493,009	6,579,339
	158,816,768	168,891,158
Expenses:		
Contracted services and fees	46,308,469	63,514,604
Salaries and wages	63,202,939	55,590,314
Employee and other benefits	14,403,433	13,637,025
Amortization of tangible capital assets	9,331,108	7,073,634
Maintenance and utilities	5,313,404	5,101,222
Insurance and bank charges	4,358,839	4,250,461
Supplies and minor equipment	3,515,513	4,169,711
Ancillary	3,692,051	2,228,628
Transportation and communication	1,914,693	2,112,611
Other	1,225,116	1,387,163
Scholarships and bursaries	1,752,174	1,241,017
Student assistance	887,146	750,000
Property taxes	352,723	288,283
Interest on term loans payable	58,230	81,812
	156,315,838	161,426,485
Excess of revenue over expenses	$ 2,500,930	$ 7,464,673

See accompanying notes to consolidated financial statements.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Changes in Net Assets

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

	Investment in capital assets	Endowment	Internally restricted	Unrestricted	2025 Total	2024 Total
	(note 10)	(note 11(a))	(note 11(b))			
Balance, beginning of year	$ 44,970,322	$ 12,741,529	$ 3,704,931	$ 2,473,053	$ 63,889,835	$ 55,928,270
Excess (deficiency) of revenue over expenses	(6,178,339)	–	(871,549)	9,550,818	2,500,930	7,464,673
Interfund transfers	–	–	745,869	(745,869)	–	–
Endowment contributions	–	573,111	–	–	573,111	496,892
Net change in investment in capital assets	29,760,151	–	–	(29,760,151)	–	–
Balance, end of year	$ 68,552,134	$ 13,314,640	$ 3,579,251	$ (18,482,149)	$ 66,963,876	$ 63,889,835

See accompanying notes to consolidated financial statements.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 2,500,930	$ 7,464,673
Items not involving cash:		
Amortization of deferred capital contributions	(3,152,769)	(3,151,932)
Amortization of capital assets	9,331,108	7,073,634
Increase (decrease) in accrued future employee benefits	108,382	(194,807)
Increase (decrease) in accrued non-vested sick leave	137,000	21,000
Increase in accrued post-retirement benefits	159,000	25,000
Increase (decrease) in accrued WSIB employment benefits	(215,500)	(5,700)
Increase in ARO liability valuation	98,040	–
Net change in non-cash operating working capital (note 14)	(27,780,627)	(39,501,467)
	(18,814,436)	(28,269,599)
Investing activities:		
Decrease in investments	65,431,235	8,646,579
Financing activities:		
Repayment of term loans payable	(509,593)	(642,341)
Capital activities:		
Endowment contributions	573,111	496,892
Receipt of contributions related to capital assets	3,298,651	3,185,809
Purchase of capital assets	(33,462,277)	(22,891,992)
Accrued asset retirement obligation, remediation costs incurred	(329,557)	(665,169)
	(29,920,072)	(19,874,460)
Increase (decrease) in cash	16,187,134	(40,139,821)
Cash, beginning of year	13,691,062	53,830,883
Cash, end of year	$ 29,878,196	$ 13,691,062

See accompanying notes to consolidated financial statements.

Loyalist College of Applied Arts & Technology (the "College") operates as a community college, under its current mission to create learning opportunities leading to success in both employment and lifelong learning. The College was incorporated under the Department of Education Act in 1968 as a not-for-profit organization and is a registered charity. Accordingly, the College is exempt from the payment of income taxes provided certain criteria in the Income Tax Act (Canada) are met. Ontario Colleges are governed by the Ontario Colleges of Applied Arts and Technology Act, 2002 and regulations.

1. Going concern:

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.

These financial statements have been prepared on a going concern basis in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. The going concern basis of presentation assumes that the College will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations. The College has a working capital deficiency at March 31, 2025, experienced negative cash flows from operating activities for the year then ended and management's forecast anticipates that the College will deplete its cash resources prior to March 31, 2026. These conditions indicate the existence of material uncertainties that may cast significant doubt about the College's ability to continue as a going concern.

The ability of the College to continue as a going concern and realize its assets and discharge its liabilities in the normal course of operations is dependent upon securing the financial support of the Ministry of Colleges and Universities, Research Excellence and Security. This support is integral for the College to be able to restore and maintain sustainable operations in the future. No assurance can be given that sufficient additional funding will be available in the future from the Ministry of Colleges and Universities, Research Excellence and Security or other sources or that, if available, it can be obtained on terms favourable to the College. Subsequent to year end, the College received commitment from the Minister of Colleges, Universities, Research Excellence and Security that the province is willing to provide up to $25 million through an emergency loan to support the College's viability, subject to meeting certain conditions.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets, the reported revenue and expenses, and the statement of financial position classifications used.

