

Consolidated Financial Statements 2025

Consolidated Financial Statements of

NOVA SCOTIA COMMUNITY COLLEGE

March 31, 2025

**KPMG LLP**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the Nova Scotia Community College

Opinion

We have audited the consolidated financial statements of Nova Scotia Community College (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2025
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial 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 and other explanatory information.

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

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

Basis for Opinion

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

We are independent of the 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 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 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.



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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Halifax, Canada
June 20, 2025

NOVA SCOTIA COMMUNITY COLLEGE

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NOVA SCOTIA COMMUNITY COLLEGE
Consolidated Statement of Financial Position
March 31

	2025	2024
Financial assets		
Cash	\$ 76,328,645	\$ 63,187,115
Investments (Note 13 (b))	52,051,705	36,212,105
Accounts receivable (Note 3)	22,850,399	53,285,147
Provincial receivable - future health benefits (Note 11)	90,052,100	87,138,191
Inventory for resale	1,058,162	1,458,510
	242,341,011	241,281,068
Liabilities		
Accounts payable and accrued liabilities	70,619,754	74,089,273
Deferred revenue - restricted funding (Note 5)	21,023,259	22,621,451
Deferred revenue - Foundation (Note 6)	40,347,707	33,497,935
Employee future benefit obligations (Note 11)	109,580,109	108,183,937
Accrued obligation for other compensated absences (Note 12)	2,744,088	2,531,368
	244,314,917	240,923,964
Net financial (liabilities) assets	(1,973,906)	357,104
Non-financial assets		
Tangible capital assets (Note 4)	30,932,848	30,492,994
Prepaid expenses	3,342,554	1,277,023
	34,275,402	31,770,017
Accumulated surplus (Note 8)	\$ 32,301,496	\$ 32,127,121

Commitments (Note 14)

See accompanying notes to the consolidated financial statements

On behalf of the Board:

Chair

President

NOVA SCOTIA COMMUNITY COLLEGE
Consolidated Statement of Operations and Accumulated Surplus
Year ended March 31

	Budget	2025	2024
Revenues			
Advanced Education - core grant	\$ 167,423,000	\$ 175,485,654	\$ 167,452,473
Advanced Education - retirement health benefits	-	4,077,700	3,900,757
Other Provincial government grants and contracts	27,354,037	32,921,479	31,232,751
Tuition and fees	43,440,305	42,992,995	43,018,456
Contract training and service contracts	2,350,703	2,859,747	2,135,170
Other (Note 7)	19,505,067	36,518,963	29,796,102
	260,073,112	294,856,538	277,535,709
Expenditures			
Salaries and benefits	205,500,028	221,611,379	204,770,532
Operating supplies and services	31,079,344	41,936,229	39,668,846
Equipment, rentals and other administration	8,787,695	13,101,182	16,233,768
Utilities and maintenance	10,651,612	12,676,111	12,317,643
Amortization of tangible capital assets	4,533,000	5,733,319	5,279,226
	260,551,679	295,058,220	278,270,015
Annual (deficit) before the undernoted	(478,567)	(201,682)	(734,306)
Net revenue from Foundation operations	390,000	376,057	316,443
Annual surplus (deficit)	(88,567)	174,375	(417,863)
Accumulated surplus, beginning of year	32,127,121	32,127,121	32,544,984
Accumulated surplus, end of year	\$ 32,038,554	\$ 32,301,496	\$ 32,127,121

See accompanying notes to the consolidated financial statements

NOVA SCOTIA COMMUNITY COLLEGE
Consolidated Statement of Change in Net Financial Assets
Year ended March 31

	Budget	2025	2024
Annual surplus (deficit)	\$ (88,567)	\$ 174,375	\$ (417,863)
Change in tangible capital assets			
Purchase of tangible capital assets	(3,000,000)	(6,173,173)	(5,845,027)
Amortization of tangible capital assets	4,533,000	5,733,319	5,279,226
	1,533,000	(439,854)	(565,801)
Net change in prepaid expenses	-	(2,065,531)	849,621
(Decrease) increase in net financial assets	1,444,433	(2,331,010)	(134,043)
Net financial assets, beginning of year	357,104	357,104	491,147
Net financial (liabilities) assets, end of year	\$ 1,801,537	\$ (1,973,906)	\$ 357,104

