

Financial Statements of

**RED RIVER COLLEGE  
POLYTECHNIC**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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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, 2023, 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, 2023 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.

### **Emphasis of Matter – Comparative Information**

We draw attention to note 3 in the financial statements which explains that certain comparative information presented for the year ended March 31, 2022 has been restated.

Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

### **Other Matter – Comparative Information**

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion such adjustments are appropriate and have been properly applied.



## ***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*

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Chartered Professional Accountants

Winnipeg, Canada

June 19, 2023

# RED RIVER COLLEGE POLYTECHNIC

Statement of Financial Position  
(In thousands of dollars)

March 31, 2023, with comparative information for 2022

|                                                            | 2023       | 2022<br>(Restated<br>– note 3) |
|------------------------------------------------------------|------------|--------------------------------|
| Financial assets:                                          |            |                                |
| Cash and cash equivalents                                  | \$ 88,757  | \$ 74,553                      |
| Short-term investments (note 4)                            | 1,009      | –                              |
| Accounts receivable (note 5)                               | 7,851      | 9,970                          |
| Due from Province of Manitoba (note 8)                     | 9,636      | 9,636                          |
| Portfolio investments - restricted for endowments (note 7) | 39,949     | 40,937                         |
|                                                            | 147,202    | 135,096                        |
| Financial liabilities:                                     |            |                                |
| Accounts payable and accrued liabilities (note 11)         | 38,984     | 30,385                         |
| Unearned revenue (note 17)                                 | 44,607     | 42,002                         |
| Unspent capital funding                                    | 1,542      | 2,180                          |
| Asset retirement obligations (note 10)                     | 28,844     | 31,845                         |
| Long term loan - Province of Manitoba (note 12)            | 46,700     | 47,900                         |
| Loan payable (note 13)                                     | 6,097      | 6,407                          |
| Province of Manitoba funded promissory notes (note 14)     | 190,527    | 191,337                        |
| Employee future benefits (note 15)                         | 21,168     | 20,136                         |
|                                                            | 378,469    | 372,192                        |
| Net debt                                                   | (231,267)  | (237,096)                      |
| Non-financial assets:                                      |            |                                |
| Tangible capital assets (note 9)                           | 341,353    | 354,491                        |
| Inventories                                                | 1,846      | 1,661                          |
| Prepaid expenses                                           | 1,701      | 1,829                          |
|                                                            | 344,900    | 357,981                        |
| Accumulated surplus (note 24)                              | \$ 113,633 | \$ 120,885                     |

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, 2023, with comparative information for 2022

|                                         | 2023<br>Budget<br>(Note 6) | 2023              | 2022<br>(Restated<br>– note 3) |
|-----------------------------------------|----------------------------|-------------------|--------------------------------|
| <b>Revenue:</b>                         |                            |                   |                                |
| Student tuition and academic fees       | \$ 63,492                  | \$ 60,870         | \$ 56,013                      |
| <b>Grants:</b>                          |                            |                   |                                |
| Government of Manitoba grants           | 132,486                    | 133,863           | 134,596                        |
| Federal and other government grants     | 10,522                     | 13,321            | 23,033                         |
| Ancillary revenue                       | 6,190                      | 5,200             | 3,853                          |
| Contributions and other revenue         | 10,629                     | 12,534            | 15,115                         |
| Interest income                         | 375                        | 2,782             | 411                            |
|                                         | <u>223,694</u>             | <u>228,570</u>    | <u>233,021</u>                 |
| <b>Expenses (note 16):</b>              |                            |                   |                                |
| Academic instruction                    | 120,262                    | 122,119           | 114,012                        |
| Student support and general operations  | 55,544                     | 58,472            | 53,956                         |
| Facility operations and maintenance     | 23,536                     | 23,952            | 21,095                         |
| Amortization of tangible capital assets | 17,453                     | 16,710            | 14,885                         |
| Ancillary services                      | 4,886                      | 3,877             | 3,748                          |
| Interest expense                        | 10,532                     | 10,692            | 9,018                          |
|                                         | <u>232,213</u>             | <u>235,822</u>    | <u>216,714</u>                 |
| Annual surplus (deficit)                | (8,519)                    | (7,252)           | 16,307                         |
| Accumulated surplus, beginning of year  |                            | 120,885           | 104,578                        |
| Accumulated surplus, end of year        |                            | <u>\$ 113,633</u> | <u>\$ 120,885</u>              |

See accompanying notes to financial statements.

