Annual Report

2025–2026

LOYALIST COLLEGE

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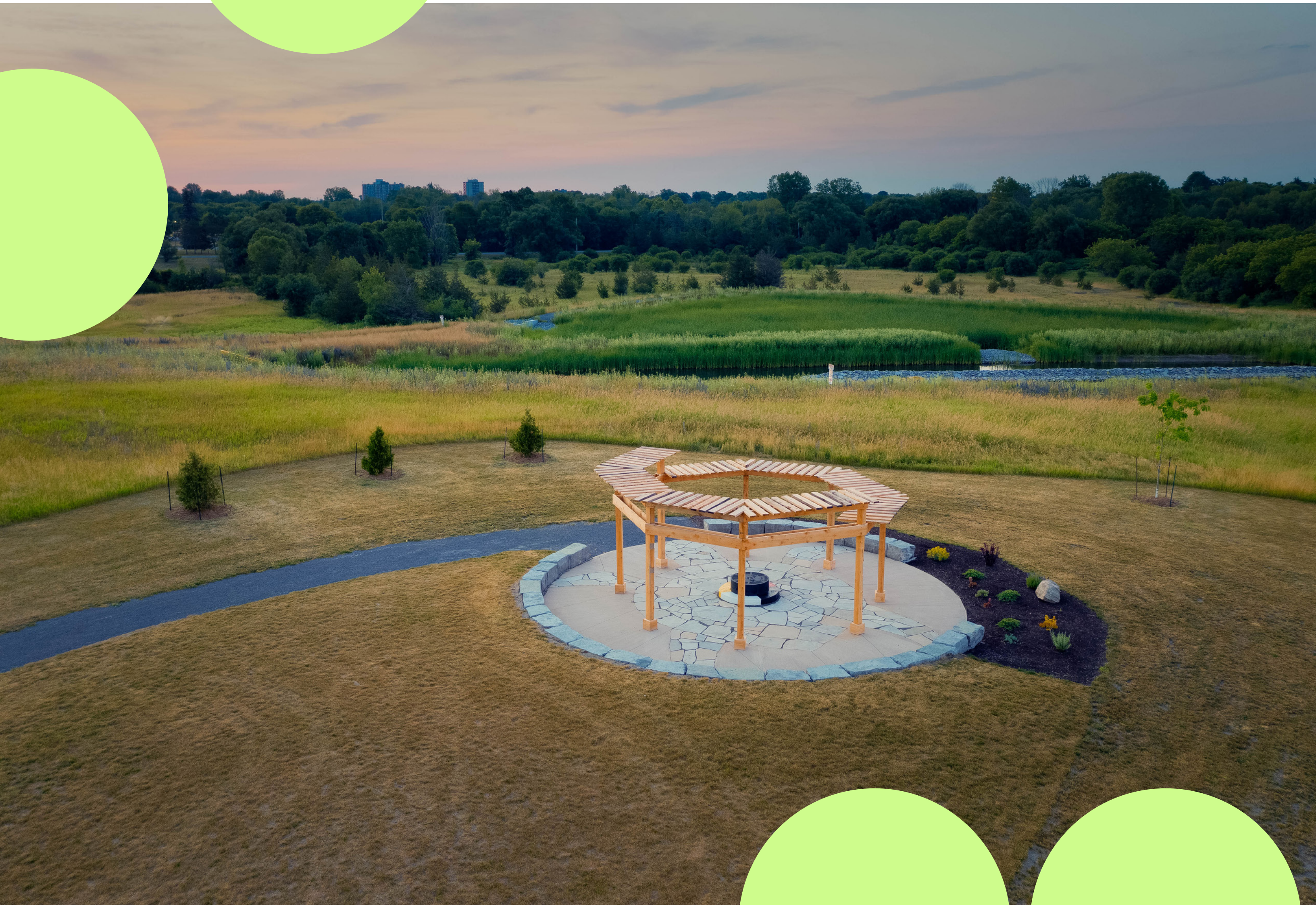
Land Affirmation

Loyalist College is built upon the lands governed by the Dish with One Spoon wampum agreement. We affirm and thank the Haudenosaunee, Anishinaabeg, and Huron-Wendat nations for their continued caretaking of the land. We offer respect to Indigenous people from all nations who call this area home. We honour traditional Knowledge Keepers, past, present, and future.



A Message from the Board Chair

On behalf of the Board of Governors, I am pleased to present Loyalist College's 2025–2026 Annual Report. Reflecting on the past year, I am struck by the progress the college has made toward advancing its key priorities despite a period of significant upheaval across the post-secondary sector. I have been continually inspired by the way Loyalist responds to challenge and change — adapting, collaborating and creating new opportunities for the students and communities it serves.

As this report demonstrates, the college has continued to advance its strategic priorities while remaining focused on long-term sustainability. Guided by Strategic Plan 2030 and the priorities outlined in the 2025–2026 Business Plan, the Board of Governors provided strategic oversight and direction throughout this period of transition, including the approval of a multi-year financial sustainability plan intended to support the college's long-term financial health and responsiveness to workforce and community needs. While some of this work has required difficult choices, those decisions have been made thoughtfully and with a strong sense of shared responsibility across the institution.

As I conclude my term as Chair of the Loyalist College Board of Governors, I do so with tremendous pride in all that this institution has achieved and confidence in the college's future direction. I have been honoured to work alongside a highly dedicated and engaged Board whose members care deeply about Loyalist's role within this region and the opportunities the college creates across Eastern Ontario. That same dedication is reflected across the Loyalist community at every level — including faculty and staff who are passionate about student success and a leadership team committed to strengthening the college's impact through innovation, community partnership and workforce development.

Loyalist's future is bright, and I look forwarding to seeing everything the college will accomplish in the years ahead.

Julie Lange
Chair, Loyalist College Board of Governors

A Message from the President and CEO

The 2025–2026 fiscal year was, in many respects, one of the most challenging in Loyalist College's recent history. It was a year defined not only by external pressures and uncertainty across the post-secondary sector, but also by intentional and necessary change within our own institution.

As we reflect on the past year, we do so with a clear understanding of both what has been required of us and what we have accomplished together. From the outset, our Business Plan acknowledged the need to strengthen long-term sustainability while continuing to serve the students, employers and communities who rely on us. This work has asked us to make difficult decisions, to reassess long-held assumptions and to approach our future with increased focus and discipline.

Throughout these efforts, we have remained grounded in a shared sense of purpose. As a community college serving a largely rural region, our role is deeply connected to access, opportunity and local impact. That clarity has guided our thinking and ensured that, even as we worked to become a more focused and streamlined organization, we did not lose sight of who we are or why we exist.

This has been a period of meaningful institutional transformation. Through the implementation of a multi-year sustainability plan, we have taken deliberate steps to strengthen our financial position, refine our academic focus and align our operations more effectively. While the work is ongoing, we are encouraged by the progress made this year with clear movement toward a more sustainable foundation.

At the same time, reflection requires honesty. The challenges we face, particularly ongoing enrolment volatility and continued funding pressures, remain significant. These realities have tested our resilience and required a level of adaptability that cannot be understated. However, they have also reinforced an important truth: our strength lies not in the absence of challenge, but in how we respond to it.

Even in this environment, Loyalist has continued to move forward with intention. We have advanced the commitments outlined in Strategic Plan 2030, expanding flexible learning opportunities to better serve an evolving learner population. Initiatives such as the Rural Learning Initiative have helped reduce barriers and extend experiential learning across our service region. The continued generosity of our donors has also allowed us to provide record levels of bursaries and scholarships, directly supporting student access and success.

We have also used this period to strengthen the broader student experience and our connections to community. Enhancements to the Co-Curricular Record are helping students better understand and communicate the full scope of their learning, while initiatives like the Indigenous Research Circle are fostering important work in Indigenous-led research, collaboration and knowledge sharing.

Looking ahead, we do so with a stronger sense of focus and a clearer understanding of where we can have the greatest impact. The past year has sharpened our priorities and reinforced the importance of disciplined, thoughtful decision-making. While uncertainty in the broader environment will continue, we are better positioned to navigate it with confidence and purpose.

I want to express my sincere gratitude to our employees, students, Board of Governors, partners and the broader community. Your dedication, your willingness to engage in difficult conversations and your continued belief in our mission have made this progress possible.

Together, we will continue to move forward; focused, purposeful and committed to the important role we play in the communities we serve.

Mark Kirkpatrick
President and CEO

Vision

Advancing our communities through transformative learning and collaborative leadership.

Mission

Empowering learners to realize their potential through responsive and accessible education, applied research and strategic partnerships that drive social advancement.

Values

Caring

We attend to, and focus on, the individual and collective success of our students, faculty, staff, and community by providing deep and broad supports.

Creative

We design customized solutions for the real-world challenges that face our students, faculty, staff, and industry and community partners.

Engaging

We build relationships by using all relevant communication channels to listen and respond to our students, faculty, staff, and industry and community partners

Inclusive

We eliminate barriers to the full and meaningful participation of all our students, faculty, staff, and industry and community partners, in the activities of the college.

Accountable

We are each responsible for our individual actions and for contributing to the collective success of the college.

Mindsets

Mindsets are the guiding perspectives or attitudes that will shape how we approach challenges, make decisions and create strategies, influencing our actions and culture in all areas of work and life.

Truth and Reconciliation

A commitment to acknowledging the truth of historical and ongoing impacts of colonialism on Indigenous Peoples and taking action towards meaningful reconciliation through education, partnership and respect for Indigenous Knowledges and perspectives.

Equity, Diversity and Inclusion

An intentional approach to ensuring that all individuals, regardless of their background or identity, have equitable access to opportunities, are valued for their diversity, and experience an inclusive and accessible environment that supports their success, well-being and sense of belonging.

Sustainability

An ongoing commitment to environmental, social and economic responsibility, aligned with the United Nations Sustainable Development Goals, ensuring that our actions contribute to the well-being of future generations and strengthen the health of our planet and communities.

