Northern Alberta Institute of Technology

Consolidated Financial Statements

March 31, 2024

The consolidated financial statements of the Northern Alberta Institute of Technology (NAIT) have been prepared by management in accordance with Canadian public sector accounting standards as described in note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of NAIT as at March 31, 2024 and the results of its operations, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that NAIT's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

The Board of Governors is responsible for reviewing and approving the consolidated financial statements and overseeing management's performance of its financial reporting responsibilities.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee. With the exception of the President and CEO, all members of the Audit Committee are not employees of NAIT. The Audit Committee meets with management and the external auditors and internal auditors to discuss the results of audit examinations and financial reporting matters. The external and internal auditors have full access to the Audit Committee, with and without the presence of management.

These consolidated financial statements have been reported on by the Auditor General of Alberta, the auditor appointed under the *Post-secondary Learning Act*. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the fairness of presentation of the information in the consolidated financial statements.

<Original signed by Laura Jo Gunter>	<Original signed Arden Kobewka, CPA, CGA>
President and CEO	Associate Vice President, Financial Services

Independent Auditor's Report

Auditor General OF ALBERTA

To the Board of Governors of the Northern Alberta Institute of Technology

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Northern Alberta Institute of Technology (the Group), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 my 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 Group'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 Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

May 28, 2024
Edmonton, Alberta

(in thousands)

	2024	2023
Financial assets excluding portfolio investments restricted for endowments		
Cash and cash equivalents (note 4)	**$ 48,233**	$ 12,980
Portfolio investments – non-endowment (note 5)	**181,902**	218,104
Accounts receivable	**11,110**	9,955
Inventories held for sale	**2,125**	2,244
Investment in government business enterprise (note 7)	**331**	484
	243,701	243,767
Liabilities		
Accounts payable and accrued liabilities	**30,767**	28,734
Employee future benefit liabilities (note 8)	**21,260**	21,953
Debt (note 9)	**117,610**	120,767
Deferred revenue		
Unearned revenue	**44,863**	21,866
Deferred contributions (note 10)	**53,018**	61,404
Asset retirement obligations (note 11)	**7,527**	7,026
	275,045	261,750
Net debt excluding portfolio investments restricted for endowments	**(31,344)**	(17,983)
Portfolio investments – restricted for endowments (note 5)	**63,460**	60,260
Net financial assets	**32,116**	42,277
Non-financial assets		
Tangible capital assets and purchased intangibles (note 12)	**536,877**	490,591
Prepaid expenses	**4,209**	11,967
	541,086	502,558
Net assets before spent deferred capital contributions	**573,202**	544,835
Spent deferred capital contributions (note 13)	**280,975**	297,734
Net assets (note 14)	**$ 292,227**	$ 247,101
Net assets are comprised of:		
Accumulated surplus	**$ 295,178**	$ 253,677
Accumulated remeasurement losses	**(2,951)**	(6,576)
	$ 292,227	$ 247,101

Contingent assets and contractual rights (notes 15 and 17)
Contingent liabilities and contractual obligations (notes 16 and 18)

(in thousands)

	Budget (Note 20)	2024	2023
Revenues			
Government of Alberta grants			
Operating grants (note 21)	$ 186,478	$ 193,752	$ 178,310
Expended capital recognized as revenue	11,958	8,878	8,804
Federal and other government grants			
Operating grants (note 21)	5,464	6,694	4,707
Expended capital recognized as revenue	955	994	819
Student tuition and fees (note 22)	131,807	125,208	101,655
Sales of services and products (note 22)	29,771	34,123	30,217
Donations and other grants			
Donations and operating grants	9,212	10,462	13,636
Expended capital recognized as revenue	1,954	1,656	1,800
Investment income (note 23)	10,842	14,921	18,484
	388,441	396,688	358,432
Expenses (note 24)			
Instructional delivery	155,829	152,959	147,356
Applied research	14,268	18,318	15,396
Facilities operations and maintenance	66,795	51,302	66,635
Academic and student support	59,831	58,938	52,614
Institutional support	67,145	61,641	55,296
Ancillary services	14,512	13,963	14,506
Fundraising	101	111	123
	378,481	357,232	351,926
Annual operating surplus	$ 9,960	$ 39,456	$ 6,506
Endowment contributions and capitalized investment income			
Endowment contributions (note 14)		985	520
Endowment capitalized investment income (note 14)		1,060	1,026
		2,045	1,546
Annual surplus		$ 41,501	$ 8,052
Accumulated surplus, beginning of year		253,677	245,625
Accumulated surplus, end of year (note 14)		$ 295,178	$ 253,677