2. Significant accounting policies:

The consolidated 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) Basis of consolidation:

The consolidated financial statements include the accounts of Loyalist College of Applied Arts & Technology and The Loyalist College Foundation, a registered charity controlled by the College. All intercompany balances and transactions have been eliminated upon consolidation.

(b) Use of estimates:

The preparation of consolidated financial statements 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 consolidated financial statements, and the reported amounts of revenue and expenses during the year. Estimates relate to the fair value for investments, valuation of accounts receivables, useful estimated life of capital assets, actuarial estimation of employee future benefits, non-vested and vested sick leave, post-retirement benefits, and estimated costs and timing of asset retirement obligations. Actual results could differ from these estimates.

(c) Financial instruments:

The College classifies its financial instruments as either fair value or amortized cost. The College's accounting policy for each category is as follows:

(i) Fair value:

This category includes cash and equity instruments quoted in an active market. The College has designated its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the College manages and reports performance of it on a fair value basis.

2. Significant accounting policies (continued):

(c) Financial instruments (continued):

(i) Fair value (continued):

These financial instruments are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value of externally restricted amounts are recognized in the Consolidated Statement of Financial Position as deferred revenue until they are realized, when they are transferred to the Consolidated Statement of Operations. A Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrestricted unrealized gains or losses at March 31, 2025.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

(ii) Amortized cost:

This category includes accounts receivable, grants receivable, accounts payable and accrued liabilities, accrued vacation entitlement, grants refundable, and term loans payable. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the Consolidated Statement of Operations.

(d) Revenue recognition:

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

Pledged contributions for the College are recognized when the related pledge documentation is received, less an allowance for estimated uncollectable amounts, giving consideration as to the source of pledges and any changed financial position.

Tuition fees and non-tuition incidental fees and ancillary fees are recognized as revenue based on the portion of the academic period that occurs within the fiscal year of the College. Fees received for courses that commence after the end of the fiscal year of the College are recorded as deferred revenue.

Fees that have been levied for a specific purpose have been internally restricted by the College for that purpose.

2. Significant accounting policies (continued):

(d) Revenue recognition (continued):

Operating grants are recorded as revenue in the period to which they relate. Grants earned but not received at the end of an accounting period are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year 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 a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized.

Unrestricted investment income is recognized as revenue when earned.

Other operating revenues are recognized as the College satisfies the performance obligation by providing the promised goods or services.

(e) Capital assets:

Purchased capital assets are recorded at cost, which includes interest incurred before the commencement of commercial operations. Contributed capital assets are recorded at fair value at the date of contribution when fair value is reasonably determinable. Otherwise, contributed assets are recorded at a nominal amount. Repairs and maintenance costs are charged to expenses. Betterments, which extend the estimated life of an asset, are capitalized.

Capital assets are amortized on a straight-line basis over their average useful lives, which have been estimated to be as follows:

Asset	Useful life
Site improvements	10 years
Buildings	40 years
Building improvements	20 years
Furniture and equipment	3 to 5 years
Vehicles	5 years
Leasehold improvements	10 years

2. Significant accounting policies (continued):

(e) Capital assets (continued):

Costs of construction in progress are capitalized as incurred. Amortization is not recognized until project completion.

The carrying value of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds its fair value. Capital assets have been reviewed for full or partial impairment. Management has determined there are none.

Where a legal obligation exists to remediate or otherwise retire a capital asset recognized by the College, the estimated cost of the asset retirement obligation is included in the cost of the related capital asset.

(f) Vacation pay:

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

(g) Accrued future employee benefits, non-vesting and vesting sick leave:

The College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and non-vesting sick leave. The most recent actuarial valuation of the pension plan for funding purposes was as of January 1, 2024, and the next required valuation will be as of January 1, 2027. The most recent actuarial valuation dates of the other employee future benefit plans are disclosed in note 16.

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 discount 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.

(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 employee.

2. Significant accounting policies (continued):

(g) Accrued future employee benefits, non-vesting and vesting sick leave (continued):

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

(h) Accrued benefit obligation Workplace Safety and Insurance Board (WSIB):

The College is a Schedule 2 employer under WSIB Act, and as such assumes the responsibility for financing its workplace safety insurance costs. An actuarial valuation was completed as of March 31, 2024 with the results extrapolated to March 31, 2025 to estimate the accrued benefit obligation for workplace safety.

(i) Accrued 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.

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 are recognized in the Consolidated Statement of Operations at the time of remediation.

3. Change in accounting policies:

On April 1, 2023, the College adopted the following accounting standards applicable for fiscal years beginning on or after April 1, 2023:

- PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.
- PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

The College determined that the adoption of these new standards did not have any impact on the amounts presented in the consolidated financial statements.

