Financial Statements of

RED RIVER COLLEGE POLYTECHNIC

And Independent Auditor's Report thereon

Year ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Red River College Polytechnic

Opinion

We have audited the financial statements of Red River College Polytechnic (the "College"), which comprise the statement of financial position as at March 31, 2024, the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2024 and its results of operations, its changes in net debt 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 statement in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 24, 2024

RED RIVER COLLEGE POLYTECHNIC

Statement of Financial Position
(In thousands of dollars)

March 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 105,153	$ 88,757
Short-term investments (note 4)	1,052	1,009
Accounts receivable (note 5)	6,559	7,851
Due from Province of Manitoba (note 8)	9,636	9,636
Portfolio investments - restricted for endowments (note 7)	46,808	39,949
	169,208	147,202
Financial liabilities:		
Accounts payable and accrued liabilities (note 11)	36,578	38,984
Unearned revenue (note 17)	49,560	44,607
Unspent capital funding	1,430	1,542
Asset retirement obligations (note 10)	30,222	28,844
Long term loan - Province of Manitoba (note 12)	45,500	46,700
Loan payable (note 13)	5,787	6,097
Province of Manitoba funded promissory notes (note 14)	194,182	190,527
Employee future benefits (note 15)	22,413	21,168
	385,672	378,469
Net debt	(216,464)	(231,267)
Non-financial assets:		
Tangible capital assets (note 9)	335,620	341,353
Inventories	1,716	1,846
Prepaid expenses	2,507	1,701
	339,843	344,900
Accumulated surplus (note 24)	$ 123,379	$ 113,633

Commitments and contingencies (note 20)
Contractual rights (note 21)

See accompanying notes to financial statements.

Approved by the Board of Governors:

signed Chair

signed Vice Chair

RED RIVER COLLEGE POLYTECHNIC

Statement of Operations and Accumulated Surplus
(In thousands of dollars)

Year ended March 31, 2024, with comparative information for 2023

	2024 Budget (Note 6)	2024	2023
Revenue:			
Student tuition and academic fees	$ 68,414	$ 74,578	$ 60,870
Grants:			
Government of Manitoba grants	142,063	145,044	133,863
Federal and other government grants	15,547	16,280	13,321
Ancillary revenue	6,623	6,106	5,200
Contributions and other revenue	10,239	14,944	12,534
Interest income	1,375	5,748	2,782
	244,261	262,700	228,570
Expenses (note 16):			
Academic instruction	127,804	126,536	122,119
Student support and general operations	67,433	66,341	58,472
Facility operations and maintenance	25,034	27,608	23,952
Amortization of tangible capital assets	17,788	17,030	16,710
Ancillary services	5,053	4,429	3,877
Interest expense	10,947	11,010	10,692
	254,059	252,954	235,822
Annual surplus (deficit)	(9,798)	9,746	(7,252)
Accumulated surplus, beginning of year		113,633	120,885
Accumulated surplus, end of year		$ 123,379	$ 113,633

See accompanying notes to financial statements.

RED RIVER COLLEGE POLYTECHNIC

Statement of Changes in Net Debt
(In thousands of dollars)

Year ended March 31, 2024, with comparative information for 2023

	2024 Budget (Note 6)	2024	2023
Annual surplus (deficit)	$ (9,798)	$ 9,746	$ (7,252)
Acquisition of tangible capital assets	(13,519)	(11,130)	(7,581)
Remeasurement of asset retirement obligation	–	(167)	4,009
Amortization and disposals of tangible capital assets	17,788	17,030	16,710
Change in inventories	–	130	(185)
Change in prepaid expenses	–	(806)	128
Change in net debt	(5,529)	14,803	5,829
Net debt, beginning of year		(231,267)	(237,096)
Net debt, end of year		$ (216,464)	$ (231,267)

See accompanying notes to financial statements.