See accompanying notes to the consolidated financial statements

NOVA SCOTIA COMMUNITY COLLEGE
Consolidated Statement of Cash Flows
Year ended March 31

	2025	2024
Increase in cash		
Operating		
Annual surplus (deficit)	\$ 174,375	\$ (417,863)
Adjustments for:		
Amortization of tangible capital assets	5,733,319	5,279,226
Employee future benefit obligations	1,396,172	1,415,100
Provincial receivable - future health benefits	(2,913,909)	(2,840,891)
Accrued obligation for other compensated absences	212,720	172,880
Changes in non-cash working capital (Note 9)	28,422,155	(13,975,548)
	33,024,832	(10,367,096)
Capital		
Purchase of tangible capital assets	(7,219,625)	(4,336,807)
	(7,219,625)	(4,336,807)
Investing		
Proceeds on the sale of investments	6,537,389	6,241,793
Purchase of investments	(16,904,069)	(6,537,389)
Net purchase of investments - Foundation	(2,296,997)	(576,765)
	(12,663,677)	(872,361)
Net increase (decrease) in cash	13,141,530	(15,576,264)
Cash, beginning of year	63,187,115	78,763,379
Cash, end of year	\$ 76,328,645	\$ 63,187,115

See Note 9 for additional cash flow information

See accompanying notes to the consolidated financial statements

NOVA SCOTIA COMMUNITY COLLEGE

Notes to the Consolidated Financial Statements

March 31, 2025

1. OVERVIEW OF OPERATIONS

Nova Scotia Community College (the “College”) was established as a post-secondary public education corporation under the authority of the Community College Act of Nova Scotia effective April 1, 1996.

The College, with 14 campuses across the Province of Nova Scotia (the “Province”), is responsible for enhancing the economic and social well-being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

The College established a Foundation entitled “Nova Scotia Community College Foundation” (the “Foundation”) on May 15, 2001 in the Province of Nova Scotia under the Societies Act. The purpose of the Foundation is to support the Nova Scotia Community College and related activities.

The College and the Foundation are government not-for-profit organizations and, as such, are exempt from income taxes under the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (“PSAS”) of the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada (“CPA”).

Basis of preparation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenditures of the reporting entity, which are controlled by the College and include the Foundation. All inter-company accounts and transactions between these organizations are eliminated upon consolidation.

Cash

Cash consists of cash on hand and amounts held by financial institutions, upon which interest is paid at commercial rates.

Financial instruments

Financial assets and liabilities are measured at fair value on initial recognition. The carrying amounts subsequent to initial recognition of the financial assets and liabilities of the College by measurement basis are summarized as follows:

- Cash and investments-Foundation are measured at fair value
- Investments-College are measured at amortized cost
- Accounts receivable and Provincial receivable – future health benefits are measured at amortized cost
- Accounts payable and accrued liabilities are measured at amortized cost

Unrealized changes in fair value of restricted and endowment investments are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations and Accumulated Surplus.

NOVA SCOTIA COMMUNITY COLLEGE

Notes to the Consolidated Financial Statements

March 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 Accumulated Surplus, and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses.

The College does not have unrealized gains or losses related to unrestricted investments, nor unrealized foreign exchange gains or losses and therefore has not presented a Statement of Remeasurement Gains and Losses. Unrealized gains and losses related to restricted or endowed funds are deferred until such time that the funds are used for their intended purpose.

Tangible capital assets

Tangible capital assets are recorded at cost. Computer equipment, furniture and equipment and leasehold improvements are amortized on a straight-line basis over the following estimated useful lives as follows:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	2 to 20 years

Buildings are amortized on a declining balance basis at 4%.

Land and buildings used in the delivery of the College's services that are owned by the Province are not reflected in the assets of the College. Improvements made to these buildings are therefore expensed in the year incurred. Improvements made to buildings with leases in place are capitalized and amortized over their useful life or the term of the lease, whichever is less.

Write-down of tangible capital assets

When capital assets no longer contribute to the College's service potential or when the value of the future economic benefits associated with the capital assets are less than the net book value, the cost of the capital asset will be reduced to reflect the decline in the value of the capital asset. The excess of the net book value over the residual value will be recognized as an expense in the Consolidated Statement of Operations and Accumulated Surplus.