Board of Governors 2025–2026

- Julie Lange, Chair
- George Brown, Vice-Chair
- Jennifer Moore, Vice-Chair
- Murray Angus, External Governor
- David Clazie, External Governor
- Jennifer Fry, Internal Governor – Administrative Staff
- Mario Girouard, External Governor
- Dr. Stacey Hatch, External Governor
- Josh Hill, External Governor
- Melanie Paradis, External Governor
- Rick Phillips, External Governor
- Lina Rinaldi, External Governor
- Jaskaran Singh, Internal Governor – Student
- April Smoke, External Governor
- Julie Sullivan, Internal Governor – Support Staff

College Achievements 2025–2026

The following summary fulfills Loyalist College's annual reporting obligations by indexing progress made during the 2025–2026 fiscal year toward the goals and objectives set out in the 2025–2026 Business Plan. These goals, objectives and associated outcomes are structured to align with the three strategic pillars outlined in the Loyalist College Strategic Plan 2030, ensuring institutional priorities, operational activities and results remain connected to the college's long-term strategic direction.

Strategic Pillar 1: Nurturing Talent and Potential

Throughout 2025–2026, Loyalist College continued advancing initiatives that support student success, strengthen employee development and expand equitable access to learning opportunities. Through these efforts, the college focused on creating more connected, inclusive and responsive experiences for students, employees and community partners.

Goal 1: Redefine the student experience to align with changing demographics, evolving needs and institutional sustainability by identifying and implementing key improvements in service access, student satisfaction and engagement outcomes.

Integrated and student-centred supports

International Student Services was integrated within Student Experience and Engagement, creating a more unified model for domestic and international learners. This change connected students through shared programming and services while supporting more efficient, coordinated delivery across the student experience.

Academic policies and processes

The college revised and implemented four key academic policies related to program progression, grading, fees and student evaluation to improve clarity, consistency and understanding. The Loyalist College Credential Framework was also expanded to support current and future credential offerings, with updated credential designs implemented across multiple credential types.

Several academic and registration processes were streamlined to reduce administrative barriers and improve the student experience, including course drops, program withdrawals, Prior Learning Assessment and Recognition (PLAR) applications and online registration processes for diploma and apprenticeship programs.

Program quality assurance continued through enhanced annual and comprehensive program reviews completed across all academic programs.

Student well-being and accountability supports

Student well-being remained a priority through the development of a Mental Health and Well-Being Report, which establishes an institutional framework for prevention, early intervention and coordinated service delivery. Participation in the Canadian Campus Wellbeing Survey, with more than 300 student responses, will help inform future evidence-based improvements.

In partnership with Student Government, the college also approved a revised student health plan designed to better reflect evolving student needs and improve the accessibility and value of health coverage.

Updates to the Student Code of Conduct strengthened accountability and student support through clearer expectations, more transparent complaint and appeal processes and the introduction of a Levels of Impact framework. The implementation of restorative approaches and a Responding to the Death of a Student protocol, broadened coordinated and compassionate institutional supports.

Pathways and transitions

Academic and operational enhancements improved student pathways while supporting institutional sustainability. This included the development of a revised framework for returning student registration eligibility and the introduction of a common-course model for mathematics and communications, improving pathway clarity, scheduling efficiency and resource use while maintaining academic quality.

Early engagement and transition pathways were further improved through redesigned School Within a College and Dual Credit programming aligned with workforce priorities, expanded Taste of College Activity Days and new experiential learning opportunities.

The Nuclear Technology and Experiential Learning pilot, developed in partnership with the Kawartha Pine Ridge District School Board gave, secondary students hands-on exposure to the nuclear sector. Through this initiative, students participated in the Contamination Control course within the Radiation Safety program, helping them make more informed decisions about post-secondary education and future career options.

Student journey mapping

As part of a broader student journey mapping initiative, the Strategic Enrolment Management Committee conducted process mapping and student focus groups to better understand the student experience from application through Day 10. This work informed targeted improvements to streamline processes, increase early engagement and enhance the transition to college life.

Goal 2: Enhance competency and demonstrate institutional commitment to reconciliation, equity, diversity, inclusion and accessibility by delivering ongoing learning opportunities for the college community and integrating Indigenous priorities and equity-centred approaches into strategic planning and decision-making processes.

Equity, diversity and inclusion learning opportunities

Loyalist College advanced a culture of belonging and respect through a range of education and awareness initiatives designed to build inclusive leadership and community understanding. Programs delivered throughout the year included the EDI Conversation Series, Beyond Awareness: Trans Experience and the Power of Allyship, Positive Space training and Unconscious Bias workshops. Students also participated in initiatives such as Behind the Mask, which encouraged reflection, empathy and allyship through creative engagement.

To support ongoing learning beyond individual events, the college launched The EDI Exchange, a bi-monthly newsletter providing resources, tools and advocacy-focused content through the myLoyalist portal.

Safe campus practices and equity-informed supports

The college continued reinforcing a safe, respectful and inclusive campus environment through policy modernization, education and support systems. Revisions to the Harassment and Discrimination

Policy, the Responding to Sexual Assault and Sexualized Violence Policy, Residence Community Standards and the Student Code of Conduct improved clarity, accountability and alignment with institutional commitments to equity and inclusion. Workplace Harassment Training for supervisors and mandatory training for Residence staff and student leaders further strengthened institutional capacity to prevent and respond to harmful behaviours.

Equity-informed practices were also integrated into the student experience through early residence move-in opportunities for Indigenous students and students with disabilities, alongside the Residence+ program, which provides enhanced support for students requiring additional guidance in navigating campus life and resources.

Reconciliation, Indigenous priorities and community partnerships

The Tsi Titewaya'taró:roks Indigenous Centre continued leading reconciliation efforts across the college and with Indigenous communities. Key milestones included the grand opening of the Centre during Truth and Reconciliation Week, expanded educational programming for students and employees, and the development of a new dashboard with Institutional Research and the Registrar's Office to support planning and resource allocation for Indigenous student success.

Indigenous priorities were further integrated into institutional planning and governance through the Indigenous Education Circle, College Council and Indigenous Learning Outcome development initiatives. The college also implemented the Indigenous Students Confirmation Policy, supporting integrity and transparency in access to Indigenous-specific resources while helping students reconnect with their communities.

Loyalist continued working with local Indigenous communities and sector partners through the Indigenous Education Circle and Indigenous Peoples Education Circle, contributing to advocacy, funding discussions, quality assurance processes, recruitment initiatives and relationship-based collaboration.

Ongoing partnerships with the Centre for Leadership, Learning and Academic Excellence (CLLAE) supported Indigenous-specific programming designed to strengthen faculty cultural competency and integrate Indigenous Knowledges into curricula. Additional initiatives, including the relaunch of Planting Roots and expanded Truth and Reconciliation Week programming, reinforced community engagement and campus-wide learning.

Indigenous Knowledge and equity-centred institutional culture

Significant progress was made toward developing Indigenous Learning Outcomes and a Truth and Reconciliation Mindset Competency framework. Through consultation, research and collaborative development, this work is embedding Indigenous Knowledges, inclusivity, reciprocity and respect as foundational elements of teaching, learning and institutional culture.

Loyalist also joined Dimensions Canada, a national initiative supporting post-secondary institutions in embedding equity, diversity and inclusion across research and organizational culture, with the goal of achieving national recognition in the fall of 2026.

Goal 3: Foster a culture of continuous learning by leveraging the knowledge and expertise of employees to support peer-to-peer development, strengthen internal knowledge and nurture the growth and potential of all staff.

Peer-to-peer learning and knowledge sharing

Loyalist College continued fostering a culture of continuous learning by creating opportunities for employees to share expertise and build internal knowledge across divisions. Within the Academic division, the PD Corner in the weekly newsletter provided tools, ideas and resources to encourage professional growth, while the Experiential Learning team invited employees from across the college to share expertise during team meetings, supporting cross-functional learning and collaboration.

Faculty-led initiatives within the welding and manufacturing shops introduced practices aligned with LEAN manufacturing and Good Manufacturing Principles, promoting operational efficiency, peer mentoring and knowledge sharing. This contributed to increased supplementary certifications for staff and faculty while supporting continuous improvement within academic programming.

Faculty development and teaching innovation

In 2025, the Centre for Leadership, Learning and Academic Excellence (CLLAE) implemented two professional development frameworks: Foundations in Teaching and Learning and Flexibility in Teaching and Learning. Together, they support stronger teaching practice through instructional design, Universal Design for Learning, technology integration and authentic assessment. CLLAE also enhanced resources and guidance supporting ethical and effective use of artificial intelligence in teaching and learning.

Employee leadership well-being and development

A series of focused micro-learning initiatives supported employee well-being, leadership development and equity, diversity and inclusion competency across the college community. Mental Health First Aid Essentials training equipped human resources professionals and college leaders with practical skills to recognize and respond to mental health challenges and workshops focusing on microaggressions supported more inclusive and psychologically safe environments.

Goal 4: Collaborate with employees, students and community partners to review how experiential learning is designed and delivered and identify changes that can improve equitable access and relevance for students from diverse backgrounds and abilities.

Equitable access to experiential learning opportunities

Loyalist College continued working with employees, students and community partners to make experiential learning more accessible, relevant and aligned with workforce needs. The Experiential Learning team partnered with academic schools to align fees for co-op and applied project courses, reducing financial barriers for students participating in work-integrated learning opportunities.

The college secured $480,000 in CEWIL Canada (Co-operative Education and Work-Integrated Learning) funding to launch the Rural Learning Initiative, which provides transportation and financial supports for up to 365 students. This initiative helps students access work-integrated learning opportunities that may otherwise be difficult to participate in because of location, cost or transportation barriers.

Improving access to experiential learning information

Loyalist launched a centralized Experiential Learning web page to provide students, employees and community partners with clear information, resources and participation pathways.

Inclusive experiential learning models

Experiential learning models within the Community Integration through Cooperative Education (CICE) program were refined to better support students with varying abilities through flexible, on-site supports, individualized pathways and student choice. Expanded project-based opportunities also helped students participate in experiences aligned with their strengths, interests and career goals.

Community-based workforce learning

The college advanced workforce-aligned learning through QEDC and Base31's Skills Development Fund-supported initiatives, which delivered training in community settings and broadened participation among learners who may not otherwise engage with the college.

Goal 5: Advance the student Co-Curricular Record by broadening the range of recognized activities and enhancing its visibility as a tool for personal and professional development, increasing both student and employer awareness of its value.