4. Financial instrument classification:

The following table provides classification of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below:

	Fair value	Amortized cost	2025 Total
Cash	$ 29,878,196	$ –	$ 29,878,196
Accounts receivable	–	2,294,737	2,294,737
Grants receivable	–	4,618,489	4,618,489
Investments	15,807,333	–	15,807,333
Accounts payable and accrued liabilities	–	(17,199,313)	(17,199,313)
Accrued vacation entitlement	–	(3,929,765)	(3,929,765)
Grants refundable	–	(2,490,501)	(2,490,501)
Term loans payable	–	(963,352)	(963,352)
	$ 45,685,529	$ (17,669,705)	$ 28,015,824

	Fair value	Amortized cost	2024 Total
Cash	$ 13,691,062	$ –	$ 13,691,062
Short-term investments	66,435,205	–	66,435,205
Accounts receivable	–	3,968,304	3,968,304
Grants receivable	–	3,150,325	3,150,325
Investments	14,803,363	–	14,803,363
Accounts payable and accrued liabilities	–	(9,119,013)	(9,119,013)
Accrued vacation entitlement	–	(3,927,301)	(3,927,301)
Grants refundable	–	(1,070,615)	(1,070,615)
Term loans payable	–	(1,472,945)	(1,472,945)
	$ 94,929,630	$ (8,471,245)	$ 86,458,385

4. Financial instrument classification (continued):

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

	Level 1	Level 2	2025 Total
			(note 7(c))
Cash	$ 29,878,196	$ –	$ 29,878,196
Investments	10,253,953	5,553,380	15,807,333
	$ 40,132,149	$ 5,553,380	$ 45,685,529

	Level 1	Level 2	2024 Total
			(note 7(c))
Cash	$ 13,691,062	$ –	$ 13,691,062
Short-term investments	66,435,205	–	66,435,205
Investments	9,886,772	4,916,591	14,803,363
	$ 90,013,039	$ 4,916,591	$ 94,929,630

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2025 and 2024. There were also no transfers in or out of Level 3.

5. Employee notes receivable:

In order to complement the College's professional development policy, the College provides demand interest-free loans and loans at nominal interest rates to certain full-time staff for the purchase of specified computer equipment and credential studies. These loans in the amount of $12,798 (2024 - $10,160) have been included in accounts receivable on the Consolidated Statement of Financial Position.

6. Tangible capital assets:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	$ 411,550	$ –	$ 411,550	$ 411,550
Artwork	254,870	–	254,870	254,870
Site improvements	13,644,320	6,583,081	7,061,239	7,773,789
Buildings and building improvements	117,771,628	58,681,959	59,089,669	53,590,089
Furniture and equipment	42,852,080	35,695,044	7,157,036	5,945,881
Vehicles	479,871	312,136	167,735	235,815
Leasehold improvements	13,681,217	1,711,380	11,969,837	250,552
Construction in progress	17,746,824	–	17,746,824	11,265,045
	$ 206,842,360	$ 102,983,600	$ 103,858,760	$ 79,727,591

Cost and accumulated amortization of capital assets at March 31, 2024 amounted to $174,143,763 and $94,416,172, respectively.

7. Investments:

(a) Short-term investments are comprised of GICs with a fair market value of $66,435,205 and a cost of $65,000,000. The effective interest rates range from 5.60% to 5.65% and matured in July 2024 and January 2025.

7. Investments (continued):

(b) As noted in note 2(c) to these consolidated financial statements, investments are recorded at fair value at the Consolidated Statement of Financial Position date. The fair market value of investments are as follows:

	2025	2024
Fixed-income securities:		
Federal	$ 981,793	$ 584,397
Provincial and provincial guaranteed	1,559,100	1,495,700
Municipal	343,012	324,366
Corporate – Rated A or better	2,669,475	2,512,128
	5,553,380	4,916,591
Pooled funds:		
Money market fund	701,100	1,005,355
Equity securities:		
Canadian	4,724,177	4,111,198
United States	2,197,286	2,454,557
International	2,631,390	2,315,662
	9,552,853	8,881,417
	$ 15,807,333	$ 14,803,363

The book value of investments at March 31, 2025 are $14,056,416 (2024 - $13,425,148).

(c) The investments have varying maturity dates, but may be liquidated in the short-term, based on the College's needs. The effective interest rates range from 0.625% to 5.679% (2024 - 0.63% to 5.68%) for these investments.