Inventory for resale

Inventory for resale consists of merchandise and supplies held for resale and is valued at the lower of weighted average cost and net realizable value. Administrative and program supplies and library periodicals are not inventoried.

Revenue recognition

Tuition and fees, contract training and service contracts and other revenue earned from the sale of goods and services is recognized when the associated performance obligations have been met and when collection is reasonably assured.

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
March 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Government funding and other contributions are recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when the transfer includes stipulations which have not yet been met. Government funding and other contributions with stipulations are initially deferred and recognized as revenue as the related stipulations are met.

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

Externally restricted contributions are recognized as revenue in the year the related expenses are recognized. Endowment contributions, by their nature, are not recognized as revenue but held as a deferred contribution indefinitely.

Investment income is recorded on an accrual basis. Restricted investment income, either as a result of external restrictions or the terms of endowment agreements, is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment revenue, including income related to internally restricted funds, is recognized when earned. Investments are recorded on a trade-date basis. All transaction costs associated with acquisition and disposition of investments are expensed to the Statement of Operations and Accumulated Surplus as incurred.

Pension Plans

The employees of the College belong to the Nova Scotia Public Service Superannuation Plan or the Nova Scotia Teachers' Union Pension Plan, which are multi-employer joint trustee plans. These plans are defined benefit plans, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. The College accounts for these plans as defined contribution plans. The contributions to the plans required during the year are recorded as an expense.

Employee future benefit obligations

The College pays the cost of life insurance and health care benefits for all retirees or surviving spouses of retirees. The program is funded each year by the payment of the required premiums.

The College accrues its benefit liabilities as the employees render the services necessary to earn the future benefits. The cost of post-retirement benefits earned by employees is actuarially determined using the projected unit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs (Note 11).

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
March 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued obligation for other compensated absences

Certain employees of the College are entitled to sick-pay benefits, which accumulate but do not vest. In accordance with Canadian Public Accounting Standards ("PSAS") for post-employment benefits and compensated absences, the College recognizes the liability for accumulative sick-pay benefits in the period in which the employee renders service (Note 12).

Statement of re-measurement gains and losses

The College has not presented a statement of re-measurement gains and losses as financial instruments measured at fair value relate to deferred revenue and unrealized gains and losses are deferred with the original contribution.

Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include the allowance for doubtful accounts, amortization periods for tangible capital assets and deferred revenue, employee future benefits, and certain accrued liabilities. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

	<u>2025</u>	<u>2024</u>
Government funding	\$ 12,066,250	\$ 42,634,199
Organizations	7,398,008	7,016,649
Student tuition and fees	2,370,490	2,072,253
Harmonized sales tax	1,468,231	1,952,909
Allowance for doubtful accounts	(452,580)	(390,863)
	<u>\$ 22,850,399</u>	<u>\$ 53,285,147</u>

4. TANGIBLE CAPITAL ASSETS

	<u>2025</u>			<u>2024</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1,378,787	\$ -	\$ 1,378,787	\$ 1,378,787
Buildings	309,079	110,878	198,201	206,459
Computer equipment	11,045,940	10,582,744	463,196	976,797
Furniture and equipment	66,318,589	57,020,379	9,298,210	7,070,425
Leasehold improvements	34,389,074	14,794,620	19,594,454	20,860,526
	<u>\$ 113,441,469</u>	<u>\$ 82,508,621</u>	<u>\$ 30,932,848</u>	<u>\$ 30,492,994</u>

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
March 31, 2025

5. DEFERRED REVENUE – RESTRICTED FUNDING

Deferred revenue represents the unearned portion of amounts received for specific purposes and is summarized as follows:

	2025	2024
Early Childhood Education Initiatives	\$ 4,827,531	\$ 5,733,584
Trades and Apprenticeship	4,140,995	316,978
Applied research	2,972,997	3,631,145
Other	2,284,223	3,896,888
Healthcare initiatives	1,898,320	2,202,552
Adult learning program	1,341,415	1,127,568
Technology program initiatives	937,199	973,538
Continuing education	654,443	1,008,999
Achieve	637,501	1,189,115
Application and other fees	428,340	877,820
Differential programs	387,865	307,268
Accessibility resources	292,430	390,887
Forestry initiatives	220,000	965,109
	\$ 21,023,259	\$ 22,621,451

6. DEFERRED REVENUE – FOUNDATION

The Foundation's deferred contributions include amounts received from donors and funders that have been restricted or endowed for scholarships, bursaries, projects and other program expenditures that will occur in the future. The terms of these external restrictions and endowments also restrict the use of net investment income earned on these funds.