Co-Curricular Record awareness and skill development

Loyalist College continued advancing the Co-Curricular Record as a tool for recognizing non-academic learning and student development beyond the classroom. During 2025–2026, the college broadened the range of recognized activities to include leadership, experiential learning and community engagement experiences, including applied research projects, STEM outreach and the new Student Content Creator role.

Students were supported in connecting Co-Curricular Record experiences to post-graduation pathways through off-boarding sessions and leadership development activities. Student leaders also received support in identifying and articulating transferable skills gained through co-curricular experiences, helping them better communicate the value of leadership, initiative and applied experience as they prepare for employment and further education.

Career Services also promoted the Co-Curricular Record to employers through a targeted campaign highlighting its value in graduate hiring and helping build awareness of the skills students develop through experiences beyond the classroom.

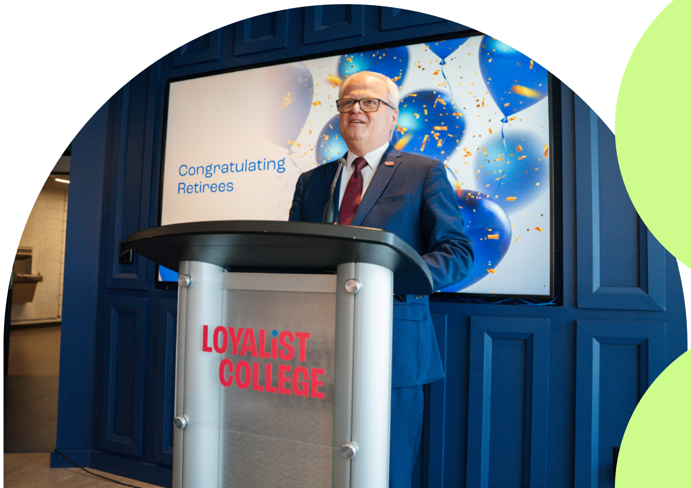
Goal 6: Revise existing recognition and appreciation programs to ensure employees feel valued and supported.

Employee recognition and appreciation

Loyalist College continued work to renew its employee recognition program, supporting a culture of appreciation, excellence and community. A volunteer committee with representation from administrative, support and academic employees led the redesign of the Recognition Awards program, including updated award categories, criteria and nomination processes.

The renewed program is being designed to recognize outstanding contributions across areas such as leadership, innovation, service, academic achievement and equity. Work also included the development of supporting communication resources, including nomination guidance, updated forms and tools to make the process more accessible and easier to complete.

The redesigned program will culminate in a combined recognition event celebrating retirees, long-service recipients and Shining Stars. A communication plan will support awareness of the updated awards through channels such as email, newsletters and town halls.



Strategic Pillar 2: Advancing Innovative and Flexible Learning and Applied Research

Loyalist College continued advancing innovative approaches to teaching, learning and applied research that enable responsiveness to regional workforce needs, expand access for diverse learners and deepen collaboration with industry, community and Indigenous partners. Through flexible program delivery, community-engaged research and technology-enabled learning solutions, the college reinforced its commitment to accessible, learner-centred education and impactful applied innovation.

Goal 1: Expand applied research through collaboration with faculty and industry. Grow relationships with Indigenous communities and applied research.

Faculty, student and industry collaboration in applied research

Loyalist College continued to expand applied research through projects involving faculty, students, industry and community partners. New projects with Quinte Immigration Services and Correctional Service of Canada focused on developing inclusion resources and competency-based recruitment tools.

The Centre for Leadership, Learning and Academic Excellence (CLLAE) launched a Scholarship of Teaching and Learning framework and steering group to encourage scholarly collaboration and innovation across academic areas. A new industry collaboration framework was also introduced to support intellectual property recognition for student contributions within applied research projects.

Indigenous and equity-centred research

The Indigenous Research Circle was established to integrate Indigenous Knowledge and perspectives within applied research activity. This work was supported through the development of an Etuaptmumk (Two-Eyed Seeing) toolkit for educators funded through a CICan micro-research project and the planned recruitment of an Indigenous Researcher-in-Residence.

Research Ethics Board policies and procedures were also reviewed and updated to align with Tri-Council Policy Statement requirements, with a focus on ethical practices involving First Nations, Inuit and Métis peoples. Interdisciplinary frameworks supporting Indigenous research were developed and piloted to strengthen the college's ability to engage respectfully and collaboratively with Indigenous communities.

Applied research capacity and operational supports

The Applied Research and Innovation Office updated project management approaches and policies related to financial administration, research ethics and responsible conduct of research. Research Ethics Board governance was also improved through targeted training and renewed terms of reference.

Within the Centre for Natural Products (CNP), team restructuring and expanded industry partnerships significantly increased applied research capacity and specialized research delivery. The CNP engaged 16 students from the Biotechnology and Honours Bachelor of Science in Nursing programs in an industry-based project. In total, the CNP completed 31 projects supporting 24 small and medium-sized enterprises, including 17 new partners. Additional collaborations with Canadian and international pharmaceutical companies along with research partnerships exploring agricultural technologies, expanded the CNP's impact and industry reach.

Community-based research and regional impact

The Centre for Healthy Communities (CFHC) continued to advance community-informed applied research and experiential learning. This included a second iteration of collaborative data analysis with the Port Hope Walk-In Clinic involving 97 Honours Bachelor of Science in Nursing students, as well as support for two municipalities developing Community Safety and Wellbeing Plans.

Throughout the year, the CFHC collaborated with 25 partners across the non-profit, health care and government sectors while developing an Inclusion, Diversity, Equity and Accessibility framework to guide operations, strategy and research activity. Additional projects supported healthy communities, clean energy innovation and workforce development, reinforcing Loyalist's role as a regional leader in applied research and community-responsive innovation.

Goal 2: Expand flexible learning opportunities that incorporate varied delivery modes (e.g., online, hybrid, HyFlex, in-person), alternative scheduling options and pathways to support the diverse needs of learners across different areas of expertise.

Flexible program delivery and learner pathways

Loyalist College expanded learning opportunities through varied delivery modes, alternative scheduling options and learner-centred program pathways. The Human Resources Management graduate certificate was identified for redesign as a fully online program, while the new Addictions and Mental Health graduate certificate is being developed using synchronous, asynchronous and hybrid online delivery models to maximize accessibility for learners with different schedules and needs. The Continuous and Professional Learning division also expanded access to targeted professional development opportunities, including a new course in Trauma Informed Care and Mindfulness.

Online and alternative delivery models

Loyalist will launch a fully online Pre-Health Sciences Pathway to Advanced Diplomas and Degrees certificate program in Fall 2026, following development completed during the 2025–2026 year. The program will use a synchronous delivery model to provide structured, real-time engagement with faculty and peers while expanding access for learners who require remote participation.

The Centre for Leadership, Learning and Academic Excellence (CLLAE) supported academic areas through program review, curriculum renewal and professional development opportunities for employees focused on online, hybrid and in-person teaching approaches. Guidance for developing new programs or modifying existing programs was updated to place greater emphasis on responsive course and program design aligned with evolving learner needs.

The college also introduced a course-level delivery mode framework and drafted a program modality framework to create clearer, more consistent language and processes for current and future offerings.

Operational processes supporting flexibility and access

The Registrar's Office streamlined the application-to-graduate process for non-standard post-secondary programs, reducing duplication and simplifying administrative workflows.

Flexible scheduling and workforce-aligned learning opportunities

Alternative scheduling options continued expanding through apprenticeship programming, including preparations to welcome the first cohort of Level 1 Electrician apprentices in Fall 2026. Loyalist also responded to Ministry of Labour requests for Day Release and Block Release delivery formats while continuing to support Auto Service Technician and Food Service Worker apprenticeship programs across Eastern Ontario.

Goal 3: Broaden our region-wide series of hands-on, creative learning experiences that welcome residents, visitors and other community participants of all ages and backgrounds.

Community-based arts and creative programming

Loyalist College continued growing the Experience brand, increasing access to hands-on creative learning across the region. Summer enrolment tripled compared to the previous year, with courses delivered at Loyalist campuses in Belleville, Port Hope and Bancroft, as well as in artists' studios in Belleville and Prince Edward County. Building on this growth, Loyalist expanded Experience programming beyond the summer season, offering additional sessions during Fall 2025 and Winter 2026.

Participation remained strong as offerings expanded, with Fall and Winter enrolment increasing by 45 percent compared to the summer session. Participants included 80 percent first-time learners and 20 percent returning learners,

reflecting continued interest in accessible, non-credit creative programming.

Courses delivered by professional artists created welcoming, high-quality learning experiences for participants across a wide range of ages, interests and backgrounds. Improvements to online registration and the web experience also made programming easier to find and access.

The growth of this initiative continues to position Loyalist as a regional destination for creative learning, while supporting partnerships with local artists, venues and community organizations. It also demonstrated strong demand for non-credit programming that connects residents and visitors with meaningful educational experiences.