(d) The expected maturity dates for fixed-income securities are as follows:

	2025	2024
Maturing within one year	$ 665,352	$ 75,758
Maturing between one and five years	1,108,728	1,635,989
Maturing over five years	3,779,300	3,204,844
	$ 5,553,380	$ 4,916,591

7. Investments (continued):

(e) Net investment income is comprised of the following:

	2025	2024
Interest income	$ 3,242,984	$ 6,423,977
Dividend income	409,144	296,275
Realized losses on disposition of investments	(75,445)	(64,047)
	3,576,683	6,656,205
Less: Interest and investment management fees	(83,674)	(76,866)
	$ 3,493,009	$ 6,579,339

8. Term loans payable:

Term loans payable consisting of the following unsecured amounts:

	2025	2024
Renovation loan – OFA loan bearing interest at 2.641% and repayable by semi-annual blended payments of principal and interest of $157,355 payable on May 7 and November 7 until maturity on May 7, 2024.	$ –	$ 155,305
Residence expansion – two residences plus commons building Part 1 – loan bearing interest at 4.83% and repayable by semi-annual blended payments of principal and interest of $206,851 payable on August 28 and February 28 until maturity on August 28, 2027.	963,352	1,317,640
	963,352	1,472,945
Less current portion	371,606	509,593
	$ 591,746	$ 963,352

The principal portion of the term loans repayable over the next four years, based on terms and agreements in effect as at March 31, 2025, are as follows:

2026	$ 371,606
2027	389,772
2028	201,974
	$ 963,352

9. Deferred contributions:

(a) Deferred revenue:

Deferred revenue is comprised of:

	2025	2024
Ministry of Colleges, Universities, Research Excellence and Security and other grants	$ 917,763	$ 872,594
Tuition fees	21,785,013	63,266,092
Externally restricted donations	564,415	592,946
Other	83,683	92,387
Restricted investment income	945,496	945,496
Unrealized gains on long-term investments	1,577,470	1,203,980
	$ 25,873,840	$ 66,973,495

(b) Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations and grants for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Consolidated Statement of Operations at the same rate as amortization is recorded on the related capital assets.

Deferred revenue relating to tangible capital assets is comprised of the following:

	2025	2024
Balance, beginning of year	$ 34,210,520	$ 34,176,643
Add amounts related to the following sources:		
Federal/Province of Ontario grants and capital campaign	3,298,651	3,185,809
Deduct amounts related to the following:		
Amounts recognized as revenue in the year	(3,152,769)	(3,151,932)
Balance, end of year	$ 34,356,402	$ 34,210,520

The balance of deferred capital contributions consists of the following:

	2025	2024
Unamortized capital contributions	$ 34,343,274	$ 33,284,324
Unspent capital contributions	13,128	926,196
	$ 34,356,402	$ 34,210,520

10. Investment in capital assets:

(a) Investment in capital assets at March 31 represents the following:

	2025	2024
Tangible capital assets, at cost	$ 206,842,360	$ 174,143,763
Accumulated amortization of tangible capital assets	(102,983,600)	(94,416,172)
Term loans payable - current portion	(371,606)	(509,593)
Term loans payable - long-term portion	(591,746)	(963,352)
Deferred capital contributions	(34,343,274)	(33,284,324)
	$ 68,552,134	$ 44,970,322

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

	2025	2024
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$ 3,152,769	$ 3,151,932
Less amortization of capital assets	(9,331,108)	(7,073,634)
	$ (6,178,339)	$ (3,921,702)

	2025	2024
Purchase of capital assets	$ 33,462,277	$ 22,891,992
Amounts funded by:		
Capital contributions	(4,211,719)	(3,232,831)
Repayment of term loans payable	509,593	642,341
	$ 29,760,151	$ 20,301,502

11. Restrictions on net assets:

(a) Endowment:

The externally restricted endowment contributions have been donated or received as grants from governments specifically for student assistance. Income earned is expendable to provide financial assistance to students.

11. Restrictions on net assets (continued):

(b) Internally restricted:

These funds have been restricted by the Board of Governors to be expended on the following:

	2025	2024
Work-integrated learning	$ 1,140,422	$ 1,132,472
Student government activity	710,590	879,347
Student government - health centre	640,996	640,996
Student centre	317,188	317,188
Information technology fee	261,192	261,192
Student facilities enhancement	–	253,794
Alumni	396,120	219,942
Parking	112,743	–
	$ 3,579,251	$ 3,704,931

Residence funds have been set aside to deal with the costs of future major renovations and repairs for these areas. Residence is in a deficit position. The deficit of the Residence is therefore included against the unrestricted surplus in the current year. All other internally restricted funds represent net accumulated funds collected from students that the College has internally appropriated.

12. Commitments:

(a) The College has entered into three agreements which allow outside parties to use certain of the College's facilities as a bookstore, a cafeteria and for print and mail services, respectively. If the College prematurely terminates the contracts, the College is liable to pay the depreciated value of leasehold improvements paid for by the other parties to the agreements. It is not anticipated that any of the contracts will be terminated prior to the date anticipated in the respective contracts.