	Restricted Fund	Endowment Fund	Total
Balance, March 31, 2023	\$ 6,926,345	\$ 22,567,848	\$ 29,494,193
Contributions	6,287,069	1,011,785	7,298,854
Investment income	118,783	761,795	880,578
Unrealized gain on investments	266,933	856,344	1,123,277
Gain on sale of investments	172,917	907,840	1,080,757
Revenue recognized	(5,164,514)	(1,215,210)	(6,379,724)
Balance, March 31, 2024	\$ 8,607,533	\$ 24,890,402	\$ 33,497,935
Contributions	10,244,464	2,475,254	12,719,718
Investment income	125,179	738,509	863,688
Unrealized gain on investments	441,530	2,152,446	2,593,976
Gain on sale of investments	42,983	197,747	240,730
Revenue recognized	(8,277,609)	(1,290,731)	(9,568,340)
Balance, March 31, 2025	\$ 11,184,080	\$ 29,163,627	\$ 40,347,707

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
March 31, 2025

6. DEFERRED REVENUE – FOUNDATION (continued)

The Foundation has restricted investments of \$35,147,636 (2024 - \$29,674,716) related to externally restricted and endowment funds. Endowed funds include \$20,341,765 (2024 - \$17,530,838) relating to the original endowed contribution. The balance is in cash and operating funds.

7. OTHER REVENUE

	<u>2025</u>	<u>2024</u>
Miscellaneous revenue	\$ 13,524,623	\$ 9,475,404
Applied research	5,546,263	4,291,732
Bookstore revenue	4,110,694	3,968,499
Interest	3,506,869	3,966,584
Campus housing	2,522,721	1,688,461
Federal funding	2,370,403	2,813,164
Food sales	1,518,670	1,371,796
Non-capital recoveries	1,472,065	1,244,745
Capital recoveries	947,477	-
Printing revenue	562,917	620,935
Rental revenue	436,261	354,782
	<u>\$ 36,518,963</u>	<u>\$ 29,796,102</u>

8. ACCUMULATED SURPLUS

Specific funds have been internally restricted by the Board of the College to ensure that the funds are used solely for College development projects. The Board of the College has restricted \$4,722,923 (2024 - \$4,722,923) for this purpose. Internally restricted funds are subject to internally imposed stipulations specifying the purpose for which they must be used. The College is in compliance with all restrictions applicable to these funds.

	<u>2025</u>	<u>2024</u>
Accumulated surplus - College operating	\$ 26,185,898	\$ 26,387,580
Accumulated surplus - internally restricted for College development	4,722,923	4,722,923
Accumulated surplus - Foundation	1,392,675	1,016,618
	<u>\$ 32,301,496</u>	<u>\$ 32,127,121</u>

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
March 31, 2025

9. CHANGES IN NON-CASH WORKING CAPITAL

	<u>2025</u>	<u>2024</u>
Accounts receivable	\$ 30,434,748	\$ (21,691,507)
Inventory for resale	400,348	16,008
Prepaid expenses	(2,065,531)	849,621
Accounts payable and accrued liabilities - operating	(2,423,067)	5,718,157
Deferred revenue - restricted funding	(1,598,192)	(681,648)
Deferred revenue - Foundation	3,673,849	1,813,821
Changes in non-cash working capital from operations	<u>\$ 28,422,155</u>	<u>\$ (13,975,548)</u>

The change in accounts payable and accrued liabilities, related to the purchase of tangible capital assets, is \$(1,046,452) (2024 - \$1,508,220).

The change in deferred revenue-Foundation includes \$2,593,977 of unrealized gains (2024 - \$1,123,277 of unrealized gains), \$341,216 of reinvested fund distributions (2024 - \$349,890), and a \$240,730 gain from sale of investments (2024 - \$716,754 gain from sale of investments).