(in thousands)

	Budget (Note 20)	2024	2023
Annual surplus	**$ 9,960**	**$ 41,501**	$ 8,052
Acquisition of tangible capital assets and purchased intangibles	**(3,400)**	**(66,655)**	(16,543)
Proceeds from sale of tangible capital assets and purchased intangibles	**50**	**47**	303
Amortization of tangible capital assets and purchased intangibles	**24,616**	**20,064**	20,619
(Gain) loss on disposal of tangible capital assets and purchased intangibles	**(50)**	**258**	(174)
Decrease in prepaid expenses		**7,758**	837
Decrease in spent deferred capital contributions		**(16,759)**	(8,434)
Increase (decrease) in accumulated remeasurement gains		**3,625**	(14,796)
Decrease in net financial assets		**(10,161)**	(10,136)
Net financial assets, beginning of year		**42,277**	52,413
Net financial assets, end of year		**$ 32,116**	$ 42,277

(in thousands)

	2024	2023
Accumulated remeasurement (losses) gains, beginning of year	**$ (6,576)**	$ 8,220
Unrealized gains (losses) attributable to:		
Portfolio investments - non-endowments (note 5)	**9,027**	(12,764)
Amounts reclassified to the consolidated statement of operations:		
Portfolio investments - non-endowments (note 5)	**(5,402)**	(2,032)
Change in accumulated remeasurement (losses) gains	**3,625**	(14,796)
Accumulated remeasurement losses, end of year	**$ (2,951)**	$ (6,576)
Accumulated remeasurement losses is comprised of:		
Portfolio investments – non-endowment	**$ (2,951)**	$ (6,576)
	$ (2,951)	$ (6,576)

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands)

	2024	2023
Operating transactions		
Annual surplus	**$ 41,501**	$ 8,052
Add (deduct) non-cash items:		
Amortization of tangible capital assets	**20,064**	20,619
Loss on sale of portfolio investments	**178**	744
Loss (gain) on disposal of tangible capital assets	**258**	(174)
Expended capital contributions recognized as revenue	**(11,528)**	(11,423)
Decrease in employee future benefit liabilities	**(693)**	(1,504)
Change in non-cash items	**8,279**	8,262
Increase in accounts receivable	**(1,155)**	(2,807)
Decrease (increase) in inventories held for sale	**119**	(209)
Increase (decrease) in accounts payable and accrued liabilities	**2,033**	(3,466)
Increase (decrease) in unearned revenue	**22,997**	(1,434)
Decrease in deferred contributions	**(9,454)**	(8,394)
Increase (decrease) in asset retirement obligations	**501**	(681)
Decrease in prepaid expenses	**7,758**	837
Cash provided by operating transactions	**72,579**	160
Capital transactions		
Acquisition of tangible capital assets, less in-kind donations	**(66,655)**	(16,253)
Proceeds on sale of tangible capital assets	**47**	303
Cash applied to capital transactions	**(66,608)**	(15,950)
Investing transactions		
Purchase of portfolio investments	**(62,004)**	(31,279)
Proceeds on sale of portfolio investments	**99,674**	43,466
Cash provided by investing transactions	**37,670**	12,187
Financing transactions		
Debt – repayment	**(3,157)**	(3,058)
(Decrease) increase in spent deferred capital contributions, less expended capital contributions recognized as revenue, less in-kind donations	**(5,231)**	2,699
Cash applied to financing transactions	**(8,388)**	(359)
Increase (decrease) in cash and cash equivalents	**35,253**	(3,962)
Cash and cash equivalents, beginning of year	**12,980**	16,942
Cash and cash equivalents, end of year	**$ 48,233**	$ 12,980

