LOYALIST COLLEGE

ANNUAL REPORT
2022–2023

LAND **ACKNOWLEDGEMENT**

Loyalist College is located on the territory of the Huron-Wendat, the Anishnaabeg, and the Haudenosaunee people. We acknowledge our shared obligation to respect, honour, and sustain these lands and the natural resources contained within.

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A MESSAGE FROM THE **BOARD CHAIR**

On behalf of the Loyalist Board of Governors, I commend the entire College community on what has been a truly remarkable year of growth and rejuvenation of our vibrant campus culture. I believe I speak for all members of the Board when I say that we are immensely proud of Loyalist's continued momentum and significant accomplishments as we continue to execute our strategic priorities.

As Loyalist strives to become Ontario's Destination College, the Board of Governors has continued to enhance its strength and capacity. Given the role that the Board plays in setting Loyalist's key strategic directions, its diverse and experienced Governors are central to our collective ability to achieve the College's mission and vision. We were very pleased this year to add new Governors who bring a wealth of personal and professional experience to the Board.

In this last fiscal year, Loyalist conducted an extensive search across Canada to identify a new President and CEO. Following the Presidential search supported by Knightsbridge Robertson Surette (KBRS), the Board of Governors unanimously approved the appointment of Mark Kirkpatrick as President and CEO of Loyalist College. Mark has a deep commitment to Loyalist and we look forward to seeing all that he will accomplish during his mandate.

As I come to the end of my term as Chair, I reflect on what an honour it is to serve on the Board of an institution with such an unwavering commitment to student success and to the well-being of the entire College and surrounding community. I am truly amazed by what we have achieved collectively despite the obstacles we faced together at the height of the pandemic.

I look forward to all that the Loyalist community will accomplish as the College moves ahead into its next exciting chapter.

Sincerely,

Pam Jolliffe
Chair
Loyalist College Board of Governors

A MESSAGE FROM THE **PRESIDENT AND CEO**

The 2022–2023 fiscal year was an incredible year for Loyalist, and I am honoured to have been appointed as the College's new President and CEO. In alignment with Loyalist's Strategic Plan 2020–2025 and Strategic Mandate Agreement (SMA3), the College continued to make advancements toward our collective vision of becoming Ontario's Destination College. Loyalist's 2022–2023 Business Plan and associated investments demonstrate the College's desire to continue this growth and evolution.

Looking back, it was an exciting year that saw the resumption of normal College operations, vibrant student life activities, and fully occupied on-campus residences. The College saw historic enrolment records in both Fall 2022 and Winter 2023; key senior leadership positions are in the process of being filled; and significant investments have been made in capital renovations to ensure that our campus facilities reflect Loyalist's strategic vision. As we continue to integrate with our community, Loyalist students and employees participated in events off campus while the College welcomed the entire community to campus for events like the Winter Family Fun Fest and the new Loyalist College Speaker Series. For a third year in a row, Loyalist received national recognition on the Top 50 Research Colleges list and exceeded the provincial average in all three KPI categories, including having the highest graduate employment rate in the system.

The investments we've made are strategic and intentional with the appropriate risk and fiscal due diligence to ensure the College can adjust, if needed, to any external event that may impact overall revenue or expense projections. Over the course of the next year, Loyalist will accelerate toward becoming a Destination College by providing exceptional academic programming, continued leadership in applied research, outstanding student experiences, increased integration with our community, and building on our existing strength and best asset: our people.

Sincerely,

Mark Kirkpatrick
President and CEO
Loyalist College

VISION STATEMENT

Loyalist College will be Ontario's Destination College, known locally, nationally, and internationally as a deliberate choice of students, faculty, and staff, where their experiences are enabled by an engaged and supportive culture.

MISSION

Loyalist College empowers students, faculty, staff, and partners through experiential, economic, applied programs and research that provide career-ready graduates for, and knowledge transfer to, industry and the community.

VALUES

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

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

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

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.

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

LOYALIST AT A GLANCE

75 FULL-TIME PROGRAMS*

DEGREES	DIPLOMAS/ADVANCED DIPLOMAS
1	50
CERTIFICATES	**GRADUATE CERTIFICATES**
13	11
APPRENTICESHIPS	
3	

GRADUATES ANNUALLY

MAIN CAMPUS:

1,568 ONTARIO COLLEGE CREDENTIALS

379 BOARD OF GOVERNORS CREDENTIALS

LOYALIST COLLEGE IN TORONTO:

1,722 ONTARIO COLLEGE CREDENTIALS

OFFSHORE (CHINA):

97 ONTARIO COLLEGE CREDENTIALS

Fiscal 2022–23 includes graduates from Winter, Spring and Fall 2022 terms.

583 CONTINUING EDUCATION STUDENTS

124 PART-TIME STUDENTS

2,011 FULL-TIME DOMESTIC STUDENTS

FULL-TIME INTERNATIONAL STUDENTS: 1,947 MAIN CAMPUS; 2,844 TORONTO CAMPUS

177 APPRENTICESHIP STUDENTS

50,000+ ALUMNI

*Active programs on the main campus with full-time enrolment as of Nov 1, 2022.

2022–2023 COLLEGE **ACHIEVEMENTS**

As Loyalist advances its Strategic Plan 2020–2025 and the Strategic Mandate Agreement (SMA3), three key strategic directions build on what makes us special and drive the College to the next level of delivering excellence for our students, faculty, staff, partners, and the communities we serve. This 2022–2023 Annual Report outlines Loyalist's progress against the 2022–2023 Business Plan under the College's three strategic pillars: becoming a destination college, delivering an outstanding student experience, and strengthening the institution's organizational capacity.

2022–2023 COLLEGE **ACHIEVEMENTS**

PILLAR 1: **BECOMING A DESTINATION COLLEGE**

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To become a Destination College, Loyalist is committed to providing innovative educational programming that creates career-ready graduates and is responsive to market needs. Loyalist will create programs to pursue a differentiated, market-driven, regionally focused framework to learning and applied research that supports and enables student, faculty, staff and industry, and community growth and development.

2022–2027 Academic Plan

In the last fiscal year, Loyalist developed the 2022–2027 Academic Plan by examining the College's existing catalogue of programming and creating a plan for its enhancement and expansion while also identifying six strategic academic priorities that align with Loyalist's Destination College vision. In alignment with both the Strategic Plan and SMA3, the Academic Plan's development considered lessons learned during the pandemic in the interest of looking ahead more strategically and intentionally. Recognizing our commitment and responsibility to our students, faculty, staff, and partners, the Academic Plan was developed in consultation with stakeholders from each constituency.

Delivering High-Quality Campus Facilities

Loyalist completed the Campus Master Plan (CMP), which builds on the College's Strategic Plan 2020–2025 and the Academic Plan 2022–2027 to realize our ambition to become Ontario's Destination College. The driving force behind the CMP is to enhance the physical environment and resources for students while implementing a holistic approach to post-secondary education which is immersed in our community. The CMP outlines a plan for the enhancements of Loyalist's main campus in Belleville with a near-term vision with a time horizon between 5 and 10 years, and a long-term vision with a time horizon between 25 and 30 years. In the last fiscal year, Loyalist opened a number of new world-class teaching and learning spaces on campus that reflect our vision, and will benefit students, employees, and our entire community. The College updated five classrooms and completed Phase 1 and 2 of the new Culinary spaces.

The official opening of the new retail space for The Market occurred in January 2023 followed by the official opening of the new Culinary lab facilities in March 2023 where industry partners had an opportunity to tour the new facilities. The new Heating, Refrigeration, and Air Conditioning training facility in Tyendinaga was also completed this year.

Last year, in December 2022, Loyalist celebrated the official opening of Unwind Spa — a great new space that enables the College to welcome our surrounding community members to campus and showcases our high-quality, student-led esthetic services. Loyalist also opened the new Athletic Therapy Centre, Health and IMPACT Centre, and new technology-based makerspace "The Failsafe." Another favourite space on campus, the Shark Tank also re-opened this fiscal year. In support of Varsity athletics, Loyalist completed a CFL-sized field (CFL—Canadian Football League) and aims to complete a new outdoor sportsplex with stadium seating and a first-class press/broadcasting booth in Spring 2023. Finally, Loyalist completed a Library planning exercise to focus on creating improved learning spaces for individuals and groups in a way that better supports literature-based research.

Creation of Destination College Fund

The Destination College Fund was created in 2022–2023 to reflect Loyalist's vision by elevating our programming, events, and activities on campus. With this fund's support, the Loyalist College Speaker Series was launched to bring changemakers and leaders to the region and create inspiring, educational opportunities for students and local residents alike. The inaugural event featured a Fireside Chat with Arlene Dickinson, noted venture capitalist, author, speaker, and Dragons' Den star in conversation with Jill Raycroft, CEO of the Belleville Chamber of Commerce. For the second installment of the Speaker Series, the College invited the Bay of Quinte community to a Musical Evening with Colonel Chris Hadfield who performed songs and shared incredible stories from his remarkable career. Hadfield's lifetime of experience and passion for technology, space, leadership, and collaboration inspired the audience of all ages.

Because the Destination College Fund also prioritizes the expansion of community integration opportunities on and off campus, the College sponsored and participated in the City of Belleville's Diwali Festival and both the Belleville and Trenton Santa Claus Parades.

Record Enrolment, Campus Internationalization, and New Programming

In the last fiscal year, Loyalist successfully launched the new four-year Honours Bachelor of Science in Nursing Program and the Practical Nurses to Registered Nursing bridge program. In alignment with the new SMA3 Skills and Competencies metric that comes into effect in 2023–24, Loyalist launched a new General Education (GNED) course in January 2023, which was designed specifically to support students with developing the College's Graduate Attributes. In Fall 2022, a record 3,654 students enrolled at Loyalist, and, in Winter 2023, those numbers were surpassed with a historic 3,740 students enrolled at the College – smashing the previous Winter enrolment record set in 2020 by four percent. To support an enhanced and integrated enrolment strategy, Loyalist established a multidisciplinary Strategic Enrolment Team and a Committee with an updated mandate that focuses on all aspects of enrolment and retention. The team also implemented a new rolling multi-year enrolment plan, which aligns with the Academic Plan and the College's facility-enhancement priorities. Integrated Marketing and Recruitment planning processes were put in place, including a new International structure with in-country regional managers and international agent management. Student Residences on the College's Belleville campus were also operating at full capacity during the 2022–2023 academic year.

In keeping with our caring and inclusive College culture, Loyalist focused on cultivating a welcoming environment for our diverse student population through food, music, festivals, and décor. To support our growing international student body, the Student Experience team hosted a number of cultural celebrations like Diwali Night, Holi Festival, Nigerian Independence Day flag raising, Indian Independence Day flag raising, as well as the "Food from Around the World" program featuring cultural music in the Dining Hall.