# RED RIVER COLLEGE POLYTECHNIC

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

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

|                                                       | 2023<br>Budget<br>(Note 6) | 2023         | 2022<br>(Restated<br>– note 3) |
|-------------------------------------------------------|----------------------------|--------------|--------------------------------|
| Annual surplus (deficit)                              | \$ (8,519)                 | \$ (7,252)   | \$ 16,307                      |
| Acquisition of tangible capital assets                | (6,864)                    | (7,581)      | (26,995)                       |
| Remeasurement of asset retirement obligation          | –                          | 4,009        | –                              |
| Amortization and disposals of tangible capital assets | 17,453                     | 16,710       | 14,885                         |
| Change in inventories                                 | –                          | (185)        | 216                            |
| Change in prepaid expenses                            | –                          | 128          | 368                            |
| Change in net debt                                    | 2,070                      | 5,829        | 4,781                          |
| Net debt, beginning of year                           |                            | (237,096)    | (241,877)                      |
| Net debt, end of year                                 |                            | \$ (231,267) | \$ (237,096)                   |

See accompanying notes to financial statements.

# RED RIVER COLLEGE POLYTECHNIC

Statement of Cash Flows  
(In thousands of dollars)

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

|                                                                     | 2023             | 2022                   |
|---------------------------------------------------------------------|------------------|------------------------|
|                                                                     |                  | (Restated<br>– note 3) |
| Cash provided by (used in):                                         |                  |                        |
| Operating activities:                                               |                  |                        |
| Annual surplus (deficit)                                            | \$ (7,252)       | \$ 16,307              |
| Items not involving cash:                                           |                  |                        |
| Amortization and disposals of tangible capital assets               | 16,710           | 14,885                 |
| Changes in non-cash operating working capital balances<br>(note 18) | 14,298           | 3,661                  |
| Accretion expense (note 10)                                         | 1,008            | 977                    |
|                                                                     | <u>24,764</u>    | <u>35,830</u>          |
| Investing activities:                                               |                  |                        |
| Purchase of capital assets                                          | (7,581)          | (26,995)               |
| Change in portfolio investments                                     | 988              | (5,479)                |
| Change in short-term investments                                    | (1,009)          | –                      |
| Decrease in unspent capital funding                                 | (638)            | (2,950)                |
|                                                                     | <u>(8,240)</u>   | <u>(35,424)</u>        |
| Financing activities:                                               |                  |                        |
| Long term loan – Province of Manitoba received                      | –                | 15,200                 |
| Principal repayments on demand term loan                            | –                | (4,400)                |
| Principal repayments on loan payable                                | (310)            | (310)                  |
| Principal repayments on loan – Province of Manitoba                 | (1,200)          | –                      |
| Proceeds on Province of Manitoba funded promissory notes            | 5,083            | 4,000                  |
| Repayment on Province of Manitoba funded promissory notes           | (5,893)          | (5,763)                |
|                                                                     | <u>(2,320)</u>   | <u>8,727</u>           |
| Increase in cash and cash equivalents                               | 14,204           | 9,133                  |
| Cash and cash equivalents, beginning of year                        | 74,553           | 65,420                 |
| Cash and cash equivalents, end of year                              | <u>\$ 88,757</u> | <u>\$ 74,553</u>       |

See accompanying notes to financial statements.



# RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements  
(In thousands of dollars)

Year ended March 31, 2023

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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*.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian and Manitoba governments, enacting emergency measures to combat the spread of the virus.

These measures caused material disruption to businesses and supply chains globally and in Manitoba. Government and central banks reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The impacts of COVID-19 and the above-noted measures continued to be experienced worldwide and in Manitoba during fiscal 2023, affecting businesses as well as current and potential students of the College.

During fiscal 2023, the College re-opened all campuses and educational facilities, offering in-person, virtual and blended instruction courses. An interim Remote Work Policy enabled and supported remote work arrangements, where appropriate, considering the nature of the work performed, operational requirements, and the College's commitment to delivering high-quality education experience and services. At the time of approval of these financial statements, the College's operational plans for fall 2023 are consistent with 2022.