1. Authority and purpose

The Board of Governors of the Northern Alberta Institute of Technology is a corporation that manages and operates the Northern Alberta Institute of Technology (NAIT) under the *Post-secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the President and CEO, who is an *ex officio* member. Under the *Post-secondary Learning Act*, NAIT is a polytechnic institution which serves primarily central and northwestern Alberta, offering a variety of career programming in credit, noncredit and apprenticeship formats with opportunities for full and part-time delivery. Certificate, diploma, applied degree and baccalaureate degree programs are offered, as well as a full range of continuing education programs and activities. NAIT also works with industry partners to engage in applied research to develop innovative solutions to meet real world problems. NAIT is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

2. Summary of significant accounting policies and reporting practices

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the Institution are as follows:

a) Use of estimates

The measurement of certain assets, liabilities, revenues and expenses is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. NAIT's management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets and purchased intangibles, asset retirement obligations, revenue recognition for expended capital, and investment revenue are the most significant items based on estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements.

b) Valuation of financial assets and liabilities

NAIT's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Cost
Portfolio investments	Fair value and amortized cost
Inventories held for sale	Lower of cost or net realizable value
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Asset retirement obligations	Cost
Debt	Amortized cost

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in the consolidated statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related change in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recognized in the consolidated statement of operations. A write-down of a portfolio investment to reflect a loss in value that is other than temporary is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

NAIT does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative were not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for NAIT’s normal purchase, sale or usage requirements are not recognized as financial assets or liabilities. NAIT does not have any embedded derivatives.

c) Revenue recognition

All revenues are recorded on the accrual basis of accounting. Cash received for which goods or services have not been provided by the end of the year is recognized as deferred revenue.

Government grants, non-government grants, and donations
Government transfers are referred to as government grants.

Restricted grants and donations are recognized as deferred revenue if the terms for the use, or the terms along with NAIT’s actions and communications as to the use, create a liability. These grants and donations are recognized as revenue as the terms are met. If the grants and donations are used to acquire or construct tangible capital assets, revenue will be recognized over the useful life of the tangible capital assets.

Government grants without terms for the use of the grant are recognized as revenue when NAIT is eligible to receive the funds. Unrestricted non-government grants and donations are recognized as revenue in the year received or in the year the funds are committed to NAIT if the amount can be reasonably estimated and collection is reasonably assured.

In-kind donations of services, materials and tangible capital assets are recognized at fair value when such value can be reasonably determined. Transfers of tangible capital assets from related parties are recorded at the carrying value.

Grants and donations related to land
Grants and donations for the purchase of land are recognized as deferred contributions when received and recognized as revenue when the land is purchased.

NAIT recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When NAIT cannot determine the fair value, it recognizes such in-kind contributions at nominal value.

Sales of services and products
Sales of services and products represent revenues from non-tuition related services and/or products such as corporate training contracts, parking fees, food services and related commissions, event revenue, book sales, locker fees, workshops, library fines, non-refundable application fees, sponsorship revenue, and other administrative charges.

These revenues, with the exception of library fines and some administrative fees, are considered revenues arising from exchange transactions. Revenue from these transactions is recognized when or as NAIT fulfils its performance obligation(s) and transfers control of the promised goods and services to the payor. If the performance obligation is outstanding at year end, the remaining revenue is deferred.

Revenue without performance obligations is a non-exchange transaction with a payor and is recognized when NAIT has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset.