10. PENSION PLANS

The College contributes to two defined benefit pension plans separately administered by the Public Service Superannuation Plan Trustee Inc. and the Teachers' Pension Plan Trustee Inc. The College accounts for these pensions as defined contribution plans.

Nova Scotia Public Superannuation Plan

In the first plan, the Nova Scotia Public Service Superannuation Plan, the Public Service Superannuation Plan Trustee Inc. assumes the actuarial and investment risk. The College matches employees' contributions calculated as follows: 8.4% (2024 - 8.4%) on the part of their salary that is equal to or less than the "Year's Maximum Pensionable Earnings" ("YMPE") under the Canada Pension Plan ("CPP") and 10.9% (2024 - 10.9%) on the part of their salary that is in excess of YMPE. Under this plan, the College has recognized contributions of \$12,376,625 (2024 - \$11,743,411) for the year.

Actuarial valuations of the plan are conducted annually and provide an estimate of the accrued pension obligation (plan liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date.

The plan's consulting actuaries, Mercer, performed a valuation as at December 31, 2023, and issued their report in June 2024. The report indicated that the plan had a funding excess of \$111,394,000 (December 31, 2022 - \$75,847,000 funding excess). The College is not responsible for, and cannot benefit from, deficits or surpluses of the plan other than changes to employer contribution rates.

NOVA SCOTIA COMMUNITY COLLEGE

Notes to the Consolidated Financial Statements

March 31, 2025

10. PENSION PLANS (continued)

Nova Scotia Teachers' Union Pension Plan

In the second plan, the Nova Scotia Teachers' Union Pension Plan, the Province of Nova Scotia along with the Nova Scotia Teachers' Union ("NSTU") assumes the actuarial and investment risk. The College matches employees' contributions calculated as follows: 11.3% (2024 - 11.3%) on the part of their salary that is equal to or less than the YMPE under the CPP and 12.9% (2024 - 12.9%) on the part of their salary that is in excess of YMPE. Under this plan, the College has recognized contributions of \$23,279,484 (2024 - \$20,738,390) for the year.

Actuarial valuations of the plan are required every year by the Teachers' Pension Act (the "Act") provide an estimate of the accrued pension obligation (Plan liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date.

The plan's consulting actuaries, Eckler Limited, performed a valuation as at December 31, 2024, and issued their report in April 2025. The report indicated that the plan had an unfunded liability of \$1,441,690,000 (2024 - \$1,617,042,000). The College is not responsible for and cannot benefit from deficits or surpluses of the plan other than changes to employer contribution rates.

11. EMPLOYEE FUTURE BENEFIT OBLIGATIONS

College employees are entitled to several benefits as follows:

	2025	2024
College service award	\$ 337,219	\$ 371,095
Non-pension retirement benefits - NSGEU and non-union employees	19,190,790	20,674,651
Non-pension retirement benefits - NSTU	31,159,900	31,067,156
Non-pension retirement benefits - AAU	58,892,200	56,071,035
Employee future benefit obligations	<u>\$ 109,580,109</u>	<u>\$ 108,183,937</u>

Employee future benefit obligations are funded as follows:

Receivable from the Province of NS	\$ 90,052,100	\$ 87,138,191
Funded from future operations	19,528,009	21,045,746
	<u>\$ 109,580,109</u>	<u>\$ 108,183,937</u>

College Service Award

An employee hired on or after August 1, 1998, who retires because of age or mental or physical incapacity, will be granted a College service award ("CSA") equal to 1% of the employee's annual salary for each year of continuous service to a maximum of 25 years. Effective April 1, 2015, the CSA was frozen with no further years of service permitted. Adjustments to the benefit related to salary increases remained consistent with the existing agreement. There are no employee contributions in respect of the CSA. There is no distinct fund held in respect of the CSA benefits, but sufficient cash is maintained to cover the obligation, with benefits paid from unrestricted cash. The benefits paid during the year were \$39,731 (2024 - \$5,830).