Also during fiscal 2023, inflation and continued supply chain challenges increased costs and caused delays in acquiring certain goods, impacting operations and projects throughout the College.

## 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.

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

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## 2. Significant accounting policies (continued):

### (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.

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, 2023 and March 31, 2022 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.

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

## 2. Significant accounting policies (continued):

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:

| 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.

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

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## 2. Significant accounting policies (continued):

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

A liability for the removal of asbestos in several of the buildings owned by the College has been recognized based on estimated future expenses on closure of the site and post-closure care, as outlined in note 10(b). Under the modified retroactive method the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard PS 3280. Assumptions used in the subsequent calculations are revised yearly. The liability is discounted using a present value calculation and adjusted annually for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The tangible capital assets affected by the asbestos liability are being amortized with the buildings, following the amortization accounting policies outlined in note 2(c).

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.

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

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## 2. Significant accounting policies (continued):

### (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.

### (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.

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

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## 2. Significant accounting policies (continued):

### (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.

## 3. Change in accounting policy:

On April 1, 2022, the College adopted Canadian public sector 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 retired buildings by public sector entities. Retirement of a property is the permanent removal of the asset from service. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method, assumptions used on initial recognition are those as of the adoption of the standard.

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

- An increase of \$19,373 to cost of buildings within tangible capital assets, representing the original estimate of the obligation as of 2006, the effective date of the provincial regulation governing the remediation of asbestos, and an accompanying increase of \$10,150 to accumulated amortization, representing 15 years of increased amortization had the liability originally been recognized.
- An asset retirement obligation in the amount of \$31,845, representing the future value of \$49,305 that has been discounted to the present value amount using a rate of 3.2%; along with a corresponding increase in net debt of \$31,845.

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

### 3. Change in accounting policy (continued):

- A decrease to opening accumulated surplus of \$22,622, as a result of the recognition of the liability and accompanying increase in amortization expense and accretion expense for the 15 years since the asbestos regulation has been in effect in 2006.

The impact of the modified retroactive adjustment on the year ended March 31, 2022 statement of operations was an increase to amortization of \$634 and accretion expense of \$977 included in student support and general operations.

### 4. Short-term investments:

Short-term investments amounting to \$1,009 as at March 31, 2023 (2022 - nil) represent short-term investments held with the Department of Finance of the Province of Manitoba (the "Province") incurring interest at 4.24 percent and maturing on October 3, 2023. As at March 31, 2022, an amount of \$1,001 representing short-term investments held with the Province was recorded in cash and cash equivalents due to the short length of time to maturity and incurred interest at a range of 0.13 to 0.25 percent.

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:

|                                 | 2023            | 2022            |
|---------------------------------|-----------------|-----------------|
| Trust and endowment receivables | \$ 72           | \$ 84           |
| Tuition and fees receivable     | 1,566           | 2,916           |
| Trades receivable               | 3,064           | 3,262           |
| Capital funding receivable      | 20              | 3,265           |
| Other accounts receivable       | 3,129           | 443             |
|                                 | <b>\$ 7,851</b> | <b>\$ 9,970</b> |

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

## 6. Budget:

On February 10, 2022, the Board of Governors approved the budget for the College for the year ended March 31, 2023.

## 7. Portfolio investments - restricted for endowments:

|                                 | 2023             |                  | 2022             |                  |
|---------------------------------|------------------|------------------|------------------|------------------|
|                                 | Fair value       | Cost             | Fair value       | Cost             |
| Cash and fixed term instruments | \$ 10,256        | \$ 9,761         | \$ 10,294        | \$ 9,489         |
| Equity investments              | 26,796           | 18,695           | 27,700           | 17,616           |
| Debentures                      | 2,897            | 2,897            | 2,943            | 2,943            |
|                                 | <u>\$ 39,949</u> | <u>\$ 31,353</u> | <u>\$ 40,937</u> | <u>\$ 30,048</u> |

The fixed term investments and debentures mature between fiscal 2024 and 2037 and bear interest at rates between 2.00 percent and 6.125 percent (2022 - 0.66 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, 2023