Student tuition and fees
Student tuition and fees are charged for the programs offered by NAIT such as program fees, material fees and mandatory non-instructional fees. Student tuition and fees are considered revenue arising from exchange transactions with performance obligations. Revenue from these fees are recognized over the course of each academic period/semester as NAIT fulfils its performance obligations by delivering the courses. If the performance obligation is outstanding at year end, the remaining revenue is deferred.

Endowment contributions
Endowment contributions are recognized as revenue in the consolidated statement of operations in the year in which they are received and are required by donors to be maintained intact in perpetuity.

Investment income (loss)
Investment income includes dividends, interest income, and realized gains or losses on the sale of portfolio investments, as well as revenue distributed by the pooled funds (which also includes dividends, interest, and gains and losses). Some pooled funds distribute revenue monthly, while others distribute annually on December 31. Revenue is accrued for the pooled funds with a December 31 distribution for the period January 1 to March 31 (3 months). The accrual is estimated using historical distribution information per unit and current market values.

Investment income from restricted grants is recognized as deferred contributions when the terms of use create a liability and is recognized as investment income when the terms of the grant are met. The endowment spending allocation portion of investment income earned by endowments is recognized as deferred contributions when the terms for the use by the endowment create a liability. Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the consolidated statement of operations. Unrealized gains and losses on portfolio investments that are from unrestricted contributions are recognized in the consolidated statement of remeasurement gains and losses until settlement. Once realized, these gains or losses are recognized as investment income in the consolidated statement of operations.

d) Endowments

Endowments consist of externally restricted donations received by NAIT and internal allocations by NAIT's Board of Governors, the principal of which is required to be maintained intact in perpetuity.

Investment income earned (excluding unrealized income) on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors, as well as NAIT policy, stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

Under the *Post-secondary Learning Act*, NAIT has the authority to alter the terms and conditions of endowments to enable:

- income earned by the endowments to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowments.
- encroachment on the capital of the endowments to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowments if, in the opinion of the Board of Governors, the encroachment benefits NAIT and does not impair the long-term value of the fund.

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from NAIT's operating funds, from the accumulated deferred investment income or from the cumulative capitalized investment income.

Endowment contributions, matching contributions, and associated investment income allocated for the preservation of endowment capital purchasing power are recognized in the consolidated statement of operations in the year in which they are received.

e) Inventories held for sale

Inventories held for sale are valued at the lower of cost and expected net realizable value and are determined using the weighted average method. Inventories of supplies are valued at cost.

f) Tangible capital assets and purchased intangibles

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of assets, and costs associated with asset retirement obligations. Cost includes overhead directly attributable to construction and development. Work in progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service.

All leases are recorded in the consolidated financial statements as either a capital or operating lease. Any lease which transfers substantially all the benefits and risks of ownership associated with the leased asset are accounted for as leased tangible capital assets. Capital lease assets and liabilities are recognized at the lesser of the present value of the future minimum lease payments and the asset's fair market value at the inception of the lease, excluding executor costs (e.g., insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of NAIT's rate for incremental borrowing or the interest rate implicit in the lease.

The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over the following estimated useful lives as follows:

Buildings, leasehold and site improvements	10 – 50 years
Furnishings, equipment, vehicles and systems	3 – 25 years
Library holdings and purchased intangibles	10 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to NAIT's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are recognized as expenses.

Works of art, historical treasures and collections are expensed when acquired and not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

Purchased intangibles are recorded at cost less accumulated amortization. The cost, less any residual value, of purchased intangibles with a finite life is amortized on a straight-line basis over its useful life in a manner appropriate to its nature and use, which is normally the shortest of the technological, commercial, and legal life. Purchased intangibles with an indefinite life are not amortized.