RED RIVER COLLEGE POLYTECHNIC

Statement of Cash Flows
(In thousands of dollars)

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ 9,746	$ (7,252)
Items not involving cash:		
Amortization and disposals of tangible capital assets	17,030	16,710
Changes in non-cash operating working capital balances (note 18)	4,408	14,298
Accretion expense (note 10)	1,211	1,008
	32,395	24,764
Investing activities:		
Purchase of capital assets	(11,130)	(7,581)
Change in portfolio investments	(6,859)	988
Change in short-term investments	(43)	(1,009)
Decrease in unspent capital funding	(112)	(638)
	(18,144)	(8,240)
Financing activities:		
Principal repayments on loan payable	(310)	(310)
Principal repayments on loan – Province of Manitoba	(1,200)	(1,200)
Proceeds on Province of Manitoba funded promissory notes	9,700	5,083
Repayment on Province of Manitoba funded promissory notes	(6,045)	(5,893)
	2,145	(2,320)
Increase in cash and cash equivalents	16,396	14,204
Cash and cash equivalents, beginning of year	88,757	74,553
Cash and cash equivalents, end of year	$ 105,153	$ 88,757

See accompanying notes to financial statements.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2024

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1. General:

Red River College Polytechnic (the "College") was established as a board-governed institution on April 1, 1993, and was governed by *The Colleges Act of Manitoba* until June 30, 2015 when it became governed by its own Act, *The Red River College Act*. Effective June 1, 2022, *The Red River College Polytechnic Act* is the institution's governing legislation. The College is a registered charity under the *Income Tax Act.*

2. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS) without Sections PS4200-4270.

(b) Revenue recognition:

Government transfers from the Province of Manitoba are recognized as revenue in the period in which all eligibility criteria have been met and the amounts are authorized.

When revenue is received without eligibility criteria and with stipulations, it is recognized when the government transfer is authorized, except when, and to the extent, the transfer gives rise to an obligation that meets the definition of a liability for the College. If the obligation does meet the definition of a liability, the related revenue is recognized as the obligation is settled. Funding received for the acquisition or development of tangible capital assets is recognized as revenue in one of two ways:

i. Assets funded by debt (Province of Manitoba funded promissory notes): revenue is recognized when the debt principal and interest payment funding is received.

ii. Assets funded by an allocation of cash: revenue is recognized immediately when all eligibility criteria are met and no stipulations exist. If stipulations exist and the funding obligation meets the definition of a liability for the College, the revenue is deferred until the stipulations are met.

RED RIVER COLLEGE POLYTECHNIC

2. Significant accounting policies (continued):

Any unrestricted non-government contributions or grants are recorded as revenue in the year received, or in the years the funds are committed to the College if the amount can be reasonably estimated and collection is reasonably assured.

All non-government contributions or grants that are externally restricted, and the associated externally restricted investment income, are recorded as unearned revenue if the terms for their use create a liability. These resources are recognized as revenue as the terms are met and when the College complies with its communicated use.

Investment income includes dividends, interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments, exclusive of restricted transfers or donations, are recognized in the statement of operations when the related investments are sold. The College’s portfolio investments at March 31, 2024 and March 31, 2023 are restricted for endowments with the unrealized gains and losses recorded in unearned revenue. As the remaining unrestricted portfolio investments are in short-term deposits, the carry-value approximates the fair value and no unrealized gains or losses exists on the unrestricted portfolio investments.

The unearned portion of tuition fees and contractual training revenue received, but not earned until a future fiscal period, is recorded as unearned revenue.

Ancillary revenue is recognized as revenue when earned.