Small Gives Us the Power to Do Big Things

In August 2022, Loyalist College proudly launched a new brand identity with a bold new look that reflects the big things happening at our small College. The new

brand embodies the warm, people-first culture that defines the Loyalist College experience, where students are known by name and cared for by every member of the Loyalist College community. Over the last year, Loyalist continued to launch marketing campaigns that drive home new branding locally, regionally, and provincially to demonstrate our values and pride.

Advancing a Culture of Innovation and Entrepreneurship

For a third consecutive year, Loyalist College earned its place among the Top 50 Research Colleges list in Canada, cementing its status as a destination for economic development, applied research, and innovation. To support national innovation in bio-cleantech and advance Canada's transition to a green economy, Loyalist joined forces with Lambton, Fanshawe, and Mohawk colleges on the federally funded Canadian Applied Research Bio-Cleantech Network (CBARN). CBARN received a $3 million investment from the FedDev Ontario Jobs and Growth Fund to support research and advancement in the bio-cleantech sector. (See the Applied Research and Interdisciplinary Learning section that outlines the work that the Applied Research and Innovation Office and Centre for Natural Products and Medical Cannabis (CNPMC) have been doing with faculty and staff across all three Schools at Loyalist to identify opportunities where students can support local entrepreneurs and other partners to innovate and scale through applied research and work-integrated learning opportunities.) Loyalist's Accelerate in downtown Belleville is also hosting events with students and partners to foster deeper relationships with industry and community.

2022–2023 COLLEGE **ACHIEVEMENTS**

PILLAR 2: **DELIVERING AN OUTSTANDING STUDENT EXPERIENCE**

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Loyalist College will deliver an outstanding student experience by providing inspiring, well-rounded, and real-world student experiences that offer meaningful choices and opportunities within and beyond the classroom.

Advancing Student Life and Leadership

In 2022–23, Loyalist hired an Interim Vice-President, Student Life and Leadership to review and improve our services to better assist our students. As part of the College's ongoing evolution, Loyalist continues to work with students and employees to ensure everyone is familiar with our collective responsibilities to create a positive learning environment for our entire campus community. For example, the Student Code of Conduct is an essential part of fostering a positive environment and provides guidance on student protections and responsibilities. On September 4, 2022, Loyalist launched an updated Student Code of Conduct following a comprehensive review. The new code is student-centred and provides standards for nonacademic behaviour. It also emphasizes natural justice and due process and provides clear instruction and guidance on appeals processes.

Awards, Bursaries, and Scholarships

In keeping with Loyalist's commitment to expand access to education, the College announced a number of awards, bursaries, and scholarships last year to ensure that more students can attend and complete their postsecondary education, including:

- Skyhawks Bursary ($50,000 to support full-time students playing football with the Quinte Skyhawks, a Canadian Junior Football League team);
- Hastings County Early Childhood Educators Scholarship ($150,000 to students enrolled in Loyalist's Early Childhood Education program);
- Schulich Builders Scholarship Program (five $20,000 scholarships for one-year

certificate programs and five $40,000 scholarships for two-year diploma programs in the skilled trades); and

- Belleville Senators Varsity Scholarship ($10,000 to four students involved in Varsity sports who have high academic standing and are involved in supporting the College and the greater Bay of Quinte community through extracurricular activities).

Each year, Loyalist hosts annual celebrations to recognize student accomplishments and our generous donor community. In September 2022, the College held its annual Baycation Classic Golf Tournament, which was Loyalist's biggest fundraiser yet: it raised $40,980 to support awards, bursaries, and scholarships administered by the Loyalist College Foundation. Also in September, the College received a $5,000 donation from Kawartha Credit Union to continue their support of Loyalist College students at the Bancroft Campus. The College completed Phase 1 of a new ancillary funding model to invest student ancillary fees in a way that delivers Destination College-level Student Life programming. At the Spring 2023 Awards Ceremony, 59 Loyalist students received 69 awards worth $119,450 — including the first City of Belleville Nursing Scholarships (for ten outstanding students in the College's recently launched standalone Honours Bachelor of Science in Nursing degree). At the Fall 2023 Awards Ceremony, 202 Loyalist students received 260 awards worth a total value of $222,975.

Applied Research and Interdisciplinary Learning

To continue building on our existing experiential learning opportunities, which are core to a Loyalist College education, the Applied Research and Innovation Office and the CNPMC have been working with faculty and staff to create more applied research opportunities for students. More than 150 students were provided access to state-of-the art instrumentation and equipment outside of traditional classroom learning. A total of 21 students worked in paid research assistant positions. Some of these interdisciplinary opportunities had special funding. Specifically:

- Funded by GreenCentre Canada's CONNECT program, CNPMC received $75,000 for a second consecutive year to help five companies bring sustainable products to market while students support regional businesses in the bioproducts and cleantech sectors.
- CNPMC also received $60,000 through Mitacs to support four research internships with Canna Stream Solutions, Terra Plant Molecular Pharming, and Cheekbone Beauty.
- Home Share Loyalist is a new alternative housing initiative that matches Loyalist students with older adults to promote intergenerational living in the Bay of Quinte. This program is funded by a College and Community Social Innovation grant from the Social Sciences and Humanities Research Council and provides applied learning opportunities for students in the College's Social Service Worker program.

Applied research projects within the School of Health, Human and Justice Studies (HHJS) began to gain traction in the 2022–23 academic year, engaging 11 students and 9 faculty as key researchers. They worked with government, industry, and community partners to explore topics spanning from labour and human trafficking to solutions for youth homelessness and innovations in clinical practices for paramedic students and community health agencies. All projects have resulted in partnerships with 16 community-based organizations in a joint effort to address challenges related to social and health inequities in the region.

Belleville Campus Events and Activities

Over the course of the 2022–23 fiscal year, Loyalist College's vibrant community culture was revitalized through a number of events and activities on the Belleville campus. Loyalist's 55th annual Convocation returned to in-person ceremonies after a three-year hiatus, and on-campus Convocation activities were augmented with sponsorship from the Destination College Fund. Twelve ceremonies were held over six days in June 2022 and a total of 1,792 Loyalist students graduated with 1,846 postsecondary credentials, including Ontario college advanced diplomas, diplomas, and certificates. The week of celebrations included special recognition for graduates from the Classes of 2020 and 2021, whose ceremonies were postponed as a result of pandemic-related restrictions. In addition to recognizing Belleville Police Chief Michael Callaghan with the Hugh P. O'Neil Outstanding Alumni Award, honorary diplomas were awarded to the following individuals for their outstanding

achievements and community impact:

- **Ann Buller**, President Emeritus of Centennial College;
- **Stacey Daub**, President and CEO of Quinte Health;
- **Matthew Demille**, Chef and Co-Founder of DeMille Culinary Group;
- **Colonel Ryan Deming**, Former Commanding Officer of 8 Wing/CFB Trenton;
- **Christopher Goodchild**, Global Director, Program Management and Margin Optimization at Magna Lighting;
- **Dr. Bettina Hamelin**, President and CEO of Ontario Genomics;
- **Melanie Harrington**, Creative Director and CEO of Dahlia May Flower; and
- **Rachel Pulfer**, Executive Director of Journalists for Human Rights.

Loyalist welcomed new students with some exciting Orientation events and activities at the beginning of the Fall, Winter and Spring semesters led by the Student Experience and Engagement team. Orientation activities included workshops and information sessions to help students meet their peers and acclimate to the college environment. The Student Experience and Engagement team also organized music, food, and festivals during Orientation that reflected the internationalization of our campus and diversity of our student body.

In September 2022, Loyalist marked Truth and Reconciliation Week as the College community remembered the children who never returned home and Residential School survivors as well as their families and communities. Throughout the week, dancing, drumming, and culture-sharing activities facilitated exchange and understanding between Indigenous and non-Indigenous community members. On September 30, the National Day for Truth and Reconciliation, Loyalist College community members wore orange and observed a campus-wide moment of silence.

In December 2022, more than 100 attendees gathered on campus for the 28th annual Indigenous Arts Festival. Led by staff and students from the College's

Indigenous Resource Centre, the festival's market hosted close to 30 vendors and Indigenous business owners selling handmade goods and traditional foods to residents of the Bay of Quinte. Then on January 30, 2023, the College welcomed Chef Joseph Shawana — Indigenous Culinary of Associated Nations board chair and Centennial School of Hospitality, Tourism, and Culinary Arts instructor — to campus to work alongside Loyalist Culinary students and create Indigenous recipes while teaching students the stories behind them.

Loyalist implemented a safe pub plan to ensure that students participating in student life activities and accessing student facilities continue to feel safe. Throughout the year, Loyalist's Student Life team also hosted social events and activities to enrich campus life and overall student experience while creating opportunities to celebrate and recognize the different experiences and cultures of our student body. These events and activities included:

- drag shows;
- African dancers and drummers in recognition of Black History Month;
- treetop trekking;
- stargazing;
- silent disco;
- A Wellness Discovery Series as part of the annual Thrive Week activities to bolster mental health, build resiliency, and develop leadership skills;
- Campus Pride Week to recognize the vibrant LGBTQ2S+ community. Loyalist's Pride on Campus student club and Student Government also hosted educational activities and social events leading up to Transgender Day of Remembrance on November 20, 2022; and
- White Ribbon Ceremony on December 6, 2022 to recognize The National Day of Remembrance and Action on Violence.

On November 11, 2022, Loyalist hosted a Remembrance Day ceremony in Alumni Hall. At our first in-person Remembrance Day ceremony since 2019, we welcomed students, faculty, and community members to recognize the sacrifices of our fallen soldiers and our Canadian service men and women, and their families, who continue to make sacrifices as part of their commitment to protecting peace and freedom on all Canadians.

Industry and Community Partnerships

As more and more students choose Loyalist as their postsecondary destination, the College partnered with Belleville Transit in January 2023 to remove barriers and improve student access to essential public transportation services in our community. Student Transit Ambassadors were stationed at the Belleville Bus Terminal to help students navigate local bus routes and support the delivery of safe and efficient transportation to the College. Developed in consultation with the City of Belleville, the pilot initiative eased demands on Belleville Transit workers during peak service hours and offered step-by-step guidance to student commuters on transit etiquette, schedules, routes, and payment.