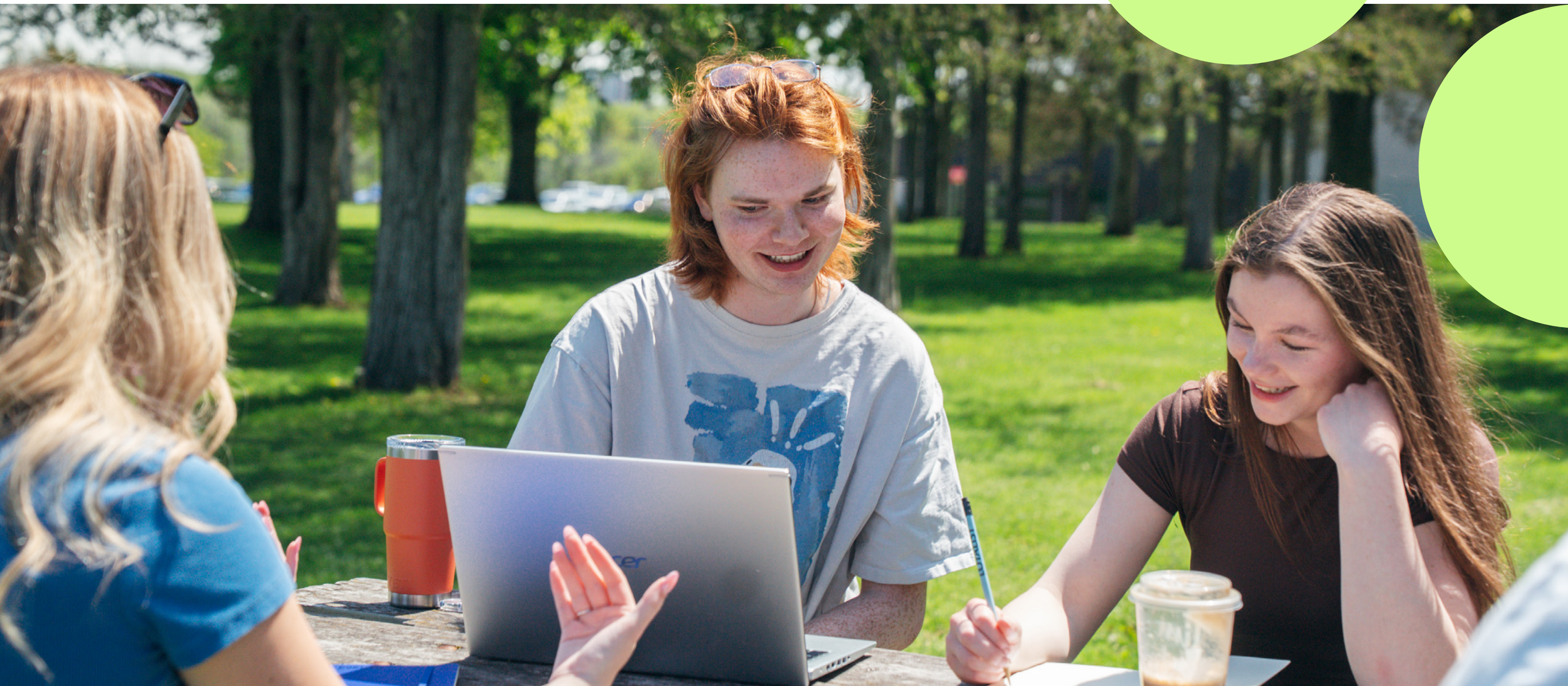
Goal 4: Implement a technology-enabled solution that improves the learner experience by simplifying registration and access to non-standard non-credit credentials.

Technology-enabled tools for non-credit learning

Loyalist College introduced new digital platforms to make non-credit and professional learning opportunities easier to find, access and manage. Canvas Catalog, launched in June 2025 through collaboration between Information Technology Services, Marketing and Communications and the Academic division, created a centralized platform where learners can find and enrol in non-credit offerings.

The college also introduced Corsizio, an online registration and payment system for non-credit classes and workshops offered through the Experience brand. The platform simplified registration, payment processing, attendance tracking and participant communication, while providing centralized data to support program planning.

Together, Canvas Catalog and Corsizio reduced administrative complexity and created a more intuitive registration experience for learners. Phase two of the Canvas Catalog project is underway and includes integration with loyalistcollege.com and new learner-focused resources to support adoption and improve the user experience.



Strategic Pillar 3: Strengthening Connections and Impact

During 2025–2026, Loyalist College advanced initiatives focused on long-term sustainability, Indigenous relationship-building, student leadership and community access to college spaces. This work supported more focused planning, deeper regional partnerships and greater opportunities for students and community members to connect with Loyalist.

Goal 1: Develop and implement a comprehensive institutional sustainability plan that balances targeted cost reductions with strategic revenue generation, with the goal of achieving a balanced budget aligned with current and evolving operating conditions.

Multi-year institutional sustainability plan

In Fall 2025, Loyalist College achieved a significant milestone through the development and Board approval of a multi-year sustainability plan. The plan provides a disciplined, data-informed approach to decision-making as Loyalist continues to evolve as a smaller, more focused and more agile institution committed to high-quality education and workforce development across Southeastern Ontario.

The plan incorporates enrolment assumptions, program priorities and fiscal targets, supported by tools and processes that improve forecasting, situational analysis and long-term decision-making.

Data-informed academic and operational planning

Institutional Research partnered with the Academic division to develop the Academic Planning Resource Module, a program planning tool that captures salary and non-salary costs alongside enrolment projections. This provides program-level insight into anticipated operating costs and projected revenues, supporting more sustainable academic planning processes. A pilot involving seven programs is underway, with institution-wide implementation planned for Fall 2026.

Collaboration between the Registrar's Office, Enrolment and Information Technology resulted in the completion of an enrolment systems current-state analysis and a project governance framework to guide systems renewal and investment prioritization.

Sustainable applied research operations

The Applied Research and Innovation Office reviewed planning and pricing frameworks to ensure project costs reflect staffing, operational supports and resource requirements. This work improves cost recovery, financial transparency and supports long-term growth in applied research activity.

Goal 2: Build meaningful and respectful relationships with all Indigenous nations and communities within our region, fostering pathways to shared, mutually beneficial initiatives.

Shared learning and academic collaboration

Loyalist College continued working with Indigenous partners to integrate Indigenous Knowledge and perspectives into academic programming and student learning experiences. The Social Service Worker program introduced, Indigenous Perspectives for Social Service Work, a new course launched in January 2026 to prepare graduates for culturally informed practice.

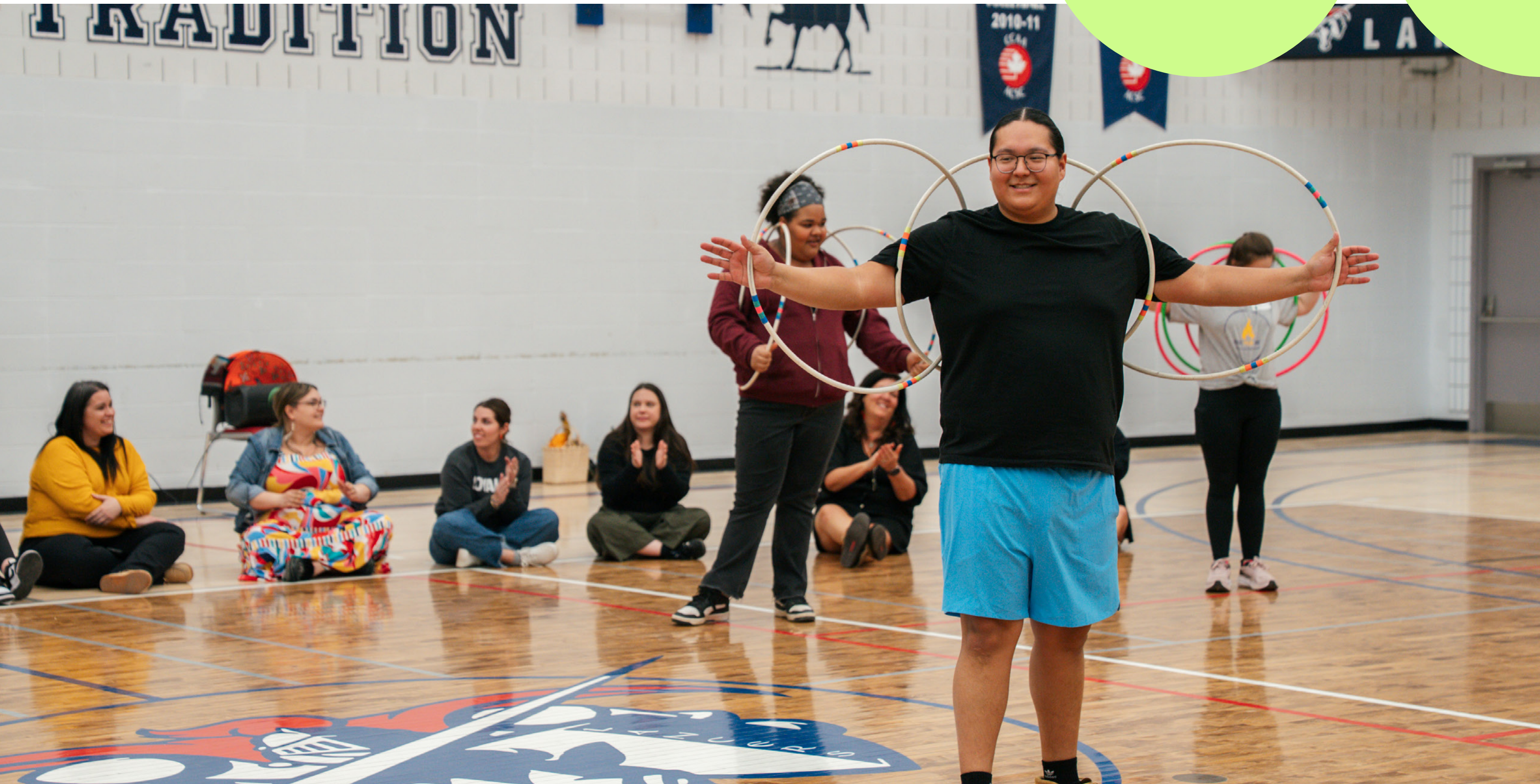
In the Paramedic program, students participated in a reciprocal learning experience with Indigenous midwives, who provided instruction to students while using Loyalist's labs to support learning within their own communities. Indigenous community members were also invited into classrooms to share knowledge and lived experience, enriching student learning across programs.

Reconciliation, institutional planning and community-led initiatives

Loyalist continued engaging with the five Indigenous communities within its catchment area while advancing reconciliation through institutional planning, governance and community-led initiatives.

Indigenous partners contributed through participation on the Board of Governors, collaboration through the Indigenous Education Council, and involvement in College Council initiatives and Indigenous Learning Outcome development workshops.

Loyalist also supported reconciliation-focused community initiatives, including Quinte Health Care's Four Seasons of Reconciliation sharing circles held in Tyendinaga Mohawk Territory. These activities reflect the college's commitment to respectful, place-based collaboration and initiatives that are meaningful to Indigenous partners and communities.



Goal 3: Increase student engagement through expanded opportunities for community involvement and leadership development, empowering students to contribute both in and beyond the classroom.