Write-downs are recognized for finite and indefinite life intangibles when conditions indicate they no longer contribute to NAIT's ability to provide services, or when the value of future economic benefits associated with the purchased intangibles are less than their net book value. Net write-downs are recognized as expenses.

g) Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at weekly exchange rates. Carrying values of monetary assets and liabilities reflect the exchange rates at the consolidated statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses.

h) Employee future benefits

Pension

NAIT participates with other employers in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pensions for NAIT's participating employees based on years of service and earnings.

NAIT does not have sufficient plan information on the LAPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the LAPP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

Supplementary retirement plan

NAIT maintains a supplementary pension plan for certain senior executives. NAIT provided non-contributory defined supplementary retirement benefits to executives up to December 31, 2018. As of January 1, 2019, any contributing plan members were transferred to a defined contribution supplemental retirement plan. One retired plan member still receives retirement benefits as a part of the defined benefit supplementary retirement plan and the pension expense is estimated based off prior experience. The pension expense for the defined contribution supplementary retirement plan is the employer's current year contribution to the plan as calculated in accordance with the expected plan rules.

Long-term disability

The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under NAIT's long-term disability plans is charged to expense in full when the event occurs which obligates NAIT to provide the benefits. The cost of these benefits is actuarially determined using the accumulated benefit method, a market interest rate and management's best estimate of the retirement ages of employees, expected health care costs and the year of employee disability. Actuarial gains or losses on the accrued benefit obligation are amortized over the average expected year the benefits will be paid.

Special leave plan

NAIT provides an employee future benefit in the form of a compensated absence. Costs for this benefit are estimated using reasonable assumptions and are recorded in the consolidated financial statements.

Management retirement plan

NAIT provides a management retirement plan to employees who were in a management position between 1988 and 2002. Costs for this benefit are estimated using reasonable assumptions and are recorded in salary and employee benefits.

i) Investment in government business enterprise

NAIT holds a 33.33% share in a government business enterprise (PanGlobal Training Systems Ltd.) with the Southern Alberta Institute of Technology and the British Columbia Institute of Technology. Government business enterprises (GBEs) are accounted for using the modified equity basis, with equity being computed in accordance with accounting standards applicable to those entities. Under the modified equity method, the accounting policies of the GBEs are not adjusted to conform to those of the other government organizations.

This GBE is not material to NAIT's consolidated financial statements, and therefore, separate condensed financial information is not presented.

j) Basis of consolidation

The consolidated financial statements include the financial results of NAIT, the Northern Alberta Institute of Technology Foundation and GO Productivity. The Foundation is a registered charity for the purpose of fundraising, operates within the *Gaming, Liquor and Cannabis Act* and is exempt from the payment of income tax. GO Productivity is a non-profit organization with a mandate to support productivity improvement, increase innovation, and build a skilled workforce to improve competitiveness and economic sustainability.

Proportionate consolidation is used to recognize NAIT's proportionate share of the following partnership:

- Individual Learning Modules (ILM) Partnership (50% interest) – Partnership with the Southern Alberta Institute of Technology to administer, maintain, enhance, commercialize and distribute ILM learning materials

This partnership is not material to NAIT's consolidated financial statements, and therefore, separate condensed financial information is not presented.

The accounts for consolidated entities, except those designated as government business enterprises (GBEs), are consolidated using the line-by-line method. All partnership inter-entity accounts and transactions between these organizations are eliminated upon consolidation.

k) Liability for contaminated sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. It does not include airborne contaminants. NAIT recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists:
- there is evidence that contamination exceeds an environmental standard:
- NAIT is directly responsible or accepts responsibility for the contamination:
- it is expected that future economic benefits will be given up: and
- a reasonable estimate of the amount can be made.

A liability for a contaminated site may arise from operations that are either considered in productive use or no longer in productive use when environmental standards are exceeded. It will also arise when an unexpected event occurs resulting in contamination that exceeds an environmental standard.

Where an environmental standard does not exist or contamination does not exceed an environmental standard, a liability for remediation/reclamation of a site is recognized by NAIT when the following criteria have been met:

- NAIT has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- the duty or responsibility to others entails settlement by future transfer or use of assets, or a provision of services at a specified or determinable date, or on demand; and
- the transaction or events obligating NAIT have already occurred.