Loyalist also collaborated with the Belleville Senators for Icebreaker Night at the CAA Arena and hosted Discover Belleville's Winter Family Fun Fest on campus, which was attended by thousands of Bay of Quinte residents. Building on the military-connected campus initiatives Loyalist launched last year, the College joined forces with other colleges to build tailored supports for members of the Canadian Armed Forces (CAF), veterans, and their family members seeking a postsecondary education. In November 2022, Loyalist formalized a new partnership with Nova Scotia Community College (NSCC) and Portage College in Alberta through a memorandum of understanding (MOU) recognizing the unique challenges of those within our country's military community who wish to further their education. Building on the success of this collaboration, Loyalist also signed an MOU in April 2023 with Georgian, Humber, Fanshawe, and Lambton Colleges to develop a provincial framework for barrier-free and local access to program competition for military-connected students who move interprovincially due to Canadian Armed Forces service. In keeping with Loyalist's caring, inclusive, and creative institutional values, the College has signed an agreement with Highland Shores Children's Aid Society to provide housing for older youth in Loyalist College Residences.

In Summer 2022, Loyalist College proudly partnered with The Children's Foundation and LAUNCH Waterloo to offer an educational and affordable kids' camp in the Bay of Quinte region. The Summer Kids' Camp focused on bringing science, technology, engineering, art, math (STEAM), and athletics programming to families who may not otherwise have had the opportunity to send their children to camp. Then in November 2022 the Loyalist Training and Knowledge Centre partnered with Promineo Tech to begin offering 18-week Coding Bootcamps to support workforce development in the technology sector.

2022–2023 COLLEGE **ACHIEVEMENTS**

PILLAR 3: **STRENGTHEN ORGANIZATIONAL DEVELOPMENT**

PILLAR 3: **STRENGTHEN ORGANIZATIONAL DEVELOPMENT**

Loyalist College will strengthen organizational development and capacity by ensuring that required structures, resources, and funding are in place and aligned to meet the needs and expectations of students, faculty, staff, industry, community, and a growing College. In the 2022–2023 fiscal year, record investments were made in both capital and operating expenditures.

Enhancing Policies, Procedures, Tools, and Resources

To ensure Loyalist is recognized as an employer of choice regionally and beyond, the College improved numerous policies and added additional resources across various units/departments. Loyalist continued to enhance its enterprise risk registry in alignment with the strategic risks that the College Executive Team identified and that the Board of Governors approved. An enterprise risk management framework is now integrated into all departments.

Technological enhancements were a priority for the College's People & Culture (P&C) department in the last fiscal year, which included the launch of the new Applicant Tracking System to help recruit and attract the best-qualified candidates for each position. To help augment employee resources, P&C launched a new wellness calendar to provide tools,

support, education, and activities for staff to reduce workplace stress and improve employee health. To improve services available to staff, a new short-term disability provider was introduced as well as a new Employee and Family Assistance Program provider. Finally, to support Loyalist's front-line managers, P&C revamped the Great Manager's Toolkit which provides resources and helps managers in their day-to-day functions.

Loyalist also continued to enhance its document management strategy including auditing all document repositories and all documents that needed to be purged. All remaining documents in central storage have an electronic inventory system attached, and a new process to check documents in and out from central storage has been implemented.

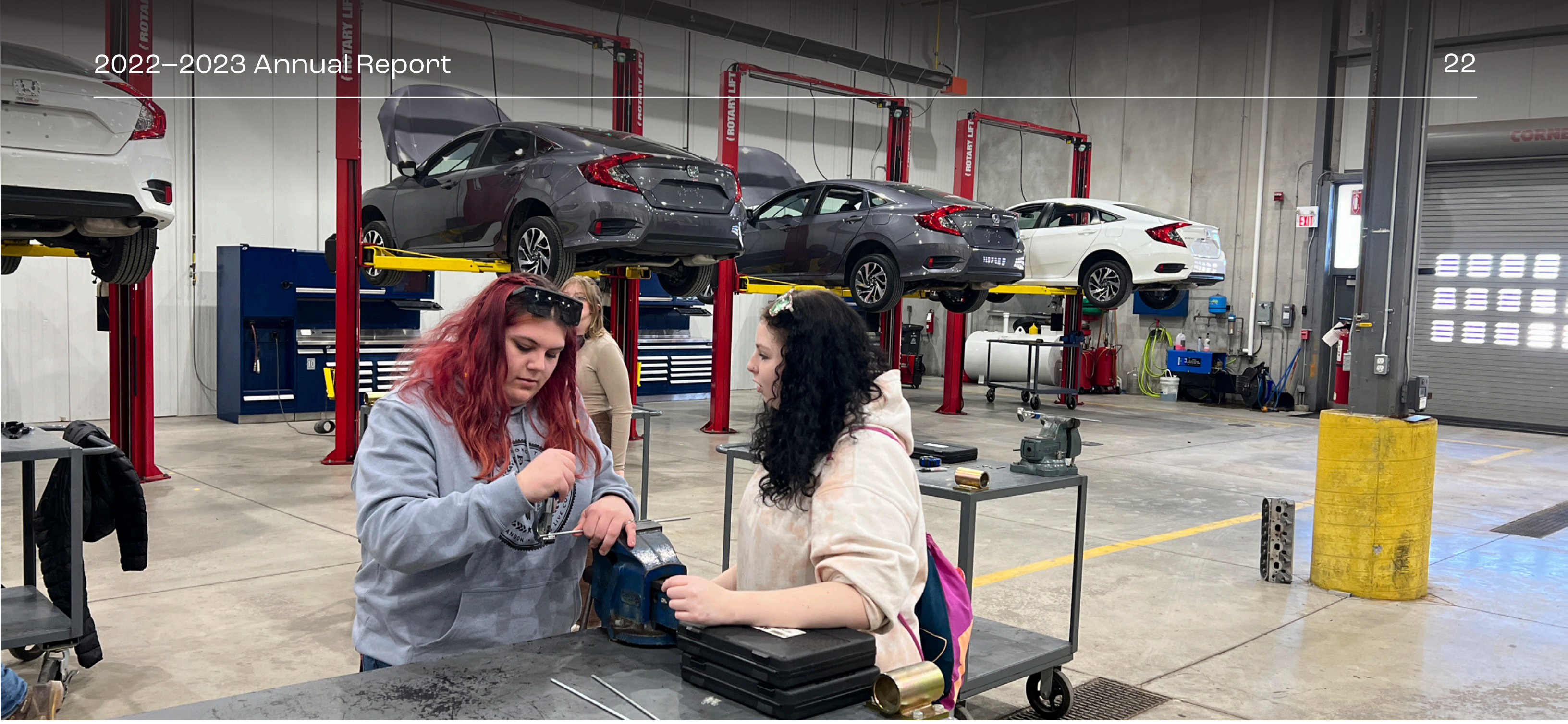
Investing in Human Resources

To support our growth, Loyalist revised organizational structures to help attract and retain diverse, talented, and qualified personnel across all employee groups and functions. New teams were created to enhance the organization's cross-functional capacity, including the Institutional Research Office with a Director and four temporary staff who have made their research skills available to the entire institution. Three Industry Partnership Officers (IPOs) were hired and report to the Senior Director, Business Development. The College also undertook an organizational review of the Student Life and Leadership division and completed all backlog hiring created from a hiring freeze during the pandemic, including increased staffing in areas of strategic importance to move the College forward this fiscal year.

To foster more openness and transparency between Loyalist's senior leadership and colleagues in various units/departments across the College, the Office of the President committed to increasing the frequency of Town Halls and hosted monthly lunches with the President which were open to all full- and part-time faculty and staff across the College.

In February 2023, Loyalist launched the Shockingly Excellent Employee Recognition Campaign with the goal of increasing overall employee engagement and improving workplace culture. Building on the successes of this campaign, P&C also launched a recognition program in April 2023, which includes the Annual Loyalist Legacy Awards, Emerging Leaders, Team Excellence, and Quarterly Loyalist Shining Stars Awards to recognize impact, innovation, and service excellence.

In response to people's desire to have a place to gather over lunch or coffee, or even just a space to catch their breath,



the College opened a temporary new Staff Lounge until a new, permanent space becomes available. P&C also introduced the quarterly New Hire Luncheon event which takes place at Resto 213 and allows new staff to meet their colleagues as well as the College Executive Team.

Embed Equity, Diversity, and Inclusion (EDI) Across the Institution

To embed the principles of equity, diversity, and inclusion across the organization and provide people-centred supports that enrich the personal and professional journeys of all employees, Loyalist moved forward on recruiting an Executive Director of Equity, Diversity, and Inclusion who will report to the President and CEO. The College also issued a request for proposals (RFP) on an EDI audit while People & Culture launched an Employee Equity Survey and Employee Engagement Survey.

Enhanced Collaboration with the K–12 System

In the 2022–2023 academic year, Loyalist College opened its doors for high-school students to help them overcome barriers and access higher education with the School Within A College (SWAC) program. SWAC provides students who face challenges graduating from high school with the transformative opportunity to learn in a dynamic postsecondary environment as they work toward earning high school and college credits simultaneously.

The Algonquin and Lakeshore Catholic District School Board (ALCDSB) and Loyalist College signed a memorandum of understanding (MOU) with a shared goal of increasing and diversifying international student enrolment in the ALCDSB and at the College and creating seamless pathways for students between the two educational institutions. When Nicholson Catholic College's food service provider ceased operations this winter, Loyalist answered the school's call for support to fill a crucial service gap by providing students at Nicholson with nutritious meals during lunch hours. Facilitated by the combined efforts of Loyalist's food service provider, Aramark, Project Lead Lesley Hayman, and a team of Loyalist College students, the

College launched a pilot initiative in January 2023 to offer prepared meals for purchase in Nicholson's cafeteria.

Continued Expansion of Loyalist College in Toronto (LCIT)

LCIT is now operating at full capacity with a new Campus Liaison Director in place. The Director is tasked with creating a formal quality review mechanism for LCIT that aligns with the findings from the Ontario Auditor General. Quality audits on three key service areas will commence in spring 2023, including an audit of LCIT's Business program. Loyalist also continues to identify and expand alternative revenue sources, including expanding other satellite operations/campuses, such as Port Hope.

Loyalist College Launches in Port Hope

In September 2022, Loyalist College announced its plans to welcome students to a new campus in the Municipality of Port Hope, which will open its doors in Fall 2023. As part of the College's commitment to expanding access to education, the new campus in Northumberland County is an essential pathway for learners of all ages to pursue life-changing educational opportunities within their community. Programming at the new campus will build on, and expand, regional strengths in Northumberland County. Loyalist's investments in the latest learning technology, cutting-edge facilities, and development of industry-aligned curriculum will ensure its graduates are career ready. To support the launch and operationalization of the Port Hope campus, Loyalist hired a Dean, Port Hope Campus and Programming and hosted information sessions for prospective students, their families, local businesses, and community members to come learn about the positive benefits of a college in their community.