Student leadership and campus engagement

Loyalist College expanded opportunities for students to build leadership skills, contribute to campus life and connect with the broader community through student-led initiatives, clubs, peer ambassador roles, experiential learning and applied projects.

Student leadership was supported through Student Government initiatives, 17 active student clubs, the Student Content Creator program, Loyalist Life, Library and SafeWalk ambassador roles, and Residence+, where student leaders helped peers transition to independent living and college life. Students also contributed to community-building initiatives, including the Loyalist College float for the Santa Claus Parade and a cultural music exchange on 91X.

Leadership development and recognition

Formal leadership development continued through the second annual Student Leadership Conference, which engaged 85 participants, monthly development sessions focused on communication and collaboration, and the annual Student Leadership Awards, which received 148 nominations across multiple categories.

Leadership development was also embedded through athletics and campus employment. Student athletes participated in leadership-focused onboarding and community outreach activities, while both Career and Athletics teams introduced off-boarding sessions to help student employees identify and articulate transferable skills.

Community-connected learning and student voice

Students applied their learning through community-connected projects and events. Skilled trades outreach expanded participation in the annual Loyalist College Skills Competition, Paramedic students delivered a campus and community vaccine clinic, Justice Studies students partnered with Belleville Police on the Halloween Safe Streets initiative, and trades and technology students collaborated with organizations including Parks Ontario and the Belleville Chamber of Commerce.

Students also contributed to campus planning and safety through Ontario Student Voices and a Campus Safety Walk with college leadership.

Goal 4: Position Loyalist as a welcoming community hub by exploring new opportunities to open our campuses and locations to external partners and groups, whether through meetings, collaborative initiatives or inclusive events that celebrate diversity and foster a sense of belonging.

Shared use of campus spaces

Loyalist College continued identifying ways for external organizations and community groups to use campus spaces. The college advanced discussions with 8 Wing CFB Trenton to provide summer accommodations for cadet training programs and continued exploring summer accommodation opportunities in Belleville and Port Hope.

Campus athletic facilities were also used by numerous local sports organizations throughout the summer months, including rugby, soccer, baseball, basketball, volleyball and football organizations from across the region. Loyalist will also host the OFSAA Soccer Championships in June 2026.

Workforce and apprenticeship access

Loyalist hosted events and partnerships connected to regional workforce development, including the Women in Nuclear executive leadership speaker series, which featured alumni and women in trades discussing career pathways and leadership in the nuclear sector.

The college also partnered with the Ontario Electrical League to host its Fall Roadshow, reinforcing Loyalist's role as an official Training Delivery Agent for electrical apprenticeships.

Through a new partnership with Skilled Trades Ontario, Loyalist will serve as a local testing site for certifying exams, with in-house exam delivery, application processing and exam scheduling available on campus. Skilled Trades Ontario also established office space at Loyalist to provide in-person services for current and future apprentices, employers, newcomers to Canada and members of the public.

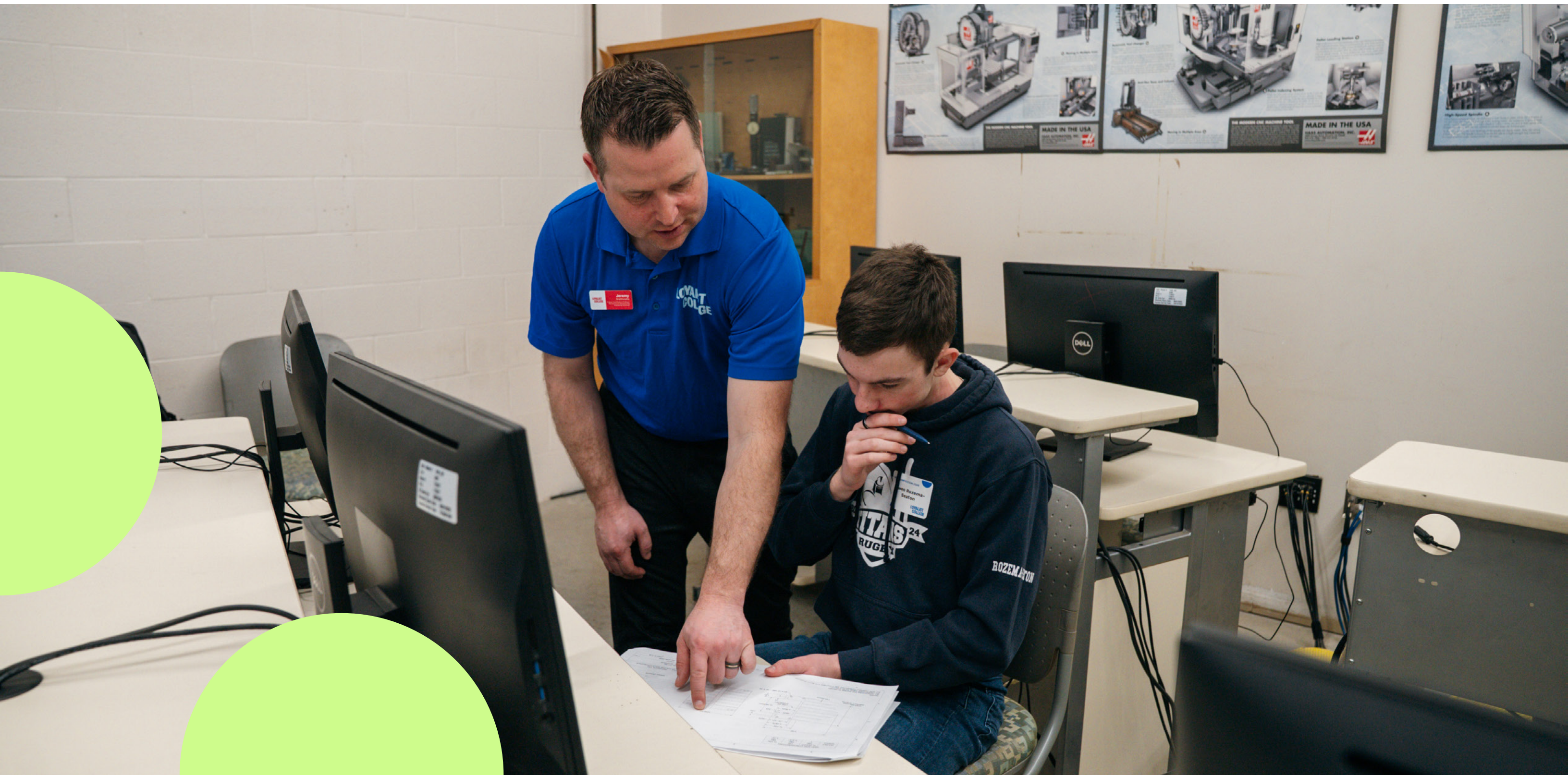
Community well-being and local priorities

Throughout the year, Loyalist supported initiatives that brought students, employees and community members together around regional priorities. This year, Loyalist hosted the Belleville Mental Health & Addiction Awareness Day event as well as a Rotary Kids Against Hunger activity, where students and volunteers packaged more than 70,000 meals to support food security initiatives.

The college also partnered with Highland Shores Children's Aid to provide temporary emergency youth housing. Efforts to increase the use of locally sourced ingredients within campus food services also helped support regional producers and the local economy.

Early engagement with future students

The annual Loyalist College Skills Competition welcomed more than 65 secondary school students from four regional school boards to participate in hands-on competitions spanning trades, technology and creative industries. The event created opportunities for prospective students to engage with Loyalist programs while building connections with educators, industry and community partners.



Summary of College Financial Results 2025–2026

For the 2025–2026 fiscal year, Loyalist College recorded a deficit of $18,283,452, compared to a surplus of $2,500,930 in 2024–2025. The 2025–2026 result was unfavourable relative to the initial budgeted deficit of $14,400,471.

Prior to the recognition of asset impairment, the college's operating deficit for 2025–2026 was $7,763,748. During the fiscal year, the college made the decision to declare the Port Hope campus as an impaired asset, resulting in an additional non cash write-off of $10,519,7934. Following recognition of this accounting adjustment, the total reported deficit for the year was $18,283,452.

Fiscal 2025–2026 also marked the final year of Loyalist College's Public College Private Partnership (PCPP), alongside a significant decline in international student enrolment in Belleville, consistent with federal policy restrictions affecting international student study permits. The conclusion of the PCPP arrangement and the sharp reduction in international enrolment were by far the largest drivers of revenue loss in the year and continue to have a material impact on the college's financial position.

Analysis of the College's Financial Performance

Loyalist College ended the 2025–2026 with a net operating deficit of $18,283,452 of revenue over expenses.

Revenues decreased versus 2024–2025 levels by $56,333,168.

Expenses decreased versus 2024–2025 levels by $46,068,488.

Revenues

- **Government operating grants:**
  Increased by $2,502,720 compared to 2024–2025. The increase in grant funding in 2025–2026 was primarily driven by new Post-secondary Efficiency & Sustainability Fund (PSESF) grants; a top-up to the Small, Northern & Rural (SNR) grant; increased Nursing & Clinical Education funding; and reduced International Student Recovery Holdback (ISR) deductions resulting from lower new (semester one) international student enrolment.

- **Tuition fees and non-tuition incidental fees:**
  Decreased by $17,719,763 from 2024–2025 levels due to the overall reduction of international students at the Belleville and Port Hope campuses.

- **Ancillary operations revenue:**
  Flat versus 2024–2025, with an increase of only $256K.

- **Amortization of deferred capital contributions:**
  Flat versus 2024–2025, with an increase of only $259K.

- **Other revenue:**
  Decreased by $39,349,419 compared to 2024–2025 primarily due to the conclusion of the college's PCPP and closure of the Toronto campus.

Expenditures

- **Contracted Services and Fees:**
  Decreased by $31,766,137 due to reductions in costs related to the Loyalist College in Toronto PCPP partnership, as operations concluded in 2025–2026.

- **Salaries and benefits:**
  Decreased by $11,128,413 compared to 2024–2025. This decrease was due to the college implementing restructuring measures to respond to the financial challenges created by reductions to international student tuition revenue.

- **Insurance and Bank Charges:**
  Decreased by $1,304,148 due to decreases in insurance costs related to international enrolment decline.