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
March 31, 2025

11. EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)

College Service Award (continued)

An actuarial valuation was completed as of October 31, 2024, and extrapolated to March 31, 2025, and the College's obligation relating to these benefits includes:

	2025	2024
College service award accrued benefit obligation	\$ 310,000	\$ 351,000
Unamortized actuarial gain	27,219	20,095
Benefit obligation - College service award	\$ 337,219	\$ 371,095

The total expense related to the College service award benefit includes the following components:

	2025	2024
Interest expense	\$ 10,530	\$ 10,481
Amortization of actuarial gains	(4,675)	(3,343)
Total expense related to the obligation	\$ 5,855	\$ 7,138

The significant actuarial assumptions adopted in estimating the College's obligation are as follows:

Future salary increase	3% per annum (2024 - 3% per annum)
Discount rate	3.67% per annum (2024 - 3.18% per annum)
Retirement age	10% at age 59; 20% at age 60; 10% each year from ages 61-64; 50% each year from ages 65-69; 100% at age 70; 20% each year on or after 80 points (age + service) is reached for employees hired before April 6, 2010 (85 points for employees hired on or after April 6, 2010), if greater than age based rate; 40% when 35 years of service is reached if greater than previously described rates.

Expected Average Remaining Service Life (EARSL) 7 years (2024 - 8 years)

Non-pension retirement benefits – NSGEU and non-union employees

In fiscal 2008, the Province required the College to assume the future liability for non-pension retirement benefits for the College's non-teaching staff and non-union employees.

The College maintains sufficient cash and investments to cover the obligations associated with this liability. The amount of cash and investments in this account offsets the liability as noted below and is grouped with cash on the Consolidated Statement of Financial Position. The benefits paid during the year were \$361,802 (2024 - \$328,542).

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
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11. EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)

Non-pension retirement benefits – NSGEU and non-union employees (continued)

An actuarial valuation was completed as of October 31, 2024, and extrapolated to March 31, 2025, and the College's obligation relating to these benefits includes:

	<u>2025</u>	<u>2024</u>
NSGEU and non-union employees accrued benefit obligation	\$ 9,055,875	\$ 8,755,574
Unamortized actuarial gain	10,134,915	11,919,077
Benefit obligation - NSGEU and non-union employees	\$ 19,190,790	\$ 20,674,651

The total expense related to the NSGEU benefit include the following components:

	<u>2025</u>	<u>2024</u>
Current period benefit costs	\$ 368,518	\$ 449,502
Interest expense	278,534	265,050
Amortization of actuarial gain	(1,769,111)	(1,813,109)
Total surplus related to the obligation	\$ (1,122,059)	\$ (1,098,557)

The significant actuarial assumptions adopted in estimating the College's obligation are as follows:

Discount rate	3.67% per annum (2024 – 3.18% per annum)
Retirement age	10% at age 59; 20% at age 60; 10% each year from ages 61-64; 50% each year from ages 65-69; 100% at age 70; 20% at each year on or after 80 points (age + service) is reached for employees hired before April 6, 2010 (85 points for employees hired on or after April 6, 2010), if greater than age based rate; 40% when 35 years of service is reached if greater than previously described rates. Disabled employees are assumed to retire at age 65.
EARSL	12 years (2024 – 12 years)

Non-pension retirement benefits - NSTU

In fiscal 2008, the Province transferred the future liability for the non-pension retirement benefits for the College's teaching and professional support staff to the College. The Province also transferred a corresponding receivable that directly offsets the liability. There is no impact on the annual surplus or net financial position of the College as a result of the transfers. The benefits paid during the year were \$680,956 (2024 - \$563,088).

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
March 31, 2025

11. EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)

Non-pension retirement benefits – NSTU (continued)

An actuarial valuation was completed as of December 31, 2023, and extrapolated to March 31, 2025. The College's obligation relating to these benefits includes:

	<u>2025</u>	<u>2024</u>
NSTU accrued benefit obligation	\$ 23,201,300	\$ 27,512,500
Unamortized actuarial gain	7,958,600	3,554,656
Benefit obligation - NSTU	<u>\$ 31,159,900</u>	<u>\$ 31,067,156</u>

The total expense related to the NSTU benefit include the following components:

	<u>2025</u>	<u>2024</u>
Current period benefit costs	\$ 55,400	\$ 60,700
Interest expense	915,400	855,700
Amortization of actuarial gain	(197,100)	(571,856)
Total expense related to the NSTU obligation	<u>\$ 773,700</u>	<u>\$ 344,544</u>