(c) Capital assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair value at the time of the donation. Library holdings are accounted for using the base stock method. Under this method, the value of the base stock is capitalized, but subsequent purchases are not capitalized because it has been determined that annual additions are approximately equal to reductions. Capital assets are amortized on a straight-line basis using an annual rate applied to the various classes of assets as follows:

(In thousands of dollars)

2. Significant accounting policies (continued):

Asset	Rate
Buildings	2.5 - 5%
Major renovations	5% or building remaining useful life if less than 20 years
Equipment and furniture	10 - 20%
Computer equipment and software	20 - 33%
Vehicles	20%
Aircraft	5%
Leasehold improvements	Over the term of the lease
Parking lot improvements	5%
Capital renovations	20%
Leased computers and equipment	10-33%

Construction in progress is transferred to the appropriate capital asset category and amortization begins when the capital project is completed and the asset is placed in service.

(d) Asset retirement obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

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

A liability for the retirement of various assets has been recorded, as outlined in note 10(a).

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

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2. Significant accounting policies (continued):

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the College reviews the carrying amount of the liability. The College recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows, or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The College continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(e) Inventories:

Inventories are valued at cost.

(f) Accrued retirement severance pay:

Eligible employees of the College are eligible to receive a severance payout at retirement. The accrued retirement severance pay is actuarially determined, with any actuarial gain or loss amortized over the expected average remaining service life (EARSL) of the membership group.

(g) Accumulated non-vested sick leave benefit:

The accumulated non-vested sick leave benefit is calculated annually utilizing an internally developed valuation method which takes into account the number of sick days used in excess of the annual sick days earned, and average employee compensation per day.

(h) Education and training benefits:

The College receives government grants for specified projects with industry partners. The College receives education and training benefits from these projects. The College records both the revenue and the expenditures relating to these projects in the period incurred.

2. Significant accounting policies (continued):

(i) Financial instruments:

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

Unrealized changes in fair value are recognized in unearned revenue until they are realized, at which point they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments, measured subsequently at fair value, are expensed as incurred.

All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

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

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

(j) Foreign currency translation:

Monetary assets and liabilities in foreign currencies have been translated into Canadian dollars on a monthly basis, at month end exchange rates, with any gain or loss included in income in the same month. Revenues and expenses have been translated at the exchange rate in effect at the transaction date.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

3. Change in accounting policy:

On April 1, 2023, the College adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. The adoption of this new standard did not impact the amounts presented in the financial statements.

4. Short-term investments:

Short-term investments amounting to $1,052 as at March 31, 2024 (2023 - $1,009) represent short-term investments held with the Department of Finance of the Province of Manitoba (the “Province”) incurring interest at 5.41 percent and maturing on October 2, 2024.

The carrying value of the short-term investments at the beginning and end of the period approximated fair value due to the short-term maturity of these investments.

5. Accounts receivable:

	2024	2023
Trust and endowment receivables	$ 67	$ 72
Tuition and fees receivable	1,621	1,566
Trades receivable	2,703	3,064
Capital funding receivable	92	20
Other accounts receivable	2,076	3,129
	$ 6,559	$ 7,851

6. Budget:

On February 27, 2023, the Board of Governors approved the budget for the College for the year ended March 31, 2024.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

7. Portfolio investments - restricted for endowments:

	2024		2023	
	Fair value	Cost	Fair value	Cost
Cash and fixed term instruments	$ 12,787	$ 12,366	$ 10,256	$ 9,761
Equity investments	31,375	19,345	26,796	18,695
Debentures	2,646	2,646	2,897	2,897
	$ 46,808	$ 34,357	$ 39,949	$ 31,353

The fixed term investments and debentures mature between fiscal 2025 and 2037 and bear interest at rates between 2.00 percent and 6.125 percent (2023 – 2.00 percent and 6.125 percent).