SUMMARY OF THE **COLLEGE'S FINANCIAL RESULTS 2022–2023**

Loyalist College achieved a surplus of $19,598,590 in 2022–2023, compared to $7,084,731 in the previous fiscal year (2021–22). The $19.6M surplus was 11.94% percent of total revenue in 2022–23. The 2022–23 academic cycle saw record full-time enrolment at Loyalist's Belleville campus and at the College's Private College Public Partnership (PCPP), Loyalist College in Toronto. This increased enrolment, and the resulting increases in tuition revenue, was the primary driver for the increase in the College's surplus from 2021–22 to 2022–23. The College's financial position has continued to improve thanks to these favourable 2022–23 results. Liquidity remains strong for operating needs as well as in the event of unexpected requirements. Total debt levels were reduced by $619K. Unrestricted net assets continued to grow, increasing by $7.4M to $15.2M.

Loyalist College invested in its facilities and academic equipment during the fiscal year by acquiring $17.7M in capital assets.

ANALYSIS OF FINANCIAL PERFORMANCE

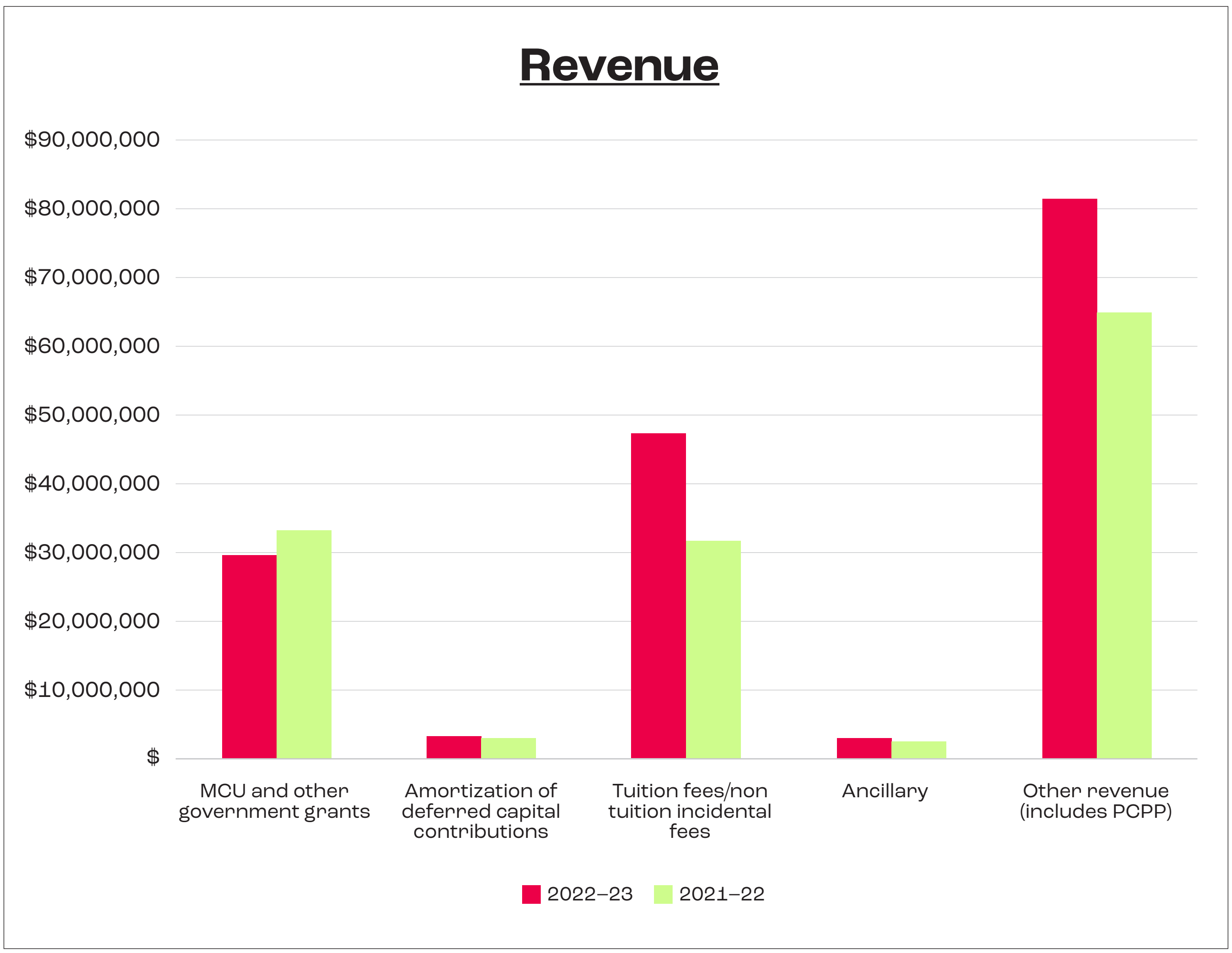
Loyalist College ended the fiscal year 2022–23 with a net operating surplus of $19,598,590 of revenue over expenses. Gross revenue increased over 2021–22 levels by approximately $29.1 million. Expenses increased over 2021–22 levels by approximately $16.6 million.

Revenues

- **Government operating grants (Ministry of Colleges and Universities or MCU):** Decreased by $3.46M compared to 2021–22. This was due to increased international student recovery holdback from increased international student enrolment in 2022–23.
- **Tuition fees/ nontuition incidental fees:** Increased by $15.65M from 2021–22 levels due to record enrolment at the Belleville campus in 2022–23 academic cycle.
- **Ancillary operations revenue:** Increased by $480K due to increased enrolment and greater on campus activity in 2022-23 than 2021–22
- **Amortization of deferred capital contributions:** Increased by $134.5K compared to 2021–22.
- **Other revenue:** Increased by $16.29M compared to 2021–22. In its first year at full capacity across all 3 semesters, Loyalist College in Toronto was the source of this increased revenue.

Expenditures

- **Salaries and benefits:** Increased by $2.65M compared to 2021–22. There was significantly higher activity across a wide array of portfolios vs 2021–22 levels, largely due increased enrolment.
- **Operating:** Increased by $12.72M compared to 2021–22. The vast majority of this increase relate to the Loyalist College in Toronto partnership, which considerably increased operations in 2022–23.
- **Ancillary operations:** Increased by $196K compared to 2021–22, due to increased activity and services delivered during 2022–23.
- **Amortization of capital assets:** Increased by $1.02M compared to 2021–22.



APPENDICES

SUBSIDARIES AND FOUNDATIONS

- The Loyalist College Foundation was established in 1995 to provide leadership in meeting the goals for long-term development and fundraising to benefit the students and programs at Loyalist College.
- Loyalist's Bancroft Campus, situated in the heart of beautiful East Central Ontario, is a vibrant and busy satellite campus and a leader in developing and implementing education and training programs to Bancroft and the surrounding area. The campus offers a range of diploma and certificate programs through distance learning, as well as Paramedic and Personal Support Worker programs delivered both on campus and in the surrounding community.
- Community Employment Services (CES) delivers Employment Ontario programs and services in the Belleville and Bancroft areas. Specialized help for individuals to attain their employment goals is available free of charge. Whether clients need support to identify a career, learn job-search techniques, build an effective résumé and cover letter, practise interview skills, or access training funding to increase their marketability, CES can help.
- Loyalist Training and Knowledge Centre (LTKC) offers flexible, short-term continuing business education programs to help businesses and individuals stay competitive. From open-enrolment skills certification courses to customized corporate leadership programs, LTKC is a trusted source of advanced business education for working professionals.
- Centre of Leadership Learning, and Academic Excellence (CLLAE — formerly known as CATL) was formed to support faculty and staff in areas of curriculum development, teaching and learning practice, technology-enabled learning, distance education development and delivery, and professional development.
- Distance Education at Loyalist College offers a range of online courses, certificates, and diploma programs that start each month or semester. Online learning provides students with the freedom to work at a location and time that is convenient for them but they still receive guidance from a facilitator and enjoy interaction with classmates. Loyalist College continues to be a leading institution in OntarioLearn, a consortium made up of all 24 Ontario community colleges and two Indigenous education institutes that work collaboratively.

AUDITED FINANCIAL STATEMENTS

Consolidated Financial Statements of

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Year ended March 31, 2023

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

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Year ended March 31, 2023

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 & CEO

Cindy Webster
Interim Vice-President Finance & CFO

May 25, 2023

KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
Canada
Tel 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, 2023
- 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 financial position of the College as at March 31, 2023, and its results of operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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Other Information

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

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2022-2023.

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2022-2023 as at the date of this auditor's report.

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

We have nothing to report in this regard.

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.

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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.

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- 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.
- Obtain sufficient appropriate regarding the financial information of the entities or business activities within the College to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

May 25, 2023

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 53,830,883	$ 53,139,374
Short-term investments (note 6(a))	76,242,397	50,114,192
Accounts receivable	3,960,259	5,207,652
Grants receivable	2,652,152	1,676,219
Inventory	64,964	39,951
Prepaid expenses	6,362,121	5,397,320
Current portion of pledges receivables	–	170
	143,112,776	115,574,878
Tangible capital assets (note 5)	63,909,233	52,160,890
Investments, net (note 6(b))	13,642,750	13,670,164
	$ 220,664,759	$ 181,405,932

	2023	2022
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 7,416,736	$ 9,419,755
Accrued vacation entitlement	3,262,555	3,232,980
Grants refundable	1,691,066	3,240,750
Deferred revenue (note 8(a))	107,563,692	85,852,733
Current portion of term loans payable (note 7)	642,340	618,721
	120,576,389	102,364,939
Term loans payable (note 7)	1,472,946	2,115,286
Accrued future employee benefits (note 15)	310,466	292,913
Accrued non-vested sick leave (note 15)	1,609,000	1,646,000
Accrued vested sick leave (note 15)	–	124,000
Accrued post-retirement benefits (note 15)	410,000	364,000
Accrued WSIB employment benefits(note 15)	284,300	–
Accrued asset retirement obligation (note 16)	2,117,626	–
Deferred capital contributions (note 8(b))	34,176,643	32,527,095
	160,957,370	139,434,233
Net assets:		
Unrestricted:		
Operating sufficiency	23,536,118	15,051,408
Unfunded asset retirement obligation	(2,117,626)	–
Post-employment benefits and compensated expenses	(2,613,766)	(2,426,913)
Vacation	(3,262,555)	(3,232,980)
Residences	(287,178)	(1,599,190)
Parking lot	(65,398)	(11,960)
	15,189,595	7,780,365
Investment in capital assets (note 9(a))	28,590,522	18,161,809
Endowment (note 10(a))	12,244,637	11,989,911
Internally restricted (note 10(b))	3,682,635	4,039,614
	59,707,389	41,971,699
Commitments (notes 11 and 14)		
Contingencies (note 12)		
	$ 220,664,759	$ 181,405,932

See accompanying notes to consolidated financial statements.