The significant actuarial assumptions provided by the Province are as follows:

Discount rate	3.67% per annum (2024 - 3.18% per annum)
Retirement age	50% at rule of 85, remainder at earlier of 35 years of credited service, age 62 with 10 years of credited service, and age 65 with 2 years of credited service.
EARS�	6 years (2024 - 7 years)

Non-pension retirement benefits – Atlantic Academic Union (AAU)

Effective July 1, 2018, AAU employees were transferred to the NSCC Group Insurance and Benefits Plan from the Teachers' Retirement Health Benefits Plan (the Teacher's Plan). The plan provides the same post-retirement benefits as the Teachers' Plan. Current retirees and former NSTU staff that moved to management remain in the original post-retirement health benefits plan

The Province continues to assume responsibility for non-pension benefits of these employees for past and future service. As a result, a corresponding receivable that directly offsets the liability is recognized.

There is no impact on the annual surplus or net financial position of the College as a result of the transfers. The benefits paid during the year were \$482,835 (2024 - \$496,778).

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
March 31, 2025

11. EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)

Non-pension retirement benefits – AAU (continued)

An actuarial valuation was completed as of December 31, 2023 and extrapolated to March 31, 2025. The College's obligation relating to these benefits includes:

	<u>2025</u>	<u>2024</u>
AAU accrued benefit obligation	\$ 46,767,200	\$ 49,070,667
Unamortized actuarial gain	12,125,000	7,000,368
Benefit obligation - AAU	\$ 58,892,200	\$ 56,071,035

The total expense related to the AAU benefit includes the following components:

	<u>2025</u>	<u>2024</u>
Current period benefit costs	\$ 2,371,300	\$ 2,611,600
Interest expense	1,665,500	1,479,800
Amortization of actuarial gain	(732,800)	(535,187)
Total expense related to the AAU obligation	\$ 3,304,000	\$ 3,556,213

The significant actuarial assumptions provided by the Province are as follows:

Discount rate	3.67% per annum (2024 – 3.18%)
Retirement age	50% at rule of 85, remainder at earlier of 35 years of credited service, age 62 with 10 years of credited service, and age 65 with 2 years of credited service.
EARSLS	11 years (2024 – 11 years)

12. ACCRUED OBLIGATION FOR OTHER COMPENSATED ABSENCES

AAU College employees receive sick leave that accumulates at varying amounts per month based on services rendered by employees. Unused hours can be carried forward for future paid leave. Employees can accumulate up to a maximum number of hours. An actuarial estimate for this future liability has been completed as at August 15, 2024, and forms the basis for the estimated liability reported in these financial statements. The benefits paid during the year were \$664,445 (2024 - \$600,214).

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
March 31, 2025

12. ACCRUED OBLIGATION FOR OTHER COMPENSATED ABSENCES (continued)

At March 31, 2025, the College's accrued obligation for other compensated absences costs and obligations consists of:

	2025	2024
Accrued obligation for compensated absences	\$ 4,259,547	\$ 4,062,214
Unamortized actuarial loss	(1,515,459)	(1,530,846)
Accrued benefit obligation for other compensated absences	\$ 2,744,088	\$ 2,531,368

The total expense related to the accrued obligation for compensated absences includes the following components:

	2025	2024
Current period benefit costs	\$ 481,667	\$ 419,565
Interest expense	126,272	106,542
Amortization of actuarial loss	269,226	246,987
Total expense related to the obligation	\$ 877,165	\$ 773,094

The significant actuarial assumptions adopted in estimating the College's obligation are as follows:

Future salary increases	3% per annum (2024 - 3% per annum)
Discount rate	3.67% per annum (2024 – 3.18% per annum)
Retirement age	50% of members who achieve eligibility for unreduced retirement under the rule of 85 prior to age 62 will retire when first eligible; remaining members retire as the earliest of age 65 with at least 2 years of service, 35 years of service or age 62 with at least 10 years of service.
EARSL	12 years (2024 – 11 years)

13. FINANCIAL INSTRUMENTS

a) Financial risk factors

The College has exposure to credit risk, liquidity risk, and market risk. The College's Board of Governors has overall responsibility for the oversight of these risks and reviews the College's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