These liabilities reflect NAIT's best estimate, as of March 31, of the amount required to remediate the sites where the contamination has exceeded an environmental standard. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. NAIT currently does not have any liabilities for contaminated sites.

l) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. The tangible capital assets include but not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and

- constructing other tangible capital assets to perform post-retirement activities.

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

a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
b) the past transaction or event giving rise to the liability has occurred;
c) it is expected that future economic benefits will be given up; and
d) a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

The asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability.

m) Expense by function

NAIT uses the following categories of functions on its consolidated statement of operations:

Instructional delivery
Expenses related to program and training delivery, both credit and non-credit. This function also includes expenses related to scholarly activity undertaken by faculty.

Applied research
Expenses related to research activities undertaken within the institution to produce research outcomes.

Facilities operations and maintenance
Expenses related to operations of facilities, including utilities, grounds, maintenance, custodial services, major repairs and renovations, and amortization.

Academic and student support
Expenses related to direct support of instructional delivery and support of the student body. This function includes libraries, deans and administrative support for schools, admissions and registry functions, student service administration, social and cultural activities, counseling services, career guidance, intercollegiate athletics, scholarships, financial aid, and health services.

Institutional support
Expenses related to executive management, public and government relations, alumni relations and advancement, corporate insurance premiums, corporate finance, human resources, information technology, and other institution-wide administrative services.

Ancillary services
Expenses related to operations outside of the normal instructional and support functions, including bookstore, food services and parking.

Fundraising
Expenses directly related to fundraising activities. This function does not include advancement administrative expenses.

n) Funds and reserves

Certain amounts, as approved by the Board of Governors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are adjustments to the respective fund when approved.

(in thousands)

o) Future changes in accounting standards

NAIT will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

- Effective April 1, 2026, *The Conceptual Framework for Financial Reporting in the Public Sector*. The Conceptual Framework is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, *Financial Statement Concepts*, and Section PS 1100, *Financial Statement Objectives*. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.
- Effective April 1, 2026, PS 1202 *Financial Statement Presentation*. Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

NAIT is currently assessing the impact of the new conceptual framework and standard, and the extent of the impact of their adoption on the consolidated financial statements has not yet been determined.

3. Adoption of new accounting policies and guidelines

PS 3400: *Revenue*
Effective April 1, 2023, NAIT adopted the new accounting standard PS 3400, *Revenue*, a standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer.

NAIT adopted this standard on a prospective basis and as a result, 2023 comparatives are not restated. Note 22 provides further disclosures as required by the standard for disaggregated revenues. There is no significant impact on revenues or deferred revenues as a result of adopting the standard for April 1, 2023, as NAIT’s accounting treatment of revenue was closely aligned with the new standard.

PSG-8: *Purchased Intangibles*
Effective April 1, 2023, NAIT adopted the principles in the new guideline PSG-8, *Purchased intangibles*. The guideline provides direction on accounting for and reporting on purchased intangibles. It provides clarity on the recognition criteria, along with instances of assets that would not meet this definition.

NAIT adopted this standard prospectively and as a result, 2023 comparatives are not restated. Purchased intangibles are not significant to NAIT, and as such, presentation and disclosure for purchased intangibles are included with NAIT’s tangible capital asset information in note 2 (f) and note 12.

4. Cash and cash equivalents

	2024	2023
Cash	**$ 48,871**	$ 13,580
Money market funds, short-term notes, and treasury bills	**1,215**	1,518
Less: Funds held on behalf of others (note 25)	**(1,853)**	(2,118)
	$ 48,233	$ 12,980

Cash equivalents include short-term investments with a maturity less than three months from the date of acquisition.