The College's assets which are recorded at fair value are required to be classified into one of three levels, depending on the inputs used for valuation. The hierarchy of inputs is summarized below:

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

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

7. Portfolio investments - restricted for endowments (continued):

	Level 1	Level 2	Level 3	2024 Total
Cash held for investment purposes	$ 980	–	–	$ 980
Canadian equity investments	24,296	–	–	24,296
US equity investments	4,091	–	–	4,091
Fixed income securities	–	14,453	–	14,453
Real estate	–	–	2,988	2,988
	$ 29,367	$ 14,453	$ 2,988	$ 46,808

	Level 1	Level 2	Level 3	2023 Total
Cash held for investment purposes	$ 239	–	–	$ 239
Canadian equity investments	20,764	–	–	20,764
US equity investments	3,073	–	–	3,073
Fixed income securities		12,914	–	12,914
Real estate		–	2,959	2,959
	$ 24,076	$ 12,914	$ 2,959	$ 39,949

The change in fair value in the level 3 classification from March 31, 2023 to March 31, 2024 is due to unrealized gains of $29 (2023 - gains of $46).

8. Due from Province of Manitoba:

The balance due from the Province is non-interest bearing, unsecured and has no fixed terms of repayment. The balance outstanding at March 31, 2024 of $9,636 (2023 - $9,636) arose from the transfer of the severance and vacation pay liabilities for employees transferred from the Province to the College in 1996.

The College is responsible for funding liabilities for vacation pay and severance pay benefits accumulated after the transfer of employees through its general revenues. As a result, the change in the severance liability, including the interest accretion, is reflected in the funding for severance expense.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

9. Tangible capital assets:

Cost	Balance at March 31, 2023	Additions	Disposals / transfers remeasurement	2024 Total	2023 Total
Land	$ 18,631	$ –	$ –	$ 18,631	$ 18,631
Equipment and furniture	79,729	2,135	(75)	81,789	79,729
Computer equipment and software	11,120	672	(1)	11,791	11,120
Major renovations	8,699	1,191	–	9,890	8,699
Buildings	380,149	200	–	380,349	380,149
Vehicles	1,658	30	–	1,688	1,658
Aircraft	4,551	–	–	4,551	4,551
Leasehold improvements	5,138	–		5,138	5,138
Construction in progress	3,505	7,713	(2,598)	8,620	3,505
Assets under capital leases	14,069	–	–	14,069	14,069
Library holdings	1,223	–	–	1,223	1,223
Parking lot improvements	2,458	428	–	2,886	2,458
Capital renovations	6,638	1,541	–	8,179	6,638
	$ 537,568	$ 13,910	$ (2,674)	$ 548,804	$ 537,568

Accumulated Amortization	Balance at March 31, 2023	Additions	Disposals	2024 Total	2023 Total
Equipment and furniture	$ 59,233	$ 3,517	$ (60)	$ 62,690	$ 59,233
Computer equipment and software	8,030	1,016	(1)	9,045	8,030
Major renovations	5,476	303	–	5,779	5,476
Buildings	92,312	11,564	–	103,876	92,312
Vehicles	956	227	–	1,183	956
Aircraft	2,794	162	–	2,956	2,794
Leasehold improvements	5,138	–	–	5,138	5,138
Assets under capital leases	14,069	–	–	14,069	14,069
Parking lot improvements	1,792	60	–	1,852	1,792
Capital renovations	6,415	181	–	6,596	6,415
	$ 196,215	$ 17,030	$ (61)	$ 213,184	$ 196,215

(In thousands of dollars)

9. Tangible capital assets (continued):

Net Book Value	2024	2023
Land	$ 18,631	$ 18,631
Equipment and furniture	19,099	20,496
Computer equipment and software	2,746	3,090
Major renovations	4,111	3,223
Buildings	276,473	287,837
Vehicles	505	702
Aircraft	1,595	1,757
Construction in progress	8,620	3,505
Library holdings	1,223	1,223
Parking lot improvements	1,034	666
Capital renovations	1,583	223
	$ 335,620	$ 341,353

10. Asset retirement obligations:

Red River College Polytechnic’s asset retirement obligations consist of several obligations as follows:

(a) The College owns and operates fuel storage tanks, sewage lift station, and various equipment for which the College is legally required to perform appropriate decommissioning and disposal activities. A total liability of $341 has been recorded for the estimated cost of these activities as at March 31, 2024 (2023 - $341).