On behalf of the Board:

______________ Chair ______________ President

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Ministry of Colleges and Universities and other government grants	$ 29,653,690	$ 33,116,762
Amortization of deferred capital contributions (note 9(b))	3,012,718	2,878,157
Tuition fees and non-tuition incidental fees	47,294,636	31,642,182
Ancillary	2,771,303	2,291,195
Contracted services and other	77,173,742	64,177,071
Interest, dividends and realized gains/losses on investments (note 6(e))	4,220,322	922,079
	164,126,411	135,027,446
Expenses:		
Contracted services and fees	61,742,954	50,456,042
Salaries and wages	46,651,718	44,223,888
Employee and other benefits	10,483,749	10,257,711
Amortization of tangible capital assets	5,966,697	4,947,281
Maintenance and utilities	4,596,123	4,072,474
Insurance and bank charges	4,432,201	2,951,418
Supplies and minor equipment	4,044,835	2,439,441
Ancillary	2,027,609	1,831,132
Transportation and communication	1,453,821	1,332,375
Scholarships and bursaries	1,158,694	2,739,454
Other	893,444	1,564,820
Student assistance from tuition set aside	750,000	750,000
Property taxes	220,676	246,799
Interest on term loans payable	105,300	129,880
	144,527,821	127,942,715
Excess of revenue over expenses	$ 19,598,590	$ 7,084,731

See accompanying notes to consolidated financial statements.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Investment in capital assets	Endowment	Internally restricted U	nrestricted	2023 Total	2022 Total
	(note 9) (	note 10(a)) (	note 10(b))			
Balance, beginning of year $	18,161,809	$ 11,989,911	$ 4,039,614	$ 7,780,365	$ 41,971,699	$ 34,150,960
Adjustment on adoption of the asset retirement obligation standard (note 2)	–	–	–	(2,117,626)	(2,117,626)	–
Excess (deficiency) of revenue over expenses	(2,953,979)	–	170,684	22,381,885	19,598,590	7,084,731
Interfund transfers	–	–	(527,663)	527,663	–	–
Endowment contributions	–	254,726	–	–	254,726	736,008
Net change in investment in capital assets	13,382,692	–	–	(13,382,692)	–	–
Balance, end of year $	28,590,522	$ 12,244,637	$ 3,682,635	$ 15,189,595	$ 59,707,389	$ 41,971,699

See accompanying notes to consolidated financial statements.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 19,598,590	$ 7,084,731
Items not involving cash:		
Amortization of deferred capital contributions	(3,012,718)	(2,878,157)
Amortization of capital assets	5,966,697	4,947,281
Increase in accrued future employee benefits	17,553	119,223
Decrease in accrued non-vested sick leave	(37,000)	(13,000)
Decrease in accrued vested sick leave	(124,000)	(77,000)
Increase (decrease) in accrued post-retirement benefits	46,000	(25,000)
Increase in accrued WSIB employment benefits	284,300	–
Net change in non-cash operating working capital (note 13)	17,469,477	32,000,830
	40,208,899	41,158,908
Investing activities:		
Increase in investments	(26,100,791)	(35,561,144)
Decrease in pledges receivable	170	233,800
	(26,100,621)	(35,327,344)
Financing activities:		
Repayment of term loans payable	(618,721)	(596,020)
Capital activities:		
Endowment contributions	254,726	736,008
Receipt of contributions related to capital assets	4,662,266	3,556,497
Purchase of capital assets	(17,715,040)	(12,506,355)
	(12,798,048)	(8,213,850)
Increase (decrease) in cash and cash equivalents	691,509	(2,978,306)
Cash and cash equivalents, beginning of year	53,139,374	56,117,680
Cash and cash equivalents, end of year	$ 53,830,883	$ 53,139,374

See accompanying notes to consolidated financial statements.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

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 under The Income Tax Act. Ontario Colleges are governed by the Ontario Colleges of Applied Arts and Technology Act, 2002 and regulations.

1. 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. All significant 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.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. 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 unrealized gains or losses at March 31, 2023.

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, pledges 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 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.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(d) Revenue recognition (continued):

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

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 deferred to the extent that related services provided, or goods sold, are rendered/delivered subsequent to the end of the College's fiscal year.

(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. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(e) Capital assets (continued):

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

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

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

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

(f) Vacation pay:

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

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

The College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and non-vesting sick leave. The most recent actuarial valuation of the pension plan for funding purposes was as of January 1, 2021, and the next required valuation will be as of January 1, 2024. The most recent actuarial valuation dates of the other employee future benefit plans are disclosed in note 15.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

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

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.

(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 as of March 31, 2023, estimated the accrued benefit obligation for workplace safety.

(i) Cash and equivalents:

Cash and equivalents consist of cash on deposit and bank term deposits in money market instruments with maturity dates of less than three months from the date they are acquired.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

2. Adoption PS 3280 – Asset Retirement Obligations :

On April 1, 2022, the College adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the College. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method of adoption, the assumptions used to estimate the College's asset retirement obligations are applied as of the date of adoption of the standard.

On April 1, 2022, the College recognized an asset retirement obligation relating to buildings owned by the College that contain asbestos. The buildings were originally purchased or constructed between 1968 and 1972. The buildings had an expected useful life of 40 years, and the estimate has not been changed since purchase or construction.

In accordance with the provisions of this new standard, the College reflected the following adjustments at April 1, 2022:

- An increase of $2,117,626, to the buildings capital asset account, representing the original estimate of the obligation, and an accompanying increase of the same amount to accumulated amortization, representing forty years of increased amortization had the liability originally been recognized.
- An asset retirement obligation in the amount of $2,117,626 representing the estimated cost of remediation as at that date; and
- A decrease to opening net assets of $2,117,626, representing forty years of accumulated amortization expense on the buildings asset.

No remediation work occurred during the year ended March 31, 2023.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

3. 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	2023 Total
Cash and cash equivalents	$ 53,830,883	$ –	$ 53,830,883
Short-term investments	76,242,397	–	76,242,397
Accounts receivable	–	3,960,259	3,960,259
Grants receivable	–	2,652,152	2,652,152
Investments	13,642,750	–	13,642,750
Accounts payable and accrued liabilities	–	(7,416,736)	(7,416,736)
Accrued vacation entitlement	–	(3,262,555)	(3,262,555)
Grants refundable	–	(1,691,066)	(1,691,066)
Term loans payable	–	(2,115,286)	(2,115,286)
	$ 143,716,030	$ (7,873,232)	$ 135,842,798

	Fair Value	Amortized cost	2022 Total
Cash and cash equivalents	$ 53,139,374	$ –	$ 53,139,374
Short-term investments	50,114,192	–	50,114,192
Accounts receivable	–	5,207,652	5,207,652
Grants receivable	–	1,676,219	1,676,219
Pledges receivable	–	170	170
Investments	13,670,164	–	13,670,164
Accounts payable and accrued liabilities		(9,419,755)	(9,419,755)
Accrued vacation entitlement	–	(3,232,980)	(3,232,980)
Grants refundable	–	(3,240,750)	(3,240,750)
Term loans payable	–	(2,734,007)	(2,734,007)
	$ 116,923,730	$ (11,743,451)	$ 105,180,279

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).

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

3. Financial instrument classification (continued):

- 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	2023 Total
			(note 6(c))
Cash and cash equivalents	$ 53,830,883	$ –	$ 53,830,883
Short-term investments	76,242,397	–	76,242,397
Investments	8,720,744	4,922,006	13,642,750
	$ 138,794,024	$ 4,922,006	$ 143,716,030

	Level 1	Level 2	2022 Total
			(note 6(c))
Cash and cash equivalents	$ 53,139,374	$ –	$ 53,139,374
Short-term investments	50,114,192	–	50,114,192
Investments	8,831,187	4,838,977	13,670,164
	$ 112,084,753	$ 4,838,977	$ 116,923,730

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2023 and 2022. There were also no transfers in or out of Level 3.

4. Employee notes receivable:

In order to complement the College's professional development policy, the College provides demand interest-free loans and loans at nominal interest rates to certain full-time staff for the purchase of specified computer equipment and credential studies. These loans in the amount of $Nil (2022 - $1,400) have been included in accounts receivable on the Consolidated Statement of Financial Position.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

5. Tangible capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	$ 411,550	$ –	$ 411,550	$ 411,550
Artwork	254,870	–	254,870	254,870
Site improvements	9,433,071	4,412,825	5,020,246	2,536,971
Buildings and building improvements	98,022,423	47,822,838	50,199,585	44,555,249
Furniture and equipment	37,545,560	32,027,246	5,518,314	4,023,237
Vehicles	259,960	175,974	83,986	55,130
Leasehold improvements	380,798	185,805	194,993	177,423
Construction in progress	2,225,689	–	2,225,689	146,460
	$ 148,533,921	$ 84,624,688	$ 63,909,233	$ 52,160,890

Cost and accumulated amortization of capital assets at March 31, 2022 amounted to $128,772,062 and $76,611,172, respectively.

6. Investments:

(a) Short-term investments are comprised of GICs with a fair market value of $76,242,397 (2022 - $50,114,192) and a cost of $75,000,000 (2022 - $50,000,000). The effective interest rates range from 4.00% to 5.05% (2022 - 0.9% to prime less 1.0%) and will mature in July 2023 to January 2024 (2022 - December 2022 to January 2023).

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

6. Investments (continued):

(b) As noted in note 1(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:

	2023	2022
Fixed-income securities:		
Federal	$ 754,468	$ 495,212
Provincial and provincial guaranteed	1,224,346	1,528,904
Municipal	259,014	265,339
Corporate - Rated A or better	2,684,177	2,549,522
	4,922,005	4,838,977
Pooled funds:		
Money market fund	450,005	742,353
Equity securities:		
Canadian	3,902,948	4,048,729
United States	2,252,961	2,041,396
International	2,114,831	1,998,709
	8,270,740	8,088,834
	$ 13,642,750	$ 13,670,164

The book value of investments at March 31, 2023 are $12,852,872 (2022 - $12,810,292).

(c) The investments have varying maturity dates, but may be liquidated in the short-term, based on the College's needs. The effective interest rates range from 0.63% to 4.95% (2022 - 0.63% to 3.79%) for these investments.