(in thousands)

5. Portfolio investments

		2024		2023
Portfolio investments – non-endowment	**$**	**181,902**	$	218,104
Portfolio investments – restricted for endowments		**63,460**		60,260
	$	**245,362**	$	278,364

The composition of portfolio investments measured at fair value is as follows:

2024		**Level 1**		**Level 2**		**Level 3**		**Total**
Portfolio investments at fair value:								
Bonds and other fixed income								
Pooled investment funds	**$**	**-**	**$**	**93,999**	**$**	**-**	**$**	**93,999**
Equities								
Pooled investment funds – Canadian		**-**		**37,129**		**-**		**37,129**
Pooled investment funds – All World*		**-**		**114,234**		**-**		**114,234**
Total portfolio investments	**$**	**-**	**$**	**245,362**	**$**	**-**	**$**	**245,362**
		0%		**100%**		**0%**		**100%**

2023		Level 1		Level 2		Level 3		Total
Portfolio investments at fair value:								
Bonds and other fixed income								
Pooled investment funds	$	-	$	104,465	$	-	$	104,465
Equities								
Pooled investment funds – Canadian		-		32,504		-		32,504
Pooled investment funds – All World*		-		141,395		-		141,395
Total portfolio investments	$	-	$	278,364	$	-	$	278,364
		0%		100%		0%		100%

**All World equity includes investments in Canadian markets, equating to 5.7% (2022: 8.4%) of the Fund at December 31, 2023.*

The fair value measurements are those derived from:

Level 1 – Quoted prices in active markets for identical assets
Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets, 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 that are not based on observable market data (unobservable inputs)

NAIT’s investment policy is dedicated to optimizing the return on investment while ensuring that the assets of NAIT are always prudently invested to minimize the potential for loss of capital. Specific guidelines have been established with respect to asset mix, diversification, security and performance measurement as well as quality, liquidity and term constraints.

(in thousands)

	Endowments Recorded in Deferred Contributions (note 10)	Accumulated Remeasurement Gains and Losses	Total
Balance as at March 31, 2022	$ 3,597	$ 8,220	$ 11,817
Unrealized gains attributable to portfolio investments	3,756	(12,764)	(9,008)
Amounts reclassified to statement of operations	(8,158)	(2,032)	(10,190)
Balance as at March 31, 2023	**(805)**	**(6,576)**	**(7,381)**
Unrealized gains attributable to portfolio investments	**1,340**	**9,027**	**10,367**
Amounts reclassified to statement of operations	**(272)**	**(5,402)**	**(5,674)**
Balance as at March 31, 2024	**$ 263**	**$ (2,951)**	**$ (2,688)**

6. Financial risk management

NAIT is exposed to a variety of financial risks including market risks (price risk, currency risk and interest rate risk), credit risk and liquidity risk. To manage these risks, NAIT invests in a diversified portfolio of investments that is guided by established investment policies that outline risk and return objectives. The primary objective is to ensure that the assets of NAIT are always prudently invested to enhance the capital base of the portfolio and not subject NAIT to any undue risk or loss of capital.

NAIT’s portfolio investments are in a pooled fund portfolio. All pooled funds have a year end of December 31. Where March 31 information is not available, NAIT uses the preceding December 31 information from the investment manager and current market value as a reasonable proxy for the calculations below.

NAIT is exposed to the following risks:

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, NAIT has established an investment policy governing asset mix, diversification, exposure limits, credit quality and performance measurement.

A 5% change in the benchmark would result in a change in the market value of the investment portfolio per the table below.

	2024	2023
Pooled investment fund – Canadian Equity S&P/TSX Composite Total Return Index benchmark	**$ 1,577**	$ 1,170
Pooled investment fund – All World* equity MSCI All Country World Index (Net Dividend, C$) benchmark	**3,469**	4,242

**All World equity includes investments in Canadian markets, equating to 5.7% (December 31, 2022: 8.4%) of the Fund at December 31, 2023.*

All material risks that affect the market value of NAIT's investments in fixed income are adequately explained in credit and interest rate risk below.