(b) The College owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building, and there is a legal obligation for the College to perform asbestos abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

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10. Assets retirement obligations (continued):

The estimated liability of $29,881 (2023 - $28,503) for the asbestos related asset retirement obligations is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.00% (2023 - 4.25%) and assuming an annual inflation rate of 2.00% (2023 - 2.00%). The College has not designated assets for settling the abatement activities; these will be identified in the normal course of planning for building renovation or demolition.

Changes to the asset retirement obligations in the year are as follows:

		2024		2023
Balance, Beginning of year	$	28,844	$	31,845
Accretion expense		1,211		1,008
Remeasurement of asset retirement obligations		167		(4,009)
Estimated total liability end of year	$	30,222	$	28,844

11. Accounts payable and accrued liabilities:

		2024		2023
Trade payables and holdback liability	$	8,188	$	5,119
Accrued vacation pay		19,036		17,768
Other accrued liabilities		9,354		16,097
	$	36,578	$	38,984

12. Long term loan – Province of Manitoba:

A loan payable is due to the Province of Manitoba on or before the contractual term maturity date of February 28, 2062. The loan payable bears interest at 3.50 percent per annum.

Principal repayments over the next five years are $1,200 per year from fiscal 2025 to fiscal 2029.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

13. Loan payable:

A loan payable is due to Toronto-Dominion Bank on or before the contractual term maturity date of November 30, 2042. The loan payable bears interest at prime less 0.9 percent.

Principal repayments over the next five years are $310 per year from fiscal 2025 to fiscal 2029.

14. Province of Manitoba funded promissory notes:

The balances of the promissory notes are as follows:

	2024	2023
Princess Street campus:		
Phase 1 - 6.3% interest, maturing July 31, 2042, repayable in monthly instalments which in the current year ranged from $62 - $66 including principal and interest	$ 6,465	$ 6,818
Phase 2 - 6.3% interest, maturing July 31, 2043, repayable in monthly instalments which in the current year ranged from $108 - $114 including principal and interest	11,482	12,076
Phase 3 - 6.3% interest, maturing March 31, 2044, repayable in monthly instalments which in the current year ranged from $45 - $48 including principal and interest	4,862	5,104
Heavy Equipment Transportation Centre of Excellence:		
5.5% interest, maturing January 31, 2048, repayable in monthly instalments of $60 including principal and interest	9,606	9,796
Paterson Global Foods Institute:		
4% interest, maturing April 30, 2053, repayable in monthly instalments ranging from $64 - $67 in the current year including principal and interest	10,543	10,905
Notre Dame Campus:		
3.9% interest, maturing March 31, 2056, repayable in monthly instalments ranging from $430 - $452 in the current year including principal and interest	75,168	77,517
3.9% interest, maturing March 31, 2056, repayable in monthly instalments ranging from $4.2 - $4.4 in the current year including principal and interest	731	754
Skilled Trades and Technology Centre (STTC):		
3.9% interest, maturing March 31, 2056, repayable in monthly instalments ranging from $34 - $36 in the current year including principal and interest	5,915	6,100