- **Amortization of capital assets:**
  Increased by $1,670,976 compared to 2024–2025 due to the completion of capital projects.

Appendices

Audited Financial Statements

Consolidated Financial Statements of

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Year ended March 31, 2026

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

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Year ended March 31, 2026

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 12, 2026

KPMG LLP
863 Princess Street, Suite 400
Kingston, ON K7L 5N4
Canada
Telephone 613 549 1550
Fax 613 549 6349

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, 2026
- 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, 2026, 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.

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, 2026, 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 9,2026

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	$ 7,904,901	$ 29,878,196
Accounts receivable	2,773,869	2,294,737
Grants receivable	3,123,305	4,618,489
Inventory	41,175	59,829
Prepaid expenses	1,632,146	2,907,905
	15,475,396	39,759,156
Tangible capital assets (note 6)	97,497,223	103,858,760
Investments, net (note 7(a))	16,851,055	15,807,333
	$ 129,823,674	$ 159,425,249

	2026	2025

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	$ 10,813,850	$ 17,199,313
Accrued vacation entitlement	3,723,025	3,929,765
Grants refundable	1,459,912	2,490,501
Deferred revenue (note 9(a))	9,830,868	25,873,840
Current portion of loans payable (note 8)	389,772	371,606
	26,217,427	49,865,025
Loans payable (note 8)	11,201,974	591,746
Accrued future employee benefits (note 16)	559,863	224,041
Accrued non-vested sick leave (note 16)	1,940,000	1,767,000
Accrued post-retirement benefits (note 16)	546,000	594,000
Accrued WSIB employment benefits (note 16)	87,300	63,100
Accrued asset retirement obligation (note 17)	5,100,060	5,000,059
Deferred capital contributions (note 9(b))	34,423,569	34,356,402
	53,858,766	92,461,373
Net assets:		
Unrestricted:		
Operating sufficiency (deficit)	(18,924,392)	(5,517,807)
Unfunded asset retirement obligation	(5,100,060)	(5,000,059)
Post-employment benefits and compensated expenses	(3,133,163)	(2,648,141)
Vacation	(3,723,025)	(3,929,765)
Residences (note 11(b))	(172,764)	(1,386,377)
	(31,053,404)	(18,482,149)
Investment in capital assets (note 10(a))	62,495,036	68,552,134
Endowment (note 11(a))	14,381,787	13,314,640
Internally restricted (note 11(b))	3,924,062	3,579,251
	49,747,481	66,963,876
Commitments (notes 12 and 15)		
Contingencies (note 13)		
Subsequent events (note 22)		
	$ 129,823,674	$ 159,425,249

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Julie Lange Chair

_______________ President

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Tuition fees and non-tuition incidental fees	$ 37,296,077	$ 55,015,841
Ministry of Colleges, Universities, Research Excellence and Security and other government grants	36,693,599	34,190,878
Contracted services and other	19,685,337	59,034,756
Ancillary	4,075,490	3,929,515
Amortization of deferred capital contributions (note 10(b))	3,411,383	3,152,769
Interest, dividends and realized gains/losses on investments (note 7(d))	919,219	3,493,009
	102,081,105	158,816,768
Expenses:		
Salaries and wages	52,074,526	63,202,939
Contracted services and fees	14,542,332	46,308,469
Employee and other benefits	12,402,207	14,403,433
Amortization of tangible capital assets	11,002,086	9,331,108
Maintenance and utilities	5,419,587	5,313,404
Ancillary	3,237,610	3,692,051
Insurance and bank charges	3,054,690	4,358,839
Supplies and minor equipment	2,243,505	3,515,513
Scholarships and bursaries	1,922,777	1,752,174
Other	1,291,455	1,225,116
Transportation and communication	1,182,668	1,914,693
Student assistance	888,065	887,146
Property taxes	418,224	352,723
Interest on loans payable	165,121	58,230
	109,844,853	156,315,838
Excess of revenue over expenses (expenses over revenue) before the undernoted item_	(7,763,748)	2,500,930
Write-off of capital assets (note 3)	(10,519,794)	–
Excess of revenue over expenses (expenses over revenue)	$ (18,283,542)	$ 2,500,930

See accompanying notes to consolidated financial statements.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	Investment in capital assets	Endowment	Internally restricted	Unrestricted	2026 Total	2025 Total
	(note 10)	(note 11(a))	(note 11(b))			
Balance, beginning of year	$ 68,552,134	$ 13,314,640	$ 3,579,251	$ (18,482,149)	$ 66,963,876	$ 63,889,835
Excess (deficiency) of revenue over expenses	(7,590,703)	–	241,811	(10,934,650)	(18,283,542)	2,500,930
Interfund transfers	–	–	103,000	(103,000)	–	–
Endowment contributions	–	1,067,147	–	–	1,067,147	573,111
Net change in investment in capital assets	1,533,605	–	–	(1,533,605)	–	–
Balance, end of year	$ 62,495,036	$ 14,381,787	$ 3,924,062	$ (31,053,404)	$ 49,747,481	$ 66,963,876

See accompanying notes to consolidated financial statements.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (18,283,542)	$ 2,500,930
Items not involving cash:		
Amortization of deferred capital contributions	(3,411,383)	(3,152,769)
Amortization of tangible capital assets	11,002,086	9,331,108
Increase (decrease) in accrued future employee benefits	335,822	108,382
Increase (decrease) in accrued non-vested sick leave	173,000	137,000
Increase (decrease) in accrued post-retirement benefits	(48,000)	159,000
Increase (decrease) in accrued WSIB employment benefits	24,200	(215,500)
Increase in ARO liability	100,001	98,040
Write off of capital assets	10,519,794	–
Net change in non-cash operating working capital (note 14)	(21,355,299)	(27,780,627)
	(20,943,321)	(18,814,436)
Investing activities:		
(Increase) decrease in investments	(1,043,722)	65,431,235
Financing activities:		
Repayment of loans payable	(371,606)	(509,593)
Issuance of loans payable	11,000,000	–
	10,628,394	(509,593)
Capital activities:		
Endowment contributions	1,067,147	573,111
Receipt of contributions related to capital assets	3,478,550	3,298,651
Purchase of capital assets	(15,160,343)	(33,462,277)
Accrued asset retirement obligation, remediation costs incurred	–	(329,557)
	(10,614,646)	(29,920,072)
Increase (decrease) in cash	(21,973,295)	16,187,134
Cash, beginning of year	29,878,196	13,691,062
Cash, end of year	$ 7,904,901	$ 29,878,196

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.

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, 2026, experienced negative cash flows from operating activities for the year then ended and obtained financing from Ministry of Colleges and Universities, Research Excellence and Security (MCURES) to support operations. The College will continue to operate over the course of the next year when expenses from operations will outpace revenues and management's forecast expect the College will receive further financing from MCURES to sustain operations. 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 on the loan secured by MCURES. This support is integral for the College to be able to restore and maintain sustainable operations in the future. After year end, the College received the second tranche of the loan from the Ministry of Colleges and Universities, Research Excellence and Security to the facility maximum of $25 million.

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, 2026.

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 except as disclosed in note 3.

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, 2026 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. Asset impairment for Port Hope:

The College has assessed whether there are indicators of impairment for its tangible capital assets in accordance with applicable accounting standards. During the year, management identified indicators of impairment related to the College's facility in Port Hope, Ontario.

The facility was developed to support programming and services primarily aligned with international student enrolment. Due to a sustained decline in international enrolment and the associated reduction in tuition and related revenues, the facility is not expected, in the near term, to generate sufficient service potential or economic benefits to support its carrying value.

Management performed an impairment assessment and concluded that the decline in utilization and related cash flow generation represents a significant and prolonged reduction in the asset's service potential. As a result, the carrying value of the Port Hope facility has been written down to reflect its estimated recoverable service potential.

3. Asset impairment for Port Hope (continued):

The impairment loss recognized in the year is $10,519,794 and is included in expenses in the Consolidated Statement of Operations. The revised carrying value reflects management's best estimate based on current conditions and assumptions; however, these assumptions are subject to uncertainty, and future changes in enrolment patterns or program delivery may result in further adjustments.

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	2026 Total
Cash	$ 7,904,901	$ –	$ 7,904,901
Accounts receivable	–	2,773,869	2,773,869
Grants receivable	–	3,123,305	3,123,305
Investments	16,851,055	–	16,851,055
Accounts payable and accrued liabilities	–	(10,813,850)	(10,813,850)
Accrued vacation entitlement	–	(3,723,025)	(3,723,025)
Grants refundable	–	(1,459,912)	(1,459,912)
Loans payable	–	(11,591,746)	(11,591,746)
	$ 24,755,956	$ (21,691,359)	$ 3,064,597

	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

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	2026 Total
Cash	$ 7,904,901	$	$ 7,904,901
Investments (note 7(a))	10,841,099	6,009,956	16,851,055
	$ 18,746,000	$ 6,009,956	$ 24,755,956

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

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2026 and 2025. 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 credential studies. These loans in the amount of $5,457 (2025 - $12,798) have been included in accounts receivable on the Consolidated Statement of Financial Position.

6. Tangible capital assets:

	Cost	Accumulated amortization	Write-off of capital assets	2026 Net book value	2025 Net book value
Land	$ 411,550	$ –	$ –	$ 411,550	$ 411,550
Artwork	254,870	–	–	254,870	254,870
Site improvements	13,644,320	7,670,909	–	5,973,411	7,061,239
Buildings and building improvements	147,981,438	63,934,296	–	84,047,142	59,089,669
Furniture and equipment	45,409,676	38,941,224	–	6,468,452	7,157,036
Vehicles	479,870	380,216	–	99,654	167,735
Leasehold improvements	11,099,000	433,865	10,519,794	145,341	11,969,837
Construction in progress	96,803	–	–	96,803	17,746,824
	$ 219,377,527	$ 111,360,510	$ 10,519,794	$ 97,497,223	$ 103,858,760

Cost and accumulated amortization of capital assets at March 31, 2025 amounted to $206,842,360 and $102,983,600 respectively.