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

|                                   | Level 1   | Level 2   | Level 3  | 2023<br>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     |

|                                   | Level 1   | Level 2   | Level 3  | 2022<br>Total |
|-----------------------------------|-----------|-----------|----------|---------------|
| Cash held for investment purposes | \$ 155    | \$ –      | \$ –     | \$ 155        |
| Canadian equity investments       | 21,929    | –         | –        | 21,929        |
| US equity investments             | 3,358     | –         | –        | 3,358         |
| Fixed income securities           | –         | 13,082    | –        | 13,082        |
| Real estate                       | –         | –         | 2,413    | 2,413         |
|                                   | \$ 25,442 | \$ 13,082 | \$ 2,413 | \$ 40,937     |

The change in fair value in the level 3 classifications from March 31, 2022 to March 31, 2023 is due to purchases of real estate investments of \$500 (2022 - \$500) and unrealized gains of \$46 (2022 - gains of \$356).

## 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, 2023 of \$9,636 (2022 - \$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, 2023

## 9. Tangible capital assets:

| Cost                               | Balance at<br>March 31,<br>2022<br>(Restated<br>– note 3) | Additions | Disposals<br>/ transfers<br>remeasurement | 2023<br>Total | 2022<br>Total<br>(Restated<br>– note 3) |
|------------------------------------|-----------------------------------------------------------|-----------|-------------------------------------------|---------------|-----------------------------------------|
| Land                               | \$ 18,631                                                 | \$ –      | \$ –                                      | \$ 18,631     | \$ 18,631                               |
| Equipment and furniture            | 73,546                                                    | 6,393     | (210)                                     | 79,729        | 73,546                                  |
| Computer equipment and<br>software | 8,610                                                     | 2,529     | (19)                                      | 11,120        | 8,610                                   |
| Major renovations                  | 7,571                                                     | 1,128     | –                                         | 8,699         | 7,571                                   |
| Buildings                          | 383,437                                                   | 721       | (4,009)                                   | 380,149       | 383,437                                 |
| Vehicles                           | 1,573                                                     | 85        | –                                         | 1,658         | 1,573                                   |
| Aircraft                           | 4,551                                                     | –         | –                                         | 4,551         | 4,551                                   |
| Leasehold improvements             | 5,138                                                     | –         | –                                         | 5,138         | 5,138                                   |
| Construction in progress           | 6,781                                                     | 2,695     | (5,971)                                   | 3,505         | 6,781                                   |
| Assets under capital leases        | 14,396                                                    | –         | (327)                                     | 14,069        | 14,396                                  |
| Library holdings                   | 1,223                                                     | –         | –                                         | 1,223         | 1,223                                   |
| Parking lot improvements           | 2,458                                                     | –         | –                                         | 2,458         | 2,458                                   |
| Capital renovations                | 6,638                                                     | –         | –                                         | 6,638         | 6,638                                   |
|                                    | \$ 534,553                                                | \$ 13,551 | \$ (10,536)                               | \$ 537,568    | \$ 534,553                              |

| Accumulated<br>Amortization        | Balance at<br>March 31,<br>2022<br>(Restated<br>– note 3) | Additions | Disposals | 2023<br>Total | 2022<br>Total<br>(Restated<br>– note 3) |
|------------------------------------|-----------------------------------------------------------|-----------|-----------|---------------|-----------------------------------------|
| Equipment and furniture            | \$ 56,100                                                 | \$ 3,335  | \$ (202)  | \$ 59,233     | \$ 56,100                               |
| Computer equipment and<br>software | 7,347                                                     | 702       | (19)      | 8,030         | 7,347                                   |
| Major renovations                  | 5,225                                                     | 251       | –         | 5,476         | 5,225                                   |
| Buildings                          | 80,452                                                    | 11,860    | –         | 92,312        | 80,452                                  |
| Vehicles                           | 732                                                       | 224       | –         | 956           | 732                                     |
| Aircraft                           | 2,628                                                     | 166       | –         | 2,794         | 2,628                                   |
| Leasehold improvements             | 5,138                                                     | –         | –         | 5,138         | 5,138                                   |
| Assets under capital leases        | 14,396                                                    | –         | (327)     | 14,069        | 14,396                                  |
| Parking lot improvements           | 1,734                                                     | 58        | –         | 1,792         | 1,734                                   |
| Capital renovations                | 6,310                                                     | 105       | –         | 6,415         | 6,310                                   |
|                                    | \$ 180,062                                                | \$ 16,701 | \$ (548)  | \$ 196,215    | \$ 180,062                              |