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

14. Province of Manitoba funded promissory notes (continued):

	2024	2023
STTC:		
3.875% interest, maturing January 31, 2059, repayable in monthly instalments ranging from $259 - $272 in the current year including principal and interest	47,204	48,559
Capital Projects:		
4.125% interest, maturing March 31, 2057, repayable in monthly instalments of $4.8 - $5.1 in the current year including principal and interest.	825	850
Deferred maintenance (Advance 32):		
3.875% interest, maturing April 30, 2058, repayable in monthly instalments of $9.4 - $9.9 in the current year including principal and interest.	1,704	1,754
Deferred maintenance (Advance 22):		
3.350% interest, maturing January 31, 2062, repayable in monthly instalments of $18 - $19 in the current year including principal and interest.	3,783	3,883
Deferred maintenance (Advance 25):		
4.650% interest, maturing December 31, 2062, repayable in monthly instalments of $22 - $24 in the current year including principal and interest.	3,875	3,975
Deferred maintenance (Advance 26):		
5.300% interest, maturing September 30, 2063, repayable in monthly instalments of $24 - $26 in the current year including principal and interest.	3,950	-
Motive lab:		
3.250% interest, maturing July 31, 2059, repayable in monthly instalments of $6.6 - $6.9 in the current year including principal and interest.	1,325	1,364
Nursing program expansion capital investment:		
4.525% interest, maturing October 31, 2032, repayable in monthly instalments of $3.2 - $3.4 in the current year including principal and interest.	244	272
Interdisciplinary Health & Community Services Simulation Centre:		
RBC Prime less 1.5% and terms of promissory note to be arranged, currently paying interest quarterly.	6,500	800
	$ 194,182	$ 190,527

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

15. Employee future benefits:

		2024		2023
Accrued retirement severance pay	$	20,058	$	18,536
Accumulated non-vested sick leave benefits		2,355		2,632
	$	22,413	$	21,168

The significant assumptions adopted in measuring the College's severance obligations as at March 31, 2024 include a discount rate of 4.80 percent (2023 - 4.80 percent) and a rate of salary increase of 3.50 percent (2023 - 3.50 percent). Actuarial gains and losses are amortized over the expected average remaining service life of the membership group (EARSL) which is estimated to be 9 years (2023 - 8 years).

The accrued retirement severance pay is actuarially determined on an annual basis. The most recent actuarial report was prepared on March 31, 2024. Information about the College's accrued retirement severance pay is as follows:

		2024		2023
Accrued retirement severance pay	$	20,479	$	19,393
Unamortized actuarial loss		(421)		(857)
Balance, end of year	$	20,058	$	18,536

		2024		2023
Balance, beginning of year	$	18,536	$	17,490
Current benefit cost		1,385		1,066
Interest		940		1,183
Amortization of actuarial loss		189		448
Benefits paid		(992)		(1,651)
Balance, end of year	$	20,058	$	18,536
Employer current service cost as a percentage of salary		1.06%		1.05%

The College provides accumulating sick leave benefits to certain employee groups. These benefits accumulate with employee service and benefit amounts and are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the College's accumulated non-vested sick leave benefits include a discount rate of 4.80 percent (2023 - 4.80 percent) and a rate of salary increase of 3.50 percent (2023 - 3.50 percent).

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

16. Classification of expenditures by object:

The statement of operations reports the expenditures by function; the following classifies those same expenditures by object:

	2024	2023
Salaries and employee benefits	$ 170,399	$ 163,338
Materials, supplies and services	35,788	28,191
Utilities	3,997	4,190
Maintenance and repairs	8,454	6,863
Costs of goods sold	2,372	1,892
Amortization of tangible capital assets	17,030	16,710
Accretion on asset retirement obligation	1,211	1,008
Interest expense	11,100	10,778
Scholarships and bursaries	2,603	2,852
Total expenditures by object	$ 252,954	$ 235,822

17. Unearned revenue:

Unearned revenue represents the unearned portion of grants received where external stipulations outlined by agreement have not been met and other unearned revenue from tuition, student residences charges and other amounts received relating to future fiscal periods.

	2024	2023
Tuition	$ 22,246	$ 24,739
Projects	11,837	8,643
Apprenticeship	1,346	1,281
Unrealized net gain attributable to portfolio investments related to endowments	12,440	8,586
Other	1,691	1,358
	$ 49,560	$ 44,607

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

18. Changes in non-cash working capital balances:

		2024		2023
Accounts receivable	$	1,292	$	2,119
Inventories		130		(185)
Prepaid expenses		(806)		128
Accounts payable and accrued liabilities		(2,406)		8,599
Unearned revenue		4,953		2,605
Future employee benefits		1,245		1,032
Changes in non-cash working capital	$	4,408	$	14,298

19. Pension costs and obligations:

The College, together with other related and unrelated parties, is part of a defined benefit pension plan (Civil Service Superannuation Plan) that satisfies the definition of a multi-employer plan. The costs of the benefit plan are not allocated to the individual entities within the group. As a result, individual entities within the group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada’s Handbook, Public Sector Accounting Standards, Section 3250, and Retirement Benefits.