(b) The College entered into an agreement with a third party for the construction and operation of student residences. The residences are owned and operated by the third party and the College has agreed to guarantee the residence occupancy at 96%. Management has assessed the likelihood of any actual guaranteed payments.

(c) The College has entered into agreements for certain capital projects. The total value of these commitments at March 31, 2025 is $14,874,211.

13. Contingencies:

(a) Litigation:

The nature of the College's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2025, management believes that the College has valid defenses and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the College's financial position.

(b) Insurance:

The College is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public insurance risks for some forty institutions. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment in the event members' premiums are insufficient to cover losses and expenses.

14. Net change in non-cash operating working capital:

Cash provided from (used in) non-cash operating working capital is compiled as follows:

	2025	2024
Accounts receivable	$ 1,673,567	$ (8,045)
Grants receivable	(1,468,164)	(498,173)
Inventory	7,286	(2,151)
Prepaid expenses	3,603,689	(149,473)
Accounts payable and accrued liabilities	8,080,300	1,702,277
Accrued vacation entitlement	2,464	664,746
Grants refundable	1,419,886	(620,451)
Deferred revenue	(41,099,655)	(40,590,197)
	$ (27,780,627)	$ (39,501,467)

15. Lease commitments:

The College leases certain premises and equipment for which the future minimum lease payment are as follows:

2026	$ 1,075,678
2027	491,703
2028	401,061
2029	309,383
2030	290,971
2031	290,971
Total	$ 2,859,767

16. Accrued future employee benefits and compensated absences liability:

The following tables outline the components of the College's post-employment benefits and compensated absences liabilities and the related expenses.

	Employee future benefits	Non-vesting sick leave	Vesting sick leave	Accrued post-retirement benefits	2025 Accrued post-retirement benefits WSIB
Accrued employee future benefits obligations	$ 224,041	$ 2,167,000	$ –	$ 744,000	$ 63,100
Fair value of plan assets	–	–	–	(150,000)	–
Unamortized actuarial gains (losses)	–	(400,000)	–	–	–
Total liability	$ 224,041	$ 1,767,000	$ –	$ 594,000	$ 63,100

16. Accrued future employee benefits and compensated absences liability (continued):

	Employee future benefits	Non-vesting sick leave	Vesting sick leave	Accrued post-retirement benefits	2024 Accrued post-retirement benefits WSIB
Accrued employee future benefits obligations	$ 115,659	$ 2,105,000	$ –	$ 554,000	$ 278,600
Fair value of plan assets	–	–	–	(133,000)	–
Unamortized actuarial gains (losses)	–	(475,000)	–	14,000	–
Total liability	$ 115,659	$ 1,630,000	$ –	$ 435,000	$ 278,600

	Employee future benefits	Non-vesting sick leave	Vesting sick leave	Accrued post-retirement benefits	2025 Accrued post-retirement benefits WSIB
Current year benefit cost	$ 108,382	$ 181,000	$ –	$ 174,000	$ (215,500)
Interest on accrued benefit obligation	–	76,000	–	1,000	–
Benefit payments	–	(230,000)	–	(4,000)	–
Amortization of unamortized actuarial gains	–	110,000	–	(12,000)	–
Total expense (recovery)	$ 108,382	$ 137,000	$ –	$ 159,000	$ (215,500)

16. Accrued future employee benefits and compensated absences liability (continued):

	Employee future benefits	Non-vesting sick leave	Vesting sick leave	Accrued post-retirement benefits	2024 Accrued post-retirement benefits WSIB
Current year benefit cost	$ (194,807)	$ 148,000	$ –	$ 34,000	$ (5,700)
Interest on accrued benefit obligation	–	63,000	–	1,000	–
Benefit payments	–	(238,000)	–	(3,000)	–
Amortization of unamortized actuarial gains	–	48,000	–	(7,000)	–
Total expense (recovery)	$ (194,807)	$ 21,000	$ –	$ 25,000	$ (5,700)

The above amounts are included in employee and other benefits on the Consolidated Statement of Operations.

The above amounts exclude pension contributions to the Colleges of Applied Arts and Technology pension plan, a multi-employer plan, described below.

Retirement benefits:

CAAT pension plan

Substantially all employees of the College are members of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), which is a multi-employer jointly-sponsored defined benefit plan for eligible employees of public colleges and related employers in Ontario. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governor's to ensure the long-term viability of the Plan.

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 assets and liabilities. The Plan's most recent actuarial valuation filed with pension regulators as at January 1, 2025 indicated an actuarial surplus of $6.1 billion (January 1, 2024 - $5.3 billion). The College made contributions to the Plan and its associated retirement compensation arrangement of $5,876,888 (2024 - $5,574,233), which has been included in employee and other benefits in the Consolidated Statement of Operations.