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

	2023	2022
Maturing within one year	$ 203,993	$ –
Maturing between one and five years	1,633,055	1,531,786
Maturing over five years	3,084,957	3,307,191
	$ 4,922,005	$ 4,838,977

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

6. Investments (continued):

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

	2023	2022
Interest income	$ 4,065,103	$ 891,011
Dividend income	265,738	335,549
Realized losses on disposition of investments	(35,572)	(227,400)
	4,295,269	999,160
Less: Interest and investment management fees	(74,947)	(77,081)
	$ 4,220,322	$ 922,079

7. Term loans payable:

Term loans payable consisting of the following unsecured amounts:

	2023	2022
Renovation loan – OFA loan bearing interest at 2.641% and repayable by semi-annual blended payments of principal and interest of $157,355 payable on May 7 and November 7 until maturity on May 7, 2024.	$ 459,869	$ 756,557
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.	1,655,417	1,977,450
	2,115,286	2,734,007
Less current portion	642,340	(618,721)
	$ 1,472,946	$ 2,115,286

The principal portion of the term loans repayable over the next five years and thereafter, based on terms and agreements in effect as at March 31, 2023, are as follows:

2024	$ 642,340
2025	509,593
2026	371,606
2027	389,772
2028	201,975
	$ 2,115,286

The College anticipates the renewal of term loans that mature in the next five years with terms comparable to the existing loans.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

8. Deferred contributions:

(a) Deferred revenue:

Deferred revenue is comprised of:

	2023	2022
Ministry of Colleges, Universities and other grants	$ 837,332	$ 740,835
Tuition fees	104,813,543	82,897,685
Externally restricted donations	326,721	485,389
Other	45,250	92,948
Restricted investment income	945,496	945,498
Unrealized gains on long-term investments	595,350	690,378
	$ 107,563,692	$ 85,852,733

(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:

	2023	2022
Balance, beginning of year	$ 32,527,095	$ 31,848,755
Add amounts related to the following sources:		
Federal/Province of Ontario grants and capital campaign	4,662,266	3,556,497
Deduct amounts related to the following:		
Amounts recognized as revenue in the year	(3,012,718)	(2,878,157)
Balance, end of year	$ 34,176,643	$ 32,527,095

The balance of deferred capital contributions consists of the following:

	2023	2022
Unamortized capital contributions	$ 33,203,425	$ 31,265,074
Unspent capital contributions	973,218	1,262,021
	$ 34,176,643	$ 32,527,095

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

9. Investment in capital assets:

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

	2023	2022
Tangible capital assets, at cost	$ 148,533,921	$ 128,772,062
Accumulated amortization of tangible capital assets	(84,624,688)	(76,611,172)
Term loans payable - current portion	(642,340)	(618,721)
Term loans payable - long-term portion	(1,472,946)	(2,115,286)
Deferred capital contributions	(33,203,425)	(31,265,074)
	$ 28,590,522	$ 18,161,809

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

	2023	2022
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$ 3,012,718	$ 2,878,157
Less amortization of capital assets	(5,966,697)	(4,947,281)
	$ (2,953,979)	$ (2,069,124)

	2023	2022
Purchase of capital assets	$ 17,715,040	$ 12,506,355
Amounts funded by:		
Capital contributions	(4,951,069)	(8,089,351)
Repayment of term loans payable	618,721	596,020
	$ 13,382,692	$ 5,013,024

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

10. 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.

(b) Internally restricted:

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

	2023	2022
Student Office for Alternative Resources	$ 329,333	$ 329,333
Student government activity	1,046,204	1,363,874
Student facilities enhancement	33,092	71,762
Student centre	317,188	432,821
Student government - health centre	640,996	602,720
Information technology fee	261,192	567,668
Alumni	125,831	68,845
Work-integrated learning	928,799	602,591
	$ 3,682,635	$ 4,039,614

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 due to the reduction in 2022/23 revenue. Parking lot funds have been set aside for future renovations. Parking lot is in a deficit position due to the reduction in 2022/23 revenue. The 2022/23 deficits of the Residence and Parking lot will therefore be included against the unrestricted surplus in the current year. All other internally restricted funds represent net accumulated funds collected from students.

11. Commitments:

(a) The College has entered into three agreements which allow outside parties to use certain of the College's facilities for use 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.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

12. 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, 2023, 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.

(c) Effective June 2019, the Province of Ontario enacted Bill 124 "Protecting a Sustainable Public Sector for future Generations Act, 2019". This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups.

On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be "void and of no effect". On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. The impact, if any, to the organization as a result of the Ontario Superior Court decision is not determinable at this time. As such, no provision has been made in the financial statements.

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

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

	2023	2022
Accounts receivable	$ 1,247,393	$ (998,599)
Grants receivable	(975,933)	1,783,443
Inventory	(25,013)	(3,254)
Prepaid expenses	(964,801)	(3,508,816)
Accounts payable and accrued liabilities	(2,003,019)	880,429
Accrued vacation entitlement	29,575	222,149
Grants refundable	(1,549,684)	3,061,741
Deferred revenue	21,710,959	30,563,737
	$ 17,469,477	$ 32,000,830

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

14. Lease commitments

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

2024	$ 453,741
2025	308,358
2026	281,124
2027	289,558
2028	48,495
Total	$ 1,381,276

15. Accrued future employee benefits and compensated absences liability: (for WSIB)

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

	Employee future benefits	Non-vesting sick leave	Vesting sick leave	Accrued post-retirement benefits	2023 Accrued post-retirement benefits WSIB
Accrued employee future benefits obligations	$ 310,466	$ 1,822,000	$ –	$ 513,000	$ 284,300
Fair value of plan assets	–	–	–	(123,000)	–
Unamortized actuarial gains (losses)	–	(213,000)	–	20,000	–
Total liability	$ 310,466	$ 1,609,000	$ –	$ 410,000	$ 284,300

	Employee future benefits	Non-vesting sick leave	Vesting sick leave	Accrued post-retirement benefits	2022 Accrued post-retirement benefits WSIB
Accrued employee future benefits obligations	$ 292,913	$ 1,390,000	$ 32,000	$ 465,000	$ –
Fair value of plan assets	–	–	–	(122,000)	–
Unamortized actuarial gains	–	256,000	92,000	21,000	–
Total liability	$ 292,913	$ 1,646,000	$ 124,000	$ 364,000	$ –

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

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

	Employee future benefits	Non-vesting sick leave	Vesting sick leave	Accrued post-retirement benefits	2023 Accrued post-retirement benefits WSIB
Current year benefit cost	$ 17,533	$ 97,000	$ 1,000	$ 56,000	$ 284,300
Interest on accrued benefit obligation	–	41,000	1,000	1,000	–
Benefit payments	–	(175,000)	(126,000)	(7,000)	–
Amortization of unamortized actuarial gains	–	–	–	(4,000)	–
Total expense (recovery)	$ 17,533	$ (37,000)	$ (124,000)	$ 46,000	$ 284,300

	Employee future benefits	Non-vesting sick leave	Vesting sick leave	2022 Accrued post-retirement benefits
Current year benefit cost (recovery)	$ 119,223	$ 125,000	$ 1,000	$ (17,000)
Interest on accrued benefit obligation	–	27,000	1,000	1,000
Benefit payments	–	(165,000)	(71,000)	(3,000)
Amortization of unamortized actuarial gains	–	–	(7,000)	(6,000)
Total expense (recovery)	$ 119,223	$ (13,000)	$ (76,000)	$ (25,000)

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

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

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

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

Retirement benefits:

CAAT pension plan

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The Plan's most recent actuarial valuation filed with pension regulators as at January 1, 2023 indicated an actuarial surplus of $4.7 billion (January 1, 2022 - $4.4 billion). The College made contributions to the Plan and its associated retirement compensation arrangement of $4,552,841 (2022 - $4,304,976), which has been included in the Consolidated Statement of Operations.

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, 2023. 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.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

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

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

(a) Discount Rate

The present value as at March 31, 2023 of the future benefits was determined using a discount rate of 3.4% (2022 - 2.9%).

(b) Medical

Medical premium increases were assumed to increase at 6.16% per annum in 2023 (2022 - 6.29%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040.

(c) Dental Costs

Dental costs were assumed to increase at 4% per annum in 2023 (2022 - 4.0%).

Compensated absences:

Vesting sick leave

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

Non-vesting sick leave

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

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

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

The assumptions used in the valuation of vesting and non-vesting sick leave are the College's best estimates of expected rates of:

Wage and salary escalation:

1% in 2022, 1% in 2023 and thereafter for full-time and partial load academic staff.

1% and 1.25% increase in 2022 for full time, and 1% increases twice per annum per annum thereafter.

1% in 2022 for part time support staff, 1% in 2023 and thereafter.

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% to 26.2% and 0 to 51 days, respectively, for age groups ranging from 20 and under to 65 and over in bands of 5 years.

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

Accumulated sick leave benefit entitlements for 10.0 years (2022 - 10.0 years) for academic

Accumulated sick leave benefit entitlements for 10.2 years (2022 - 10.2 years) for support

Employee future benefits for 11.3 years (2022 - 11.3 years)

WSIB accrued benefit obligation

The actuarial valuation of the liabilities in the amount of $284,300 represents the actuarial present value (discount rate 3.8%) as of March 31, 2023 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, 2023, including latent occupational diseases that will be adjudicated after that, with respect to the college's employees. This is based on the College's self-insured arrangements in Ontario.

The related benefit liability was determined by an actuarial valuation study commissioned by LifeWorks as at March 31, 2023.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

16. 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.

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

	2023	2022
Balance, beginning of year	$ –	$ –
Adjustment on adoption of PS 3280 asset retirement obligation standard (note 2)	2,117,626	–
Opening balance, as restated	2,117,626	–
Less: obligations settled during the year	–	–
Balance, end of year	$ 2,117,626	$ –

17. 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, 2023, the activity within the fund is summarized as follows:

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

	2023	2022
Fund balance, beginning of year	$ 2,027,993	$ 1,951,675
Preservation of capital	23,578	76,318
Fund balance, end of year	$ 2,051,571	$ 2,027,993

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

17. Ontario student opportunity trust fund:

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

		2023		2022
Fund balance, beginning of year	$	114,366	$	67,140
Realized investment income net of direct investment related expenses and preservation of capital contributions		35,760		74,891
Bursaries awarded - 87 (2022 - 68)		(50,029)		(27,665)
Fund balance, end of year	$	100,097	$	114,366
Endowment total based on book value	$	2,151,668	$	2,142,359

The market value of the endowment as at March 31, 2023 was $2,273,974 (2022 - $2,280,824).

(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:

		2023		2022
Fund balance, beginning of year	$	889,160	$	855,445
Preservation of capital		10,379		33,715
Fund balance, end of year	$	899,539	$	889,160

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

		2023		2022
Fund balance, beginning of year	$	62,318	$	34,147
Realized investment income net of direct investment related expenses and preservation of capital contributions		15,742		33,086
Bursaries awarded - 31 (2022 - 14)		(30,905)		(4,915)
Fund balance, end of year	$	47,155	$	62,318
Endowment total based on book value	$	946,694	$	951,478

The market value of the endowment as at March 31, 2023 was $1,000,506 (2022 - $1,012,974).