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

## 9. Tangible capital assets (continued):

| Net Book<br>Value               | 2023<br>Total | 2022<br>Total<br>(Restated<br>– note 3) |
|---------------------------------|---------------|-----------------------------------------|
| Land                            | \$ 18,631     | \$ 18,631                               |
| Equipment and furniture         | 20,496        | 17,446                                  |
| Computer equipment and software | 3,090         | 1,263                                   |
| Major renovations               | 3,223         | 2,346                                   |
| Buildings                       | 287,837       | 302,985                                 |
| Vehicles                        | 702           | 841                                     |
| Aircraft                        | 1,757         | 1,923                                   |
| Construction in progress        | 3,505         | 6,781                                   |
| Library holdings                | 1,223         | 1,223                                   |
| Parking lot improvements        | 666           | 724                                     |
| Capital renovations             | 223           | 328                                     |
|                                 | \$ 341,353    | \$ 354,491                              |

The transition and recognition of asset retirement obligations involved an accompanying increase to the College's tangible capital assets and the restatement of prior year balances (see note 3).

## 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, 2023 (2022 - \$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.

Following the adoption of *PS 3280 Asset Retirement Obligations*, the College recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at April 1, 2022. The buildings have an estimated useful life between 20 and 40 years from when they were purchased, and the estimate has not changed since purchase. The liability was measured as of 2006, the effective date of the provincial regulation governing the remediation of asbestos.

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

## 10. Assets Retirement Obligation (continued):

The estimated liability of \$28,503 (2022 - \$31,504) 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 4.25% (2022 - 3.20%) and assuming an annual inflation rate of 2.00% (2022 - 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.

The transition and recognition of asset retirement obligations involved an accompanying increase to the College's net asset balance and the restatement of prior year balances (see note 3).

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

|                                              | 2023             | 2022             |
|----------------------------------------------|------------------|------------------|
| Balance, Beginning of year                   | \$ 31,845        | \$ 30,868        |
| Accretion expense                            | 1,008            | 977              |
| Remeasurement of asset retirement obligation | (4,009)          | -                |
| <b>Estimated total liability end of year</b> | <b>\$ 28,844</b> | <b>\$ 31,845</b> |

## 11. Accounts payable and accrued liabilities:

|                                       | 2023             | 2022             |
|---------------------------------------|------------------|------------------|
| Trade payables and holdback liability | \$ 4,128         | \$ 6,131         |
| Accrued vacation pay                  | 17,768           | 16,891           |
| Other accrued liabilities             | 17,088           | 7,363            |
|                                       | <b>\$ 38,984</b> | <b>\$ 30,385</b> |

## 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 2024 to fiscal 2028.

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

## 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 2024 to fiscal 2028.

## 14. Province of Manitoba funded promissory notes:

The balances of the promissory notes are as follows:

|                                                                                                                                                                        | 2023     | 2022     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| Princess Street campus:                                                                                                                                                |          |          |
| Phase 1 - 6.3% interest, maturing July 31, 2042, repayable in monthly instalments which in the current year ranged from \$66 - \$68 including principal and interest   | \$ 6,818 | \$ 7,170 |
| Phase 2 - 6.3% interest, maturing July 31, 2043, repayable in monthly instalments which in the current year ranged from \$108 - \$117 including principal and interest | 12,076   | 12,670   |
| Phase 3 - 6.3% interest, maturing March 31, 2044, repayable in monthly instalments which in the current year ranged from \$45 - \$49 including principal and interest  | 5,104    | 5,348    |
| Heavy Equipment Transportation Centre of Excellence:                                                                                                                   |          |          |
| 5.5% interest, maturing January 31, 2048, repayable in monthly instalments of \$60 including principal and interest                                                    | 9,796    | 9,976    |
| Paterson Global Foods Institute:                                                                                                                                       |          |          |
| 4% interest, maturing April 30, 2053, repayable in monthly instalments ranging from \$64 - \$68 in the current year including principal and interest                   | 10,905   | 11,268   |
| Notre Dame Campus:                                                                                                                                                     |          |          |
| 3.9% interest, maturing March 31, 2056, repayable in monthly instalments ranging from \$423 - \$460 in the current year including principal and interest               | 77,517   | 79,866   |
| 3.9% interest, maturing March 31, 2056, repayable in monthly instalments ranging from \$4.1 - \$4.5 in the current year including principal and interest               | 754      | 777      |
| 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                 | 6,100    | 6,285    |