7. Investments:

(a) 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:

	2026	2025
Fixed-income securities:		
Federal	$ 747,660	$ 981,793
Provincial and provincial guaranteed	1,757,672	1,559,100
Municipal	298,610	343,012
Corporate – Rated A or better	3,206,014	2,669,475
	6,009,956	5,553,380
Pooled funds:		
Money market fund	226,737	701,100
Equity securities:		
Canadian	5,058,096	4,724,177
United States	2,871,046	2,197,286
International	2,685,220	2,631,390
	10,614,362	9,552,853
	$ 16,851,055	$ 15,807,333

The book value of investments at March 31, 2026 are $14,852,361 (2025 - $14,056,416).

(b) 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 1.35% to 5.679% (2025 - 0.625% to 5.679%) for these investments.

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

	2026	2025
Maturing within one year	$ 363,533	$ 665,352
Maturing between one and five years	1,993,945	1,108,728
Maturing over five years	3,652,478	3,779,300
	$ 6,009,956	$ 5,553,380

7. Investments (continued):

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

		2026		2025
Interest income	$	657,948	$	3,242,984
Dividend income		363,955		409,144
Realized losses on disposition of investments		(12,170)		(75,445)
		1,009,733		3,576,683
Less: Interest and investment management fees		(90,514)		(83,674)
	$	919,219	$	3,493,009

8. Loans payable:

Loans payable consisting of the following unsecured amounts:

		2026		2025
MCURES facility loan - interest payment only until March 31 2027, bearing an interest rate using Ontario 3-month Treasury Bill Rate on each advance date and reset date plus 1.05%, until maturity on April 1, 2027.	$	11,000,000	$	–
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.		591,746		963,352
		11,591,746		963,352
Less current portion		389,772		371,606
	$	11,201,974	$	591,746

The principal portion of the loans repayable over the next two years, based on terms and agreements in effect as at March 31, 2026, are as follows:

2027	$	389,772
2028		11,201,974
	$	11,591,746

8. Loans payable (continued):

During the year, the College entered into a loan agreement with MCURES for a non-revolving loan facility with a maximum value of $25,000,000 to support operations. During the year, a total of $11,000,000 (2025 - $Nil) was drawn on the facility. On the facility repayment date of April 1, 2027, the College shall be deemed to have drawn a second facility ("Facility 2") principal amount and this first facility repayment amount shall be considered to have been repaid.

The advance and Facility shall bear an annual rate of interest that is equal to the Province of Ontario cost of funds for an eight year amortizing bond as determined by MCURES, plus 1.05 percentage points. Principal repayments on Facility 2 will begin on September 30, 2027 with a term to maturity of 8 years on September 30, 2035.

9. Deferred contributions:

(a) Deferred revenue:

Deferred revenue is comprised of:

	2026	2025
Ministry of Colleges, Universities, Research Excellence and Security and other grants	$ 618,612	$ 917,763
Tuition fees	5,424,493	21,785,013
Externally restricted donations	897,434	564,415
Other	46,049	83,683
Restricted investment income	1,019,197	945,496
Unrealized gains on restricted long-term investments	1,825,083	1,577,470
	$ 9,830,868	$ 25,873,840

9. Deferred contributions (continued):

(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:

	2026	2025
Balance, beginning of year	$ 34,356,402	$ 34,210,520
Add amounts related to the following sources:		
Federal/Province of Ontario grants and capital campaign	3,478,550	3,298,651
Deduct amounts related to the following:		
Amounts recognized as revenue in the year	(3,411,383)	(3,152,769)
Balance, end of year	$ 34,423,569	$ 34,356,402

The balance of deferred capital contributions consists of the following:

	2026	2025
Unamortized capital contributions	$ 34,410,441	$ 34,343,274
Unspent capital contributions	13,128	13,128
	$ 34,423,569	$ 34,356,402

10. Investment in capital assets:

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

	2026	2025
Tangible capital assets, at cost	$ 208,857,733	$ 206,842,360
Accumulated amortization of tangible capital assets	(111,360,510)	(102,983,600)
Loans payable - current portion	(389,772)	(371,606)
Loans payable - long-term portion	(201,974)	(591,746)
Deferred capital contributions	(34,410,441)	(34,343,274)
	$ 62,495,036	$ 68,552,134

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

	2026	2025
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$ 3,411,383	$ 3,152,769
Less amortization of capital assets	(11,002,086)	(9,331,108)
	$ (7,590,703)	$ (6,178,339)

	2026	2025
Purchase of capital assets	$ 15,160,343	$ 33,462,277
Write off of capital assets	(10,519,794)	
Amounts funded by:		
Capital contributions	(3,478,550)	(4,211,719)
Repayment of loans payable	371,606	509,593
	$ 1,533,605	$ 29,760,151

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:

	2026	2025
Work-integrated learning	$ 1,097,567	$ 1,140,422
Student government activity	808,301	710,590
Student government - health centre	640,996	640,996
Student centre	317,188	317,188
Information technology fee	261,192	261,192
Student facilities enhancement	78,027	–
Alumni	572,578	396,120
Parking	148,213	112,743
	$ 3,924,062	$ 3,579,251

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, 2026 is $1,060,748.

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, 2026, 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:

	2026	2025
Accounts receivable	$ (479,132)	$ 1,673,567
Grants receivable	1,495,184	(1,468,164)
Inventory	18,654	7,286
Prepaid expenses	1,275,759	3,603,689
Accounts payable and accrued liabilities	(6,385,463)	8,080,300
Accrued vacation entitlement	(206,740)	2,464
Grants refundable	(1,030,589)	1,419,886
Deferred revenue	(16,042,972)	(41,099,655)
	$ (21,355,299)	$ (27,780,627)

15. Lease commitments:

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

2027	$	685,717
2028		646,094
2029		617,371
2030		598,958
2031		598,958
2032		356,483
Total	$	3,503,581

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	Accrued post-retirement benefits	2026 Accrued post-retirement benefits WSIB
Accrued employee future benefits obligations	$ 559,863	$ 2,244,000	$ 674,000	$ 87,300
Fair value of plan assets	–	–	(138,000)	–
Unamortized actuarial gains (losses)	–	(304,000)	10,000	–
Total liability	$ 559,863	$ 1,940,000	$ 546,000	$ 87,300

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

	Employee future benefits	Non-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

	Employee future benefits	Non-vesting sick leave	Accrued post-retirement benefits	2026 Accrued post-retirement benefits WSIB
Current year benefit cost (recovery)	$ 335,822	$ 190,000	$ (43,000)	$ 24,200
Interest on accrued benefit obligation	–	72,000	1,000	–
Benefit payments	–	(209,000)	(3,000)	–
Amortization of unamortized actuarial losses (gains)	–	120,000	(3,000)	–
Total expense (recovery)	$ 335,822	$ 173,000	$ (48,000)	$ 24,200

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

	Employee future benefits	Non-vesting sick leave	Accrued post-retirement benefits	2025 Accrued post-retirement benefits WSIB
Current year benefit cost (recovery)	$ 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 losses (gains)	–	110,000	(12,000)	–
Total expense (recovery)	$ 108,382	$ 137,000	$ 159,000	$ (215,500)

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:

<u>CAAT pension plan</u>

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, 2026 indicated an actuarial surplus of $6.7 billion (January 1, 2025 - $6.1 billion). The College made contributions to the Plan and its associated retirement compensation arrangement of $4,808,360 (2025 - $5,876,888), 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, 2026 of the future benefits was determined using a discount rate of 3.5% (2025 - 3.2%).

(b) Medical

Medical premium increases were assumed to increase at 5.91% per annum in 2026 (2025 – 5.91%) 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 2026 (2025 - 4.0%).

Compensated absences:

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:

2.50% in 2025 and reducing to 2.0% thereafter for full-time and partial load academic staff.

$1.05 per hour increase in 2025 and 2.0% thereafter for full-time support 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 26.20% and 0 to 55.2 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 10.6 years (2025 - 10.3 years) for academic

Accumulated sick leave benefit entitlements for 9.3 years (2025 – 9.5 years) for support

Employee future benefits for 12.1 years (2025 - 11.7 years)

WSIB accrued benefit obligation

The actuarial valuation of the liabilities in the amount of $87,300 represents the actuarial present value (discount rate 4.4%) as of March 31, 2026 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, 2026, 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 an actuary as at March 31, 2024. The results of the valuation have been extrapolated to March 31, 2026.

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:

	2026	2025
Balance, beginning of year	$ 5,000,059	$ 5,231,576
Add: revaluation during the year	100,001	98,040
Less: obligations settled during the year	–	329,557
Balance, end of year	$ 5,100,060	$ 5,000,059

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, 2026, the activity within the fund is summarized as follows:

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

	2026	2025
Fund balance, beginning of year	$ 2,175,910	$ 2,092,096
Cash donations received	–	2,265
Transfer of endowment principal	(63,917)	–
Preservation of capital	24,535	81,549
Fund balance, end of year	$ 2,136,528	$ 2,175,910

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:

	2026	2025
Fund balance, beginning of year	$ 89,961	$ 95,357
Realized investment income net of direct investment related expenses and preservation of capital contributions	115,280	63,746
Bursaries awarded - 106 (2025 - 92)	(129,628)	(69,142)
Fund balance, end of year	$ 75,613	$ 89,961
Endowment total based on book value	$ 2,212,141	$ 2,265,871

The market value of the endowment as at March 31, 2026 was $2,493,675 (2025 - $2,557,033).

(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:

	2026	2025
Fund balance, beginning of year	$ 953,156	$ 917,319
Transfer of endowment principal	(28,143)	–
Preservation of capital	11,093	35,837
Fund balance, end of year	$ 936,106	$ 953,156

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:

		2026		2025
Fund balance, beginning of year	$	36,008	$	42,459
Realized investment income net of direct investment related expenses and preservation of capital contributions		51,591		28,013
Bursaries awarded – 34 (2025 - 37)		(23,531)		(34,464)
Fund balance, end of year	$	64,068	$	36,008
Endowment total based on book value	$	1,000,174	$	989,164

The market value of the endowment as at March 31, 2026 was $1,127,463 (2025 - $1,116,270).