16. Accrued future employee benefits and compensated absences liability (continued):

Post-employment benefits:

The College extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The most recent actuarial valuation of these employee future benefits was completed February 28, 2023 for the non-pension post-retirement plan, August 31, 2022 for the non-vesting cumulative sick leave benefit plans, and March 31, 2023 for the vested cumulative sick leave benefit plan. The results of these valuations have been extrapolated to March 31, 2025. 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 commissioned by the College Employer Council.

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

(a) 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%).

(b) Medical

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.

(c) Dental Costs

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

Compensated absences:

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 commissioned by the College Employer Council.

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 commissioned by the College Employer Council.

16. Accrued future employee benefits and compensated absences liability (continued):

Compensated absences (continued):

Non-vesting sick leave (continued)

The significant actuarial assumptions used in the valuation of vesting and non-vesting sick leave are below.

Wage and salary escalation:

3.50% in 2023 and 3.00% in 2024, reducing to 2.50% thereafter for full-time and partial load academic staff. These increases are inclusive of the 1% per year that were previously in Kaplan award of September 2022.

3.50% in 2023 and 3.00% in 2024, reducing to 2.50% thereafter for part-time support staff.

3.00% in 2023 and 2024, reducing to 2.50% thereafter for full-time support staff.

3.50% in 2023 and 3.00% in 2024, reducing to 2.50% thereafter for administration staff.

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0.00% to 23.50% and 0 to 54 days, respectively, for age groups ranging from 20 and under to 65 and over in bands of 5 years.

The unamortized actuarial gains and losses are amortized over the expected average remaining service life:

Accumulated sick leave benefit entitlements for 10.0 years (2024 - 10.0 years) for academic

Accumulated sick leave benefit entitlements for 10.2 years (2024 - 10.2 years) for support

Employee future benefits for 11.3 years (2024 - 11.3 years)

WSIB accrued benefit obligation

The actuarial valuation of the liabilities in the amount of $63,100 represents the actuarial present value (discount rate 3.9%) as of March 31, 2025 of all pension payments to workers and survivors, temporary and long term loss of earning benefits, health care costs, rehabilitant costs and administration expenses expected to be made in future years which relate to claims that accrued on or before March 31, 2025, including latent occupational diseases that will be adjudicated after that, with respect to the college’s employees. This is based on the College’s self-insured arrangements in Ontario.

The related benefit liability was determined by an actuarial valuation study commissioned by LifeWorks as at March 31, 2024. The results of the valuation have been extrapolated to March 31, 2025.

17. Accrued asset retirement obligation:

The College's asset retirement obligations relate to the legally required removal or remediation of asbestos-containing materials in certain buildings. 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. As remediation plans are not defined, the full amount has been recognized as a long-term liability.

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

	2025	2024
Balance, beginning of year	$ 5,231,576	$ 5,896,745
Add: revaluation during the year	98,040	–
Less: obligations settled during the year	329,557	665,169
Balance, end of year	$ 5,000,059	$ 5,231,576

18. Ontario student opportunity trust fund:

(a) Year-End Report for Phase One of the Ontario Student Opportunity Trust Fund of Loyalist College of Applied Arts and Technology:

At the direction of the Ministry of Colleges & Universities (MCU), separate disclosure of the Ontario Student Opportunity Trust Fund of Loyalist College of Applied Arts and Technology which is included as part of the Foundation is required. As at March 31, 2025, the activity within the fund is summarized as follows:

(i) Schedule of Changes in Endowment Fund Balance for the year ended March 31:

	2025	2024
Fund balance, beginning of year	$ 2,092,096	$ 2,051,571
Cash donations received	2,265	–
Preservation of capital	81,549	40,525
Fund balance, end of year	$ 2,175,910	$ 2,092,096

18. Ontario student opportunity trust fund (continued):

(a) (Continued):

(ii) Details of Changes in Expendable Funds Available for Awards for the year ended March 31:

	2025	2024
Fund balance, beginning of year	$ 95,357	$ 100,097
Realized investment income net of direct investment related expenses and preservation of capital contributions	63,746	45,460
Bursaries awarded - 92 (2024 - 87)	(69,142)	(50,200)
Fund balance, end of year	$ 89,961	$ 95,357
Endowment total based on book value	$ 2,265,871	$ 2,187,454

The market value of the endowment as at March 31, 2025 was $2,557,033 (2024 - $2,432,867).