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

## 14. Province of Manitoba funded promissory notes:

The balances of the promissory notes are as follows:

|                                                                                                                                                                          | 2023              | 2022              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| STTC:                                                                                                                                                                    |                   |                   |
| 3.875% interest, maturing January 31, 2059, repayable in monthly instalments ranging from \$258 - \$277 in the current year including principal and interest             | 48,559            | 49,915            |
| 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.                        | 850               | 875               |
| Deferred maintenance (Advance 32):                                                                                                                                       |                   |                   |
| 3.875% interest, maturing April 30, 2058, repayable in monthly instalments of \$9.4 - \$10.0 in the current year including principal and interest.                       | 1,754             | 1,804             |
| Deferred maintenance (Advance 22):                                                                                                                                       |                   |                   |
| 3.350% interest, maturing January 31, 2062, repayable in monthly instalments of \$19.1 - \$19.6 in the current year including principal and interest.                    | 3,883             | 3,983             |
| Deferred maintenance (Advance 25):                                                                                                                                       |                   |                   |
| 4.650% interest, maturing December 31, 2062, repayable in monthly instalments of \$22.6 - \$32.3 in the current year including principal and interest.                   | 3,975             | -                 |
| Motive lab:                                                                                                                                                              |                   |                   |
| 3.25% interest, maturing July 31, 2059, repayable in monthly instalments of \$6.5 - \$6.9 in the current year including principal and interest.                          | 1,364             | 1,400             |
| Nursing program expansion capital investment:                                                                                                                            |                   |                   |
| 4.525% interest, maturing October 31, 2032, repayable in monthly instalments of \$3.3 - \$3.4 in the current year including principal and interest.                      | 272               | -                 |
| Interdisciplinary Health & Community Services Simulation Centre:<br>RBC Prime less 1.5% and terms of promissory note to be arranged, currently paying interest quarterly | 800               | -                 |
|                                                                                                                                                                          | <b>\$ 190,527</b> | <b>\$ 191,337</b> |

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

## 15. Employee future benefits:

|                                            | 2023      | 2022      |
|--------------------------------------------|-----------|-----------|
| Accrued retirement severance pay           | \$ 18,536 | \$ 17,490 |
| Accumulated non-vested sick leave benefits | 2,632     | 2,646     |
|                                            | \$ 21,168 | \$ 20,136 |

The significant assumptions adopted in measuring the College's severance obligations as at March 31, 2023 include a discount rate of 4.80 percent (2022 - 5.75 percent) and a rate of salary increase of 3.50 percent (2022 - 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 8 years.

The accrued retirement severance pay is actuarially determined on an annual basis. The most recent actuarial report was prepared on March 31, 2023. Information about the College's accrued retirement severance pay is as follows:

|                                   | 2023      | 2022      |
|-----------------------------------|-----------|-----------|
| Accrued retirement severance pay  | \$ 19,393 | \$ 20,868 |
| Unamortized actuarial gain (loss) | (857)     | (3,378)   |
| Balance, end of year              | \$ 18,536 | \$ 17,490 |

|                                                         | 2023      | 2022      |
|---------------------------------------------------------|-----------|-----------|
| Balance, beginning of year                              | \$ 17,490 | \$ 16,376 |
| Current benefit cost                                    | 1,066     | 888       |
| Interest                                                | 1,183     | 1,036     |
| Amortization of actuarial gain (loss)                   | 448       | 212       |
| Benefits paid                                           | (1,651)   | (1,022)   |
| Balance, end of year                                    | \$ 18,536 | \$ 17,490 |
| Employer current service cost as a percentage of salary | 1.05%     | 1.27%     |

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 (2022 - 5.75 percent) and a rate of salary increase of 3.50 percent (2022 - 3.50 percent).