The expense related to the pension plan was $9,855 (2023 - $8,709). These contributions represent the total pension obligations of the College. The College is not required under present legislation to make contributions with respect to any actuarial deficiencies of the plan.

20. Commitments and contingencies:

Commitments:

The College has remaining construction and related equipment costs as at March 31, 2024 relating to the following projects currently under construction:

- Interdisciplinary Health & Community Services Simulation Centre - approximately $7,362 remaining to be incurred before the expected completion date in fiscal year of 2025.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

20. Commitments and contingencies (continued):

The College leases classroom and office space in Winnipeg, Steinbach, Southport, and Winkler, as well as in the Interlake region of Manitoba. The College has also contracted for services, as well as leased certain computer and other equipment. Minimum annual operating lease and contractual commitment payments for accommodation and services, in aggregate, is included in the following table.

2025	$	1,221
2026		775
2027		520
2028		201
2029		26
	$	2,743

Contingencies:

The College is involved in various legal matters arising in the ordinary course of business. Management believes the resolution of these matters is not likely to have a material adverse effect on the College's financial position, results of operations or cash flows.

21. Contractual rights:

The College is involved in various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future. The contractual rights exclude Province of Manitoba funded promissory notes (note 14).

2025	$	236
2026		73
2027		73
2028		31
	$	413

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2024

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22. Financial risks:

(a) Credit risk:

Credit risk is the risk to the College's earnings arising from the risk that a counter party to a transaction is unable to satisfy its obligations to the College. Credit risk is mitigated by the fact that the College's accounts receivable are comprised of a large number of comparatively small individual balances. Reviews are made of the credit worthiness of accounts and allowances established as required.

There has been no significant change to the credit risk exposure from 2023.

(b) Interest rate and foreign exchange risk:

Interest rate risk is the risk that the fair value of future cash flows, or a financial instrument, will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the College to cash flow interest rate risk. The College is exposed to this risk through its loan payable.

The College is subject to foreign exchange risk because a portion of its financial instruments are denominated in foreign currencies.

The financial risk is the risk to the College's earnings that arises from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. The College does not use derivative instruments to reduce its exposure to interest rate and foreign exchange risk.

The College's investments, including fixed term investments and debentures, are disclosed in note 7.

There has been no significant change to the interest rate and foreign exchange risk exposure from 2023.

(c) Liquidity risk:

Liquidity risk is the risk that the College will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The College manages its liquidity risk by monitoring its operating requirements.

(In thousands of dollars)

RED RIVER COLLEGE POLYTECHNIC

22. Financial risks (continued):

The College prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2023.

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the College's revenue or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2023.

23. Economic dependence:

The College received approximately 48 percent (2023 - 51 percent) of its revenue from the Province of Manitoba as operating grants and is economically dependent on the Province of Manitoba for continued operations.

24. Accumulated surplus:

	2024	2023
Invested in tangible capital assets	$ 59,929	$ 69,185
Accumulated surplus restricted for endowments	33,451	30,641
Net surplus	29,999	13,807
	$ 123,379	$ 113,633

RED RIVER COLLEGE POLYTECHNIC

24. Accumulated surplus (continued):

Accumulated surplus restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income on these resources is externally restricted to fund various scholarships, bursaries, and other expenditures.

From time-to-time, the College may restrict non-endowed funds for strategic initiatives and other future purposes and may establish reserves for these purposes.

25. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.