NOVA SCOTIA COMMUNITY COLLEGE
Notes to the Consolidated Financial Statements
March 31, 2025

13. FINANCIAL INSTRUMENTS (continued)

a) Financial risk factors (continued)

(i) Credit risk

Credit risk arises with the uncertainties of predicting the financial difficulties students and corporations may experience that could cause them to be unable to fulfill their commitments to the College. The College mitigates this risk by having a diversified mix of students and corporations, thereby limiting the exposure to a single individual or corporation. The College's credit risk is limited to the recorded amount of accounts receivable, investment and cash. The College performs a continuous evaluation of its accounts receivable balance and records an allowance for doubtful accounts as required. The amount of accounts receivable disclosed on the Consolidated Statement of Financial Position is net of allowances for bad debts, estimated by management based on prior experience and their assessment of the current economic environment. The College also manages credit risk by holding its cash and investments with high quality financial institutions in Canada. Management considers there to be no significant credit risk as at March 31, 2025.

(ii) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they become due. As at March 31, 2025, the College had cash of \$76,328,645 (2024 - \$63,187,115), and investments of \$16,904,069 (2024 - \$6,537,389) before considering Foundation investments. Management considers there to be no significant liquidity risk as at March 31, 2025.

(iii) Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market interest rates, market prices and changes in foreign exchange rates.

The College, through the Foundation invests in funds managed by a third party financial institution in accordance with the Foundation's Investment Policy. The value of the third party managed funds are sensitive to market fluctuations including interest rates, market prices and foreign currency impacting the underlying investments of the fund. An immediate hypothetical decline of 10% in the unit value of funds will impact the Foundation's investments by an approximate loss of \$3,500,000 (2024 - \$3,000,000). A hypothetical increase of 10% in unit values would have an equal increase. Gains or losses from the Foundation's investment would result in an increase or decrease in deferred revenue as these funds have donor restrictions as to their use and therefore would increase or decrease funds available for the specified use in future periods.

NOVA SCOTIA COMMUNITY COLLEGE

Notes to the Consolidated Financial Statements

March 31, 2025

13. FINANCIAL INSTRUMENTS (continued)

b) Fair value

The College evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying values of cash, accounts receivable, investments - College and accounts payable and accrued liabilities are considered to approximate fair values due to their short-term maturity. The carrying value of the Provincial receivable – NSTU/AAU Future Health Benefits approximates fair value based on the actuarial valuation performed on non-pension retirement (Note 11). Investments – Restricted Fund and Endowment Fund are investments in pooled funds. Their fair value is approximated by their respective fund's net asset value, which is determined based on the fair value of the assets held by the fund less any liabilities.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The following table presents the financial instruments recorded at fair value in the Consolidated Statement of Financial Position, classified using the fair value hierarchy described above:

	March 31, 2025	March 31, 2024
	Fair Value	Fair Value
Level 1		
Investments - stock - Foundation	\$ 3,276,740	\$ 3,106,500
Level 2		
Cash	\$ 76,328,645	\$ 63,187,115
Investments - College	16,904,069	6,537,389
Investments - Foundation	31,870,896	26,568,216
	\$ 128,380,350	\$ 99,399,220

There has been no significant transfer of financial instruments between levels, during the year. There were no fair value measurements classified as level 3.

c) Gain from fund distribution

During the year, the College received non-cash distributions on investments totaling \$341,216 (2024 - \$349,890). These distributions represent a distribution of units by the respective investments in lieu of cash.

NOVA SCOTIA COMMUNITY COLLEGE
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14. COMMITMENTS

The College is committed to the following lease and maintenance agreement payments over the next five years:

2026	\$ 2,291,969
2027	1,648,929
2028	907,039
2029	588,543
2030	627,814
	<u>\$ 6,064,294</u>

15. RELATED PARTY TRANSACTIONS

The College is related to the Province of Nova Scotia as it was created in 1996 through the Community College Act of Nova Scotia. The College receives funding from the Nova Scotia Department of Advanced Education. The majority of land and buildings the College uses to fulfill its mandate are owned by the Province of Nova Scotia. No compensation is paid for the use of the assets.

16. COMPARATIVE INFORMATION

The financial statements have been reclassified, where applicable, to conform to the presentation in the current year.

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