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

## 16. Classification of expenditures by object:

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

|                                          | 2023              | 2022<br>(Restated<br>– note 3) |
|------------------------------------------|-------------------|--------------------------------|
| Salaries and employee benefits           | \$ 162,971        | \$ 151,127                     |
| Materials, supplies and services         | 28,162            | 25,620                         |
| Utilities                                | 4,190             | 3,717                          |
| Maintenance and repairs                  | 6,863             | 6,568                          |
| Costs of goods sold                      | 1,892             | 1,972                          |
| Amortization of tangible capital assets  | 16,710            | 14,885                         |
| Accretion on asset retirement obligation | 1,008             | 977                            |
| Interest expense                         | 10,778            | 9,088                          |
| Scholarships and bursaries               | 3,248             | 2,760                          |
| <b>Total expenditures by object</b>      | <b>\$ 235,822</b> | <b>\$ 216,714</b>              |

## 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.

|                                                                                    | 2023             | 2022             |
|------------------------------------------------------------------------------------|------------------|------------------|
| Tuition                                                                            | \$ 24,739        | \$ 19,678        |
| Projects                                                                           | 8,643            | 8,776            |
| Apprenticeship                                                                     | 1,281            | 1,163            |
| Unrealized net gain attributable to portfolio investments<br>related to endowments | 8,586            | 10,875           |
| Other                                                                              | 1,358            | 1,510            |
|                                                                                    | <b>\$ 44,607</b> | <b>\$ 42,002</b> |



# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

## 18. Changes in non-cash working capital balances:

|                                          | 2023      | 2022     |
|------------------------------------------|-----------|----------|
| Accounts receivable                      | \$ 2,119  | \$ 467   |
| Inventories                              | (185)     | 216      |
| Prepaid expenses                         | 128       | 368      |
| Accounts payable and accrued liabilities | 8,599     | (72)     |
| Unearned revenue                         | 2,605     | 1,388    |
| Future employee benefits                 | 1,032     | 1,294    |
| Changes in non-cash working capital      | \$ 14,298 | \$ 3,661 |

## 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 \$8,709 (2022 - \$8,473). 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, 2023 relating to the following projects currently under construction:

- Interdisciplinary Health & Community Services Simulation Centre - approximately \$12,379 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, 2023

## 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.

|      |    |       |
|------|----|-------|
| 2024 | \$ | 1,075 |
| 2025 |    | 845   |
| 2026 |    | 441   |
| 2027 |    | 194   |
|      | \$ | 2,555 |

### *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).

|      |    |     |
|------|----|-----|
| 2024 | \$ | 331 |
| 2025 |    | 205 |
| 2026 |    | 73  |
| 2027 |    | 73  |
| 2028 |    | 31  |
|      | \$ | 713 |

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

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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 2022.

### (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 2022.

### (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.

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

## 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 2022.

### (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.

Global supply constraints, war in Ukraine and high inflation are all contributing to uncertainty in financial markets, and interest rates have begun to rise from historic lows. Market risk exposure is shifting in real time, and the overall impact to the College's diversified portfolio is unknown at this time.

## 23. Economic dependence:

The College received approximately 51 percent (2022 - 50 percent) of its operating revenue from the Province of Manitoba as operating grants and is economically dependent on the Province of Manitoba for continued operations.

## 24. Accumulated surplus:

|                                               | 2023              | 2022                   |
|-----------------------------------------------|-------------------|------------------------|
|                                               |                   | (Restated –<br>note 3) |
| Invested in tangible capital assets           | \$ 69,185         | \$ 77,002              |
| Accumulated surplus restricted for endowments | 30,641            | 28,347                 |
| Net surplus                                   | 13,807            | 15,536                 |
|                                               | <b>\$ 113,633</b> | <b>\$ 120,885</b>      |

# RED RIVER COLLEGE POLYTECHNIC

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

Year ended March 31, 2023

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**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 figures:**

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