(b) Year-End Report for the Phase Two of the Ontario Student Opportunity Trust Fund of Loyalist College of Applied Arts and Technology:

(i) Schedule of Changes in Endowment Fund Balance for the year ended March 31:

	2025	2024
Fund balance, beginning of year	$ 917,319	$ 899,539
Preservation of capital	35,837	17,780
Fund balance, end of year	$ 953,156	$ 917,319

18. Ontario student opportunity trust fund (continued):

(b) (Continued):

(ii) Schedule of Changes in Expendable Funds Available for Awards for the year ended March 31:

		2025		2024
Fund balance, beginning of year	$	42,459	$	47,155
Realized investment income net of direct investment related expenses and preservation of capital contributions		28,013		19,944
Bursaries awarded - 37 (2024 - 31)		(34,464)		(24,640)
Fund balance, end of year	$	36,008	$	42,459
Endowment total based on book value	$	989,164	$	959,779

The market value of the endowment as at March 31, 2025 was $1,116,270 (2024 - $1,067,457).

19. Ontario trust for student support:

(a) Schedule of Changes in Endowment Fund Balance for the year ended March 31:

		2025		2024
Fund balance, beginning of year	$	5,173,935	$	5,073,212
Preservation of capital		203,338		100,723
Fund balance, end of year	$	5,377,273	$	5,173,935

19. Ontario trust for student support (continued):

(b) Schedule of Changes in Expendable Funds Available for Awards for the year ended March 31:

	2025	2024
Fund balance, beginning of year	$ 262,444	$ 291,115
Realized investment income net of direct investment related expenses and preservation of capital contributions	158,948	112,987
Bursaries awarded - 192 (2024 - 145)	(156,542)	(141,658)
Fund balance, end of year	$ 264,850	$ 262,444
Endowment total based on book value	$ 5,642,123	$ 5,436,378

The market value of the endowment as at March 31, 2025 was $6,367,126 (2024 - $6,046,294).

Status of	OSAP Recipients		Non-OSAP Recipients		Total	
Recipients	Number	Amount	Number	Amount	Number	Amount
Full-time	141	$ 110,268	51	$ 46,274	192	$ 156,542

(c) Please see OTSS Directive May 31, 2009 for Ministry's position on spending of endowment principal.

(d) In order to prevent erosion of capital due to inflation, the College has a preservation of capital policy that provides for a portion of the investment income to be added to the endowment capital. In this case, only the portion of investment income available for spending is reported under "investment income" in the schedule of changes in expendable funds available for awards.

20. Foundation award for student support:

(a) Schedule of Changes in Endowment Fund for the year ended March 31:

	2025	2024
Fund balance, beginning of year	$ 3,245,541	$ 3,012,693
Cash donations received	65,302	168,640
Preservation of capital	132,238	64,208
Fund balance, end of year	$ 3,443,081	$ 3,245,541

20. Foundation award for student support (continued):

(b) Schedule of Changes in Expandable Funds for the year ended March 31, 2025:

	2025	2024
Fund balance, beginning of year	$ 281,886	$ 249,086
Realized investment income	103,371	72,026
Bursaries awarded	(102,659)	(39,226)
Fund balance, end of year	$ 282,598	$ 281,886
Endowment total based on book value	$ 3,725,679	$ 3,527,427

The market value of the endowment as at March 31, 2025 was $4,204,423 (2024 - $3,923,175).

21. Financial instrument risk management:

(a) Fair value:

Financial instruments consist of cash, accounts receivable, grants receivable, portfolio investments, accounts payable and accrued liabilities, vacation entitlement, grants refundable and long-term debt. The carrying amounts approximate their fair market value due to the immediate or short-term maturity of these financial instruments.

(b) Credit risk:

Credit risk is the risk of financial loss to the College if a debtor fails to make payments when due. The College is exposed to this risk relating to its cash, receivables and its debt holdings in its investment portfolio.

The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. The College has access to a $2 million line of credit with a federal regulated chartered bank. As at March 31, 2025, $Nil has been drawn on the line of credit (2024 - $Nil).

Accounts receivable are short term in nature and are net of management's estimate of allowances for doubtful accounts. It is in management's opinion that they are not subject to material credit risk.

Accounts receivable are primarily due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population.

21. Financial instrument risk management (continued):

(b) Credit risk (continued):

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:

		Past Due				Net
	Current	> 90 days	> 1 year	Total	Allowances	receivables
Accounts receivable	$ 2,482,219	$ 12,518	$ –	$ 2,494,737	$ (200,000)	$ 2,294,737
Grants receivable	4,618,489	–	–	4,618,489	–	4,618,489
	$ 7,100,708	$ 12,518	$ –	$ 7,113,226	$ (200,000)	$ 6,913,226

Amounts past due but not allowed for are deemed by management to be collectible based on historical experience regarding collections.