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

18. Ontario trust for student support:

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

	2023	2022
Fund balance, beginning of year	$ 5,014,392	$ 4,825,611
Preservation of capital	58,820	188,781
Fund balance, end of year	$ 5,073,212	$ 5,014,392

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

	2023	2022
Fund balance, beginning of year	$ 302,159	$ 159,786
Realized investment income net of direct investment related expenses and preservation of capital contributions	89,210	185,250
Bursaries awarded - 145 (2022 - 94)	(100,254)	(42,877)
Fund balance, end of year	$ 291,115	$ 302,159
Endowment total based on book value	$ 5,364,327	$ 5,316,551

The market value of the endowment as at March 31, 2023 was $5,669,327 (2022 - $5,660,172).

Status of	OSAP Recipients		Non-OSAP Recipients		Total	
Recipients	Number	Amount	Number	Amount	Number	Amount
Full-time	94	$ 47,669	51	$ 52,585	145	$ 100,254

(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.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

19. Foundation award for student support:

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

	2023	2022
Fund balance, beginning of year	$ 2,864,862	$ 2,660,501
Cash donations received	113,362	96,843
Preservation of capital	34,469	107,518
Fund balance, end of year	$ 3,012,693	$ 2,864,862

(b) Schedule of Changes in Expandable Funds for the year ended March 31, 2023:

	2023	2022
Fund balance, beginning of year	$ 208,041	$ 109,010
Realized investment income	52,278	105,506
Bursaries awarded	(11,233)	(6,475)
Fund balance, end of year	$ 249,086	$ 208,041
Endowment total based on book value	$ 3,261,779	$ 3,072,903

The market value of the endowment as at March 31, 2023 was $3,447,186 (2022 - $3,271,512).

20. Financial instrument risk management:

(a) Fair value:

Financial instruments consist of cash and cash equivalents, accounts receivable, grants receivable, pledges 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 except for long-term investments (note 6) and term loans payable (note 7).

(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, 2023, $Nil has been drawn on the line of credit (2022 - $Nil).

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

20. Financial instrument risk management (continued):

(b) Credit risk (continued):

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.

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	$ 4,160,259	$ _	$ –	$ 4,160,259	$ 200,000	$ 3,960,259
Grants receivable	2,652,152	–	–	2,652,152	–	2,652,152
	$ 6,812,411	$ –	$ –	$ 6,812,411	$ 200,000	$ 6,612,411

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.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

20. Financial instrument risk management (continued):

(d) 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 $2,252,961 (CAD) (2022 - $2,041,396 (CAD)) and $2,114,831 (CAD) (2022 - $1,989,709 (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.

(e) 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 $4,922,006 (2022 - $4,838,977) would be approximately a 6.3% (2022 - 7.0%) change. The College has structured its portfolio in a manner as to be able to allow debt securities to be held to maturity to reduce any potential interest rate risk.

In addition to the above, the College is exposed to interest rate risk as it has term loans payable in the amount of $2,115,286 (2022 - $2,734,007) bearing interest at a fixed rate as described in note 7 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.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

20. Financial instrument risk management (continued):

(f) Equity risk:

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

The College's equity portfolio with a carrying value of $8,720,740 (2022 - $8,088,834), 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 0.61% (2022 - 0.59%).

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

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

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

(g) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows, maintaining liquidity in their investment portfolios, and budgeting expenditures to meet cash needs. There are no material liabilities that can be called unexpectedly at the demand of a lender or client. There are no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business.

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.

Financial Statements of

THE LOYALIST COLLEGE FOUNDATION

Year ended March 31, 2023

THE LOYALIST COLLEGE FOUNDATION

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Year ended March 31, 2023

KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Loyalist College Foundation

Opinion

We have audited the financial statements of Loyalist College Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

KPMG

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In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

KPMG

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- 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

May 23, 2023

THE LOYALIST COLLEGE FOUNDATION

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 114,284	$ 141,722
Accounts receivable and accrued interest	22,097	40,015
Due from Loyalist College of Applied Arts & Technology	6,354	–
	142,735	181,737
Investments (note 2)	13,642,750	13,670,164
Outstanding trades on investments (note 2)	–	(224,640)
Collection, at cost	1,500	1,500
	$ 13,786,985	$ 13,628,761
Liabilities		
Current liabilities:		
Due to Loyalist College of Applied Arts & Technology	$ –	$ 1,474
Fund Balances		
Endowed fund (note 3)	13,786,985	13,627,287
	$ 13,786,985	$ 13,628,761

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

THE LOYALIST COLLEGE FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	Operating fund	Endowed fund	2023 Total	2022 Total
Revenue:				
Contributions (note 5)	$ –	$ 364,632	$ 364,632	$ 302,497
Fundraising (schedule)	–	52,127	52,127	34,690
Net investment income (note 4)	–	409,554	409,554	947,047
Unrealized losses on investments	–	(95,028)	(95,028)	(558,241)
		731,285	731,285	725,993
Expenses:				
Scholarships and bursaries	–	465,670	465,670	296,563
Fundraising expenses (schedule)	–	11,147	11,147	8,029
Contribution to Loyalist College of Applied Arts & Technology (schedule)	–	40,980	40,980	26,661
Operating expenses (note 5)	45,000	–	45,000	45,000
Professional fees	8,790	–	8,790	7,135
	53,790	517,797	571,587	383,388
Excess (deficiency) of revenue over expenses	(53,790)	213,488	159,698	342,605
Fund balances, beginning of year	–	13,627,287	13,627,287	13,284,682
Interfund transfers	53,790	(53,790)	–	–
Fund balances, end of year	$ –	$ 13,786,985	$ 13,786,985	$ 13,627,287

See accompanying notes to financial statements.

THE LOYALIST COLLEGE FOUNDATION

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 159,698	$ 342,605
Item not involving cash:		
Unrealized losses on investments	95,028	558,241
Net change in non-cash operating working capital:		
Accounts receivable and accrued interest	17,918	(17,296)
Due to Loyalist College of Applied Arts & Technology	(7,828)	(6,622)
	264,816	876,928
Investing activities:		
Purchase of investments, net of outstanding trades	(292,254)	(803,841)
Increase (decrease) in cash and cash equivalents	(27,438)	73,087
Cash and cash equivalents, beginning of year	141,722	68,635
Cash and cash equivalents, end of year	$ 114,284	$ 141,722

See accompanying notes to financial statements.

THE LOYALIST COLLEGE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

The Loyalist College Foundation (the “Foundation”) was incorporated as a Corporation without share capital on October 28, 1994 and effectively commenced operations during the period ended March 31, 1996. The purpose of the Foundation is to receive and maintain funds and to apply all or part of the principal and income for charitable purposes carried on by or for the benefit of or to enhance or improve the services provided by or the facilities of Loyalist College of Applied Arts & Technology (the “College”).

On February 2, 1995, the Foundation and the Board of Governors of the College signed a Memorandum of Understanding, which was approved by the Minister of Colleges and Universities (MCU). The memorandum establishes a subsidiary operating relationship between the Foundation and the College, which includes the following:

- the members of the Board of Directors of the Foundation shall be approved by the College;
- the By-Laws of the Foundation shall be subject to the approval of the College;
- the annual budget shall be approved by the College;
- the Foundation shall make a report annually to the College; and
- the Foundation shall not enter into agreements with other bodies without the prior approval of the College.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Accounting estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates relate to the fair value of investments. Actual results could differ from those estimates.

THE LOYALIST COLLEGE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) Fund accounting:

The accompanying financial statements include the activities of the Foundation for which the Board of Directors is legally accountable. In order to properly reflect its activities, the Foundation maintains its accounts in accordance with the principles of "fund accounting" in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds in accordance with activities or objectives specified. For financial reporting purposes, the Foundation has combined funds with similar characteristics into two fund groups: Endowed Fund and Operating Fund.

The Endowed Fund accounts for the contributions received, where only the income earned on the money is expendable for the special purposes designated.

The Operating Fund accounts for the costs of operations.

(d) Translation of foreign currencies:

Non-Canadian monetary items are translated at the rate of exchange in effect at the Statement of Financial Position date. All other assets and liabilities are translated at the rates prevailing when the assets were acquired or the liabilities incurred. Gains or losses resulting from such translation practices are reflected in the Statement of Operations and Changes in Fund Balances.

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit, net of outstanding cheques and withdrawals.

(f) Collections:

Gifts in the nature of collections are recognized as revenue at their estimated market value. The value of the collections is capitalized at their cost and the amount is not subsequently amortized.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to subsequently carry its investments at fair value.

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

THE LOYALIST COLLEGE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized costs except for investments quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the Statement of Operations and Changes in Fund Balances.

(h) Revenue recognition:

Contributions for endowment are recognized as revenue in the Endowed Fund as they are received. Investment income is recorded as earned on the accrual basis.

(i) Income taxes:

The Foundation is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

THE LOYALIST COLLEGE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

2. Investments:

(a) The market values of investments are as follows:

	2023	2022
Fixed-income securities:		
Federal	$ 754,468	$ 495,212
Provincial and provincial guaranteed	1,224,346	1,528,904
Municipal	259,014	265,339
Corporate - Rated A or better	2,684,177	2,549,522
	4,922,005	4,838,977
Pooled funds:		
Money market fund	450,005	742,353
Equity securities:		
Canadian	3,902,948	4,048,729
United States	2,252,961	2,041,396
International	2,114,831	1,998,709
	8,270,740	8,088,834
	$ 13,642,750	$ 13,670,164

The book value of investments at March 31, 2023 are $12,852,872 (2022 - $12,810,292).

(b) The investments have varying maturity dates but may be liquidated in the short-term based on the Foundation's needs. The effective interest rates range from 0.63% to 4.95% (2022 - 0.63% to 3.79%) for these investments.

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

	2023	2022
Maturing under one year	$ 203,993	$ –
Maturing between one and five years	1,633,055	1,531,786
Maturing over five years	3,084,957	3,307,191
	$ 4,922,005	$ 4,838,977

(d) As at March 31, 2023, there were outstanding trades on investments which resulted in a negative cash balance of $Nil (2022 - $224,640) in the investment portfolio. These trades settled subsequent to year-end and have been presented separately on the Statement of Financial Position.

THE LOYALIST COLLEGE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

3. Endowed fund:

The Endowed fund balance as at the year-end is comprised as follows:

	2023	2022
Accumulated principal contributions:		
External contributions:		
Foundation Awards for Student Support	$ 2,514,214	$ 2,400,852
Ontario Trust for Student Support	4,245,853	4,245,853
Ontario Student Opportunity Trust Fund - Phase 2	364,095	364,095
Ontario Student Opportunity Trust Fund - Phase 1	780,230	780,230
Other contributions	2,140,825	2,140,825
Allocated from investment income	2,199,420	2,058,056
	12,244,637	11,989,911
Accumulated investment income, net of distributions	1,542,348	1,637,376
	$ 13,786,985	$ 13,627,287

The current year allocation of investment income to principal amounted to $141,364 (2022 - $451,679).