19. Ontario trust for student support:

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

		2026		2025
Fund balance, beginning of year	$	5,377,273	$	5,173,935
Preservation (erosion) of capital		(96,650)		203,338
Fund balance, end of year	$	5,280,623	$	5,377,273

19. Ontario trust for student support (continued):

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

	2026	2025
Fund balance, beginning of year	$ 264,850	$ 262,444
Realized investment income net of direct investment related expenses and preservation of capital contributions	293,325	158,948
Bursaries awarded - 182 (2025 - 192)	(177,618)	(156,542)
Fund balance, end of year	$ 380,557	$ 264,850
Endowment total based on book value	$ 5,661,180	$ 5,642,123

The market value of the endowment as at March 31, 2026 was $6,382,219 (2025 - $6,367,126).

Status of	OSAP Recipients		Non-OSAP Recipients		Total	
Recipients	Number	Amount	Number	Amount	Number	Amount
Full-time	131	$ 131,998	51	$ 45,620	182	$ 177,618

(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:

	2026	2025
Fund balance, beginning of year	$ 3,443,081	$ 3,245,541
Cash donations received	703,587	65,302
Transfer of endowment principal	439,632	–
Preservation of capital	53,476	132,238
Fund balance, end of year	$ 4,639,776	$ 3,443,081

20. Foundation award for student support (continued):

(b) Schedule of Changes in Expandable Funds for the year ended March 31, 2026:

		2026		2025
Fund balance, beginning of year	$	282,598	$	281,886
Realized investment income		241,560		103,371
Bursaries awarded		(63,088)		(102,659)
Fund balance, end of year	$	461,070	$	282,598
Endowment total based on book value	$	5,100,846	$	3,725,679

The market value of the endowment as at March 31, 2026 was $5,750,014 (2025 - $4,204,423).

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, 2026, $NIL has been drawn on the line of credit (2025 - $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	$ 2,504,061	$ 469,808	$ –	$ 2,973,869	$ (200,000)	$ 2,773,869
Grants receivable	3,123,305		–	3,123,305	–	3,123,305
	$ 5,627,366	$ 469,808	$ –	$ 6,097,174	$ (200,000)	$ 5,897,174

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 $2,871,046 (CAD) (2025 - $2,197,286 (CAD)) and $2,685,220 (CAD) (2025 - $2,631,390 (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 $6,009,956 (2025 - $5,553,380) would be approximately a 5.29% (2025 - 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 loans payable in the amount of $11,591,746 (2025 - $963,352) 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 $10,614,362 (2025 - $9,552,853), 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 0.62% (2025 - 0.56%).

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 its cash outflow obligations as they come due. The College manages this risk through active monitoring of cash flows and expected outflows, maintaining liquidity within its investment portfolios, and aligning expenditures with available resources through budgeting processes. There are no material liabilities that can be called unexpectedly at the demand of a lender or client.

Liquidity risk has continues to be impacted due to a sustained decline in international student enrolment and the resulting reduction in tuition and related revenues. This trend reflects ongoing changes in the international education environment and government policy direction, which have constrained new intakes and are expected to continue to impact enrolment levels. The effects of reduced enrolment are expected to persist over multiple reporting periods, continuing to place pressure on operating cash flows.

21. Financial instrument risk management (continued):

(d) Liquidity risk (continued):

The College is actively managing this heightened liquidity risk through more rigorous and frequent cash flow monitoring, enhanced forecasting and longer-range planning, and a strengthened focus on understanding the cash flow implications of management decisions. In addition, the College has implemented cost reduction initiatives across all areas, including a workforce reduction plan initiated in fiscal 2024-25. While some impacts of these measures are reflected in the current financial statement, additional impacts will affect the College's financial position, results of operations, and cash flows in future periods.

22. Subsequent events:

In May 2026, MCURES provided an additional loan of $14 million on the same terms as the first tranche as disclosed in note 8.

College Council Report

For the 2024–2026 period, College Council focused its efforts on advancing the Colleges and Institutes Canada (CICan) Indigenous Education Protocol, aligning this work with the college's Strategic Plan 2030 and its three strategic pillars. In the first year, the Council emphasized discovery and relationship-building with educators from Tyendinaga Mohawk Territory, strengthening partnerships in support of Strategic Pillar 3. In the second year, this foundation informed a shift to action, with Council identifying institutional priorities to integrate Indigenous knowledge and approaches (Strategic Pillar 2) in support of nurturing student talent and potential (Strategic Pillar 1).

Through consultation meetings with representatives from Tyendinaga Mohawk Territory, the Council heard a clear and consistent message: meaningful progress requires a coordinated, institution-wide commitment. It was strongly recommended that success requires a top-down approach – with everyone involved. In response, the Council moved beyond a narrow focus on program delivery to consider broader institutional change. This shift allowed the Council to focus on what they know needs to happen to meaningfully advance Truth and Reconciliation.

Key Recommendations:

1. Strengthening Indigenous Knowledge Integration into Curriculum

a) Foundational Course and Program Specific Indigenous Knowledge Integration

It was widely acknowledged that students arrive with varying levels of knowledge and understanding of Indigenous histories, perspectives and contemporary realities. To address this, it is recommended that the college:

- Develop a foundational, General Education (GNED) course to establish a shared baseline of understanding for all students
- Integrate Indigenous knowlege across all programs, allowing students to build on this foundation through program-specific learning in subsequent semesters

b) Ongoing Faculty Development and Curriculum Support

Consistent, program-specific professional development (PD) was identified as essential to successful implementation:

- Provide ongoing PD to strengthen faculty knowledge and pedagogical approaches
- Develop curriculum supports and resources to assist faculty in integrating Indigenous perspectives meaningfully

College Council Report

2. Increasing Indigenous Awareness Across the College

a) Expanded Professional Development for All Staff

There was strong consensus that learning must extend beyond faculty to include all employees:

- Deliver department-specific PD to ensure relevance across roles
- Focus on building understanding of what it means to be a good community partner and ally within each department
- Integrate Indigenous perspectives into staff and student wellness initiatives

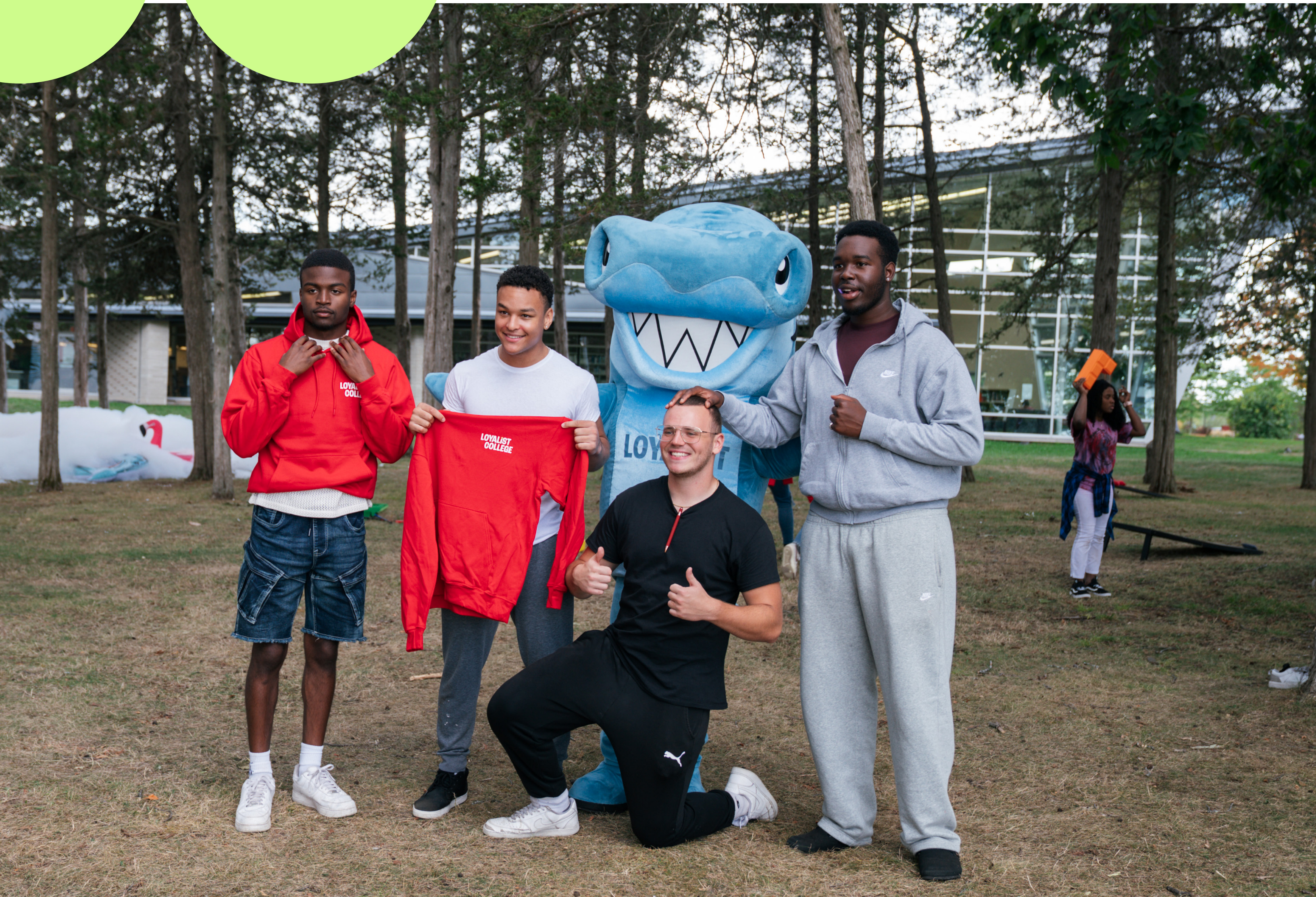
b) Increased Visibility Across Campus

Council members emphasized the importance of creating a visibly inclusive and welcoming environment:

- Enhance the presence of Indigenous identity, culture, and values across campus spaces, not solely within the Indigenous Centre
- Integrate Indigenous design and perspectives into mainstream institutional messaging and visuals
- Reinforce shared values and expectations, including allyship and accountability, through consistent, visible cues

Summary of Advertising/ Marketing Complaints

For the period of April 1, 2025, to March 31, 2026, the college received no advertising or marketing complaints.



LOYALIST COLLEGE

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