The College's investment policy and the Ministry's Banking, Investing and Borrowing Policy puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, and aggregate issuer limits. The debt security portfolio remains very high quality with a weighted average of an A rating or better under the College's investment policy. All fixed income portfolios are measured for performance on a not less than semi-annual basis and monitored by management on a monthly basis.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

(c) 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.

An investment policy is in place and its application is monitored by the Finance & Investment Committee and the Board of Governors. Diversification techniques are utilized to minimize risk.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

21. Financial instrument risk management (continued):

(c) Market risk (continued):

(i) Currency risk:

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The College records its operations in Canadian dollars. The College is exposed to currency fluctuations on some of its securities held in U.S. and international equity securities with a carrying value of $2,197,286 (CAD) (2024 - $2,454,557 (CAD)) and $2,631,390 (CAD) (2024 - $2,315,662 (CAD)), respectively, as they are denominated in U.S. dollars, and other foreign currencies. These potential currency fluctuations could have a significant impact on the market value of these securities.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

(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 risk through its interest-bearing investments (fixed-income securities and fixed-income pooled funds).

The College maintains an investment portfolio; containing both fixed-income securities complying with the MCU BIB policy equity securities.

The College maintains policies, procedures and methods used to measure the risk.

As prevailing interest rates increase or decrease, the market values of these interest-bearing investments change. If interest rates were to change by 1%, with all other variables being held constant, then the effect on the market value of the portfolio, with a carrying value of $5,553,380 (2024 - $4,916,591) would be approximately a 6.0% (2024 - 6.0%) change. The College has structured its portfolio in a manner as to be able to allow debt securities to be held to maturity to reduce any potential interest rate risk.

In addition to the above, the College is exposed to interest rate risk as it has term loans payable in the amount of $963,352 (2024 - $1,472,945) bearing interest at a fixed rate as described in note 8 to these consolidated financial statements. As prevailing interest rates fluctuate, the market value of these debts will fluctuate. Risk is mitigated by the College's intention and ability to hold the debt to maturity.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

21. Financial instrument risk management (continued):

(c) Market risk (continued):

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio.

The College's equity portfolio with a carrying value of $8,881,000 (2024 - $8,881,417), includes U.S., International and Canadian stocks with fair values that move with their respective Stock Exchange Composite Index. A 1% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the College's equity portfolio of approximately 0.56% (2024 - 0.59%).

For pooled equity funds that the College did not sell during the period, the change would be recognized in the asset value and in unrealized gain (loss) on held-for-trading financial instruments. For pooled equity funds that the College did sell during the period, the change during the period and changes prior to the period would be recognized as net realized gains in income during the period.

An investment policy is in place and its application is monitored by the Finance & Investment Committee of the Board of Directors of the Loyalist College Foundation. Diversification techniques are utilized to minimize risk. The policy limits the investment in Canadian equities, US equities and International equities to a maximum of 55%, 20% and 20% respectively and a minimum of 25%, 7% and 8%, respectively.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

(d) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows, maintaining liquidity in their investment portfolios, and budgeting expenditures to meet cash needs. There are no material liabilities that can be called unexpectedly at the demand of a lender or client. There are commitments for capital expenditures totaling $14,874,211. The College is actively managing its liquidity risks through a combination of 1) engagements with key external stakeholders to explore liquidity amelioration strategies and opportunities; 2) policies and measures implemented in the latter portion of 2024 to reduce expenses across all areas of the College; and 3) more detailed and comprehensive cashflow analysis and planning to provide more accurate and longer range cashflow projections.

The College’s liquidity risk has increased from the previous period in the exposure to risk due to a significant decline in international enrolment. That decline, and the resulting reduction in tuition revenue, presents a material risk to the College’s liquidity.

21. Financial instrument risk management (continued):

(e) Other risks:

On January 22, 2024, the Minister of Immigration, Refugees and Citizenship Canada (IRCC) announced that the Government of Canada will set an intake cap on international student permit applications for a period of 2 years. This cap was subsequently extended to an additional year. Since then, both IRCC and the Ministry (“MCURES”) issued additional policy directives which further impacted future enrolment numbers for international students and new intakes offered at the College for the 2025-2026 academic year.

The financial impact of the directives related to international student enrolment is reflected on 2024-25 financial statements. The majority of Loyalist College’s academic programs are multi-year. Consequently, we expect further reduction in international student enrolment going forward which will further impact international tuition revenues and other related revenues.

The College is addressing the impacts of the international student cap by implementing a staged cost mitigation program across the college. In fiscal 2024-25, the College made a difficult decision to implement a workforce reduction plan due to the significant reduction in international students eligible to study at Loyalist College in the future due to recent government policy changes.

Some reductions are reflected in these financial statements. However, the impact of most of them will be reflected in Loyalist College’s financial position, results of operations, and cash flows in the next reporting period.