4. Net investment income:

Net investment income is comprised of the following:

	2023	2022
Interest income	$ 114,477	$ 117,878
Dividend income	265,738	335,549
Realized gains on disposition of investments	105,792	576,567
Foreign exchange losses	(1,506)	(5,866)
	484,501	1,024,128
Less:		
Interest and investment management fees	(74,947)	(77,081)
Net investment income	$ 409,554	$ 947,047

THE LOYALIST COLLEGE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

5. Related party transactions:

During the year, the Foundation paid $45,000 (2022 - $45,000) for operating expenses to the College, the parent of the Foundation. During the year, the Foundation received contributions amounting to $364,632 (2022 - $302,497) for scholarships and bursaries from the College. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

6. Financial risk management:

Financial instruments consist of cash and cash equivalents (bank indebtedness), portfolio investments, outstanding trades on investments, accounts receivable and accrued interest and due from (to) the College. The carrying amounts approximate their fair market value due to the immediate or short-term maturity of these financial instruments except for portfolio investments which are disclosed in note 2 to these financial statements and carried at fair value.

(a) Credit risk:

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

The Foundation's investment policy and the Ministry's Banking, Investment 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 per the Foundation's investment policy. All fixed income portfolios are measured for performance on a quarterly 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.

(b) Market risk:

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

An investment policy is in place and its application is monitored by the Finance & Investment Committee and the Board of Directors. 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.

(c) Currency risk:

Currency risk relates to the Foundation 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 LOYALIST COLLEGE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

6. Financial risk management (continued):

(c) Currency risk (continued):

The Foundation records its operations in Canadian dollars. The Foundation is exposed to currency fluctuations on some of its securities held in US and international equities with carrying values of $2,252,961 (CAD) (2022 - $2,041,396 (CAD)) and $2,114,831 (CAD) (2022 - $1,998,709 (CAD)), respectively, as they are denominated in various currencies, including U.S. dollars and other foreign currencies. These potential currency fluctuations could have a significant impact on the market value of these securities.

The foreign exchange risk profile is consistent with the prior period. The Foundation still maintains similar policies, procedures and methods used to measure the risk.

(d) 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 Foundation is exposed to risk through its interest-bearing investments (term deposits and debt securities).

As outlined in note 7 to these financial statements, the Foundation maintains one portfolio; containing both fixed income securities and equity securities. For bonds that the Foundation did not sell during the year, the change during the year and changes prior to the year is recognized as an unrealized gains (losses) on fair value financial instruments on the Statement of Operations and Changes in Fund Balances.

The Foundation still maintains policies, procedures and methods used to measure investment risk.

As prevailing interest rates increase or decrease, the market value 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 long-term portfolio, with a carrying value of $4,922,006 (2022 - $4,838,977) would be approximately a 6.3% (2022 - 7.0%) change. The Foundation 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.

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.

THE LOYALIST COLLEGE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

6. **Financial risk management (continued):**

(e) Equity risk:

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

The Foundation's equity portfolio with a carrying value of $8,270,740 (2022 - $8,088,834) 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 equity of approximately 0.61% (2022 - 0.59%).

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

An investment policy is in place and its application is monitored by the Finance & Investment Committee and the Board of Directors and compliance reports issued by the Foundation's investment management company. 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.

(f) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet all cash outflow obligations as they come due. The Foundation mitigates this risk by monitoring cash activities and expected outflows, maintaining liquidity in their investment portfolios, and budgeting scholarships to meet cash needs. There are no material liabilities that can be called unexpectedly at the demand of a lender or client. There are no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business.

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.

THE LOYALIST COLLEGE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

7. Capital management:

The Foundation's objectives with respect to capital management are to maintain endowment funds and a minimum capital base that allows the Foundation to continue with and execute its overall purpose as outlined in the fund accounting policy in note 1(c). The Foundation's Board of Directors perform periodic reviews of the Foundation's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the Foundation.

In addition to the Foundation's objectives with respect to capital management, the Foundation must comply with the Banking, Investments and Borrowing ("BIB") policies set forth by the Ministry of Colleges and Universities. The Foundation has several guidelines and benchmarks to mitigate various credit market and liquidity market risks associated with the Foundation's financial instruments, described in note 6 to these financial statements.

THE LOYALIST COLLEGE FOUNDATION

Schedule of Fundraising Activity

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Fundraising revenue:		
Fundraising activities	$ 52,127	$ 34,690
Fundraising expenses	11,147	8,029
	40,980	26,661
Less contribution to Loyalist College of Applied Arts & Technology	40,980	26,661
Cash, end of year	$ –	$ –

MULTI-YEAR ACCOUNTABILITY REPORT: LOYALIST COLLEGE SMA3

The Strategic Mandate Agreement (SMA) between the Ministry of Colleges and Universities and Loyalist College is a key component of the Ontario government's accountability framework for the postsecondary education system. The SMA3 represents performance targets and metrics for the fiscal period from April 1, 2020, to March 31, 2025. Annual evaluation occurs every year in the Fall-Winter and the updated results are made publicly available in the following Spring.

Table 1. Multi-Year Accountability Report — Loyalist College SMA3

Metric	2016–17 Historical data	2017–18 Historical data	2018–19 Historical Data	2020–21 Allowable performance target	2020–21 Actual performance	2021–22 Allowable performance target	2021–22 Actual performance
1. Graduate employment rate in a related field	77.48%	77.81%	73.82%	74.25%	74.77%	73.96%	70.14%
2. Institutional strength and focus	48.60%	48.10%	48.35%	44.37%	45.75%	42.58%	42.29%
3. Graduate rate	67.29%	68.83%	68.50%	67.59%	65.55%	66.33%	68.56%
4. Community and local impact of student enrolment	13.17%	12.94%	13.93%	12.94%	13.89%	13.09%	12.19%
5. Economic impact (institution-specific)	$61,100,000 (2015-16)	$62,200,000 (2016-17)	$66,900,000 (2017-18)	$61,482,497	$72,900,000	$66,081,622	$73,900,000
6. Graduate employment earnings	$29,575	$31,973	$35,501	N/A	N/A	$31,422	$36,340

7. Experiential learning	99.45% (2017-18)	100% (2018-19)	100% (2019-20)	N/A	100%	98.82%	100%
8. Revenue attracted from private sector sources	$1,144,720 (2017-18)	$1,862,993 (2018-19)	$2,522,108 (2019-21)	N/A	$4,185,030	$1,274,643	$4,185,030
9. Apprenticeship related (institution-specific)	100.42% (2018-19)	101.52% (2019-20)	107.77% (2020-21)	N/A	N/A	N/A	N/A

Note: “2020–21 Actual” refers to the year in which the evaluation takes and not necessarily the data from that year.

COLLEGE COUNCIL REPORT

In the Ministry Policy Binding Directive — Governance and Accountability Framework, under the Advisory College Council, the Board of Governors is responsible for establishing an Advisory College Council. The council aims to create space for student and employee voices from across the College to advise the president on matters of importance to them. College Council is a unique committee, which includes representation from staff and faculty (part-time and full-time) as well as students and reflects the diverse and varied lived experiences, perspectives, knowledge, and expertise of Loyalist employees and the student body.

For the 2022–2023 year, the President requested input from College Council on sustainability, specifically seeking suggestions for future projects and areas of focus that align with this important priority. Sustainability has been and remains a focus for the College. In May 2022, Loyalist formally signalled its commitment to sustainability when it became a signatory to the United Nations Sustainable Development Goals (UN SDGs) Accord.

To help prepare Council members in advance of meetings, Chair Erin Bickle (Manager, Planning and Sustainability) shared resources and reference materials and provided an overview of some of the projects that the College completed in recent years. Invited guests included Cheryle Maracle of the Mohawks of the Bay

of Quinte who shared her understanding of sustainability through the lens of natural law, the role of Indigenous peoples in environmental stewardship, and the ways in which traditional knowledge and knowledge systems support a sustainable future. Lesley Hayman, who teaches a course on sustainability and corporate social responsibility at the College, also attended and provided an overview of the course content for SUST 1000 — Principles of Sustainability and Social Responsibility.

Working in groups, Council members developed proposals aligning with established areas of focus including:

- outdoor initiatives and ground maintenance
- food services and food insecurity
- facilities (cleaning and waste management) and capital projects
- energy management
- awareness education and future initiatives.

The proposals were presented to President and CEO, Mark Kirkpatrick in April 2023 and will inform future directions and specific initiatives that the College undertakes in the next year or so.

KEY PERFORMANCE INDICATORS

Table 2. Loyalist's KPI

Key Performance Indicator	Loyalist College	Provincial Average	Points Above Average
Graduate Employment	92.3	83.4	8.9
Employer Satisfaction	100	88.9	11.1
Graduate Satisfaction	81.5	75.4	6.1

Loyalist College is the number one college in Ontario for grads getting jobs, according to the annual Key Performance Indicator (KPI) results that Colleges Ontario recently released. The research shows that 92.3 percent of 2020–21 Loyalist graduates were employed within six months of graduation, 8.9 points higher than the provincial average for Ontario's 24 public colleges. Loyalist satisfaction rates also received top marks, with 100 percent employer satisfaction (11.1 points above the provincial average), and 81.1 percent graduate satisfaction (6.1 points above the provincial average). Even as the College experiences record-setting enrolment, our small class sizes and highly personalized instruction continue to differentiate Loyalist College.

SUMMARY OF ADVERTISING/MARKETING COMPLAINTS

For the period of April 1, 2022, to March 31, 2023, there were no advertising or marketing complaints received by the College.

BOARD OF GOVERNORS

- Pam Jolliffe, Chair (2021–24, second term)
- Jennifer May-Anderson, Vice Chair (2021–24, second term)
- Jeremy Braithwaite, Internal Governor — Faculty (2020–23, first term)
- Jennifer Fry, Internal Governor — Administrative Staff (2021–24, first term)
- Amy Hoskin, Internal Governor — Support Staff (2020–23, first term)
- Sofin Lalani, Student Governor (2022–23, first term)
- David Clazie, External (2021–24, first term)
- Mario Girouard, External (2022–25, first term)
- Josh Hill, External (2021–24, first term)
- Julie Lange, External (2021–24, first term)
- Jennifer Moore, External (2021–24, first term)
- Melanie Paradis, External (2023–2026, first term)
- Lina Rinaldi, External (2022–25, first term)
- Bill Saunders, External (2021–22, second term)
- Matthew Ward, External (2020–23, first term)

LOYALiST
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