In accordance with NAIT’s investment policy, risk on portfolio investments is managed by restricting investments as follows:

- Financial institutions and brokers/dealers handling NAIT’s investments must be registered with the Alberta Securities Commission and be in good standing with the Investment Industry Regulatory Organization of Canada.
- 100% of the bonds held in the portfolio must be rated BBB or better by Standards & Poor’s or an equivalent rating agency.
- Investments in equities are to be made in securities that trade on recognized stock exchanges.
- Investment strategies shall be supported by sound analysis of economic and industry fundamentals.
- Leverage investments that expose NAIT to liability beyond the amount invested are prohibited unless otherwise approved by the Finance Committee. These include but are not limited to derivatives, options, purchasing on margin and short selling of securities. Any approved exception by the Finance Committee must be consistent with taking appropriate action to ensure the preservation of capital.
- Except for the bonds issued or guaranteed by federal and provincial governments, no more than 10% of the fixed income portfolio will be invested in the bonds of a single issuer and related parties, and no single holding shall equal more than 10% of the market value of the total outstanding for that issue.
- The debt and equity investments in a single company are limited to 10% of the book value of the fund.
- No equity in the portfolio shall represent more than 9.9% of the voting shares of a company. The maximum equity holding of a company is limited to a weight of 10% of the market value of the Canadian equity and Global equity portfolios.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. NAIT does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. NAIT's exposure to foreign exchange risk is low due to the minimal business activities conducted in a foreign currency. NAIT further mitigates risk by limiting international contracts that are not in Canadian dollars to only US dollars.

NAIT’s portfolio investments do include equities that are held in foreign currencies, and there is some exposure to foreign currency risk if the currency that these equities are held in change in relation to the Canadian dollar. This risk is mitigated by NAIT’s investment manager through their currency hedging strategy and through diversification of the portfolio. A 5% strengthening or weakening in the Canadian dollar would result in a $5,002 (2023: $5,656) decrease or increase, respectively, in the market value of the investment portfolio.

Credit Risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honor its financial obligations with NAIT. NAIT is exposed to credit risk on investments and has established an investment policy with required minimum credit quality standards and issuer limits to manage this risk. The credit risk from accounts receivable is relatively low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition is managed through restricted enrolment activities for students with delinquent balances and maintaining standard collection procedures.

The credit rating distribution of bonds (based on market value) is as follows:

(in thousands)

	2024	2023
AAA	**30.7%**	22.8%
AA	**8.1%**	6.2%
A	**27.5%**	37.5%
BBB	**30.4%**	28.5%
Short-term investments and other net assets (liabilities)	**3.3%**	5.0%
	100.0%	100.0%

Liquidity Risk

Liquidity risk is the risk that NAIT will encounter difficulty in meeting obligations associated with its financial liabilities. NAIT invests in short-term pooled funds to manage short-term cash requirements. NAIT maintains a short-term line of credit that is designed to ensure the availability of funds to meet current and forecasted financial requirements in the most cost-effective manner. At March 31, 2024, NAIT has committed borrowing facilities of $2,500 (2023: $2,500), none of which has been drawn.

Interest Rate Risk

Interest rate risk is the risk to NAIT's earnings that arises from the fluctuations in interest rates and the degree of volatility in these rates. The risk is managed by contractually setting interest rates with banking institutions and by investment policies that limit the term to maturity of certain fixed income securities that NAIT holds. If interest rates increased by 1%, and all other variables were held constant, the potential loss in fair value would be approximately 2.5% (2023: 2.4%) of total investments. Interest risk on NAIT's debt is managed through fixed-rate agreements with the Department of Treasury Board and Finance (Note 9).

The maturity of interest-bearing investments (fixed income portfolio) are as follows:

	2024	2023
< 1 year	**4.8%**	4.8%
1 - 5 years	**31.6%**	35.6%
> 5 years	**63.6%**	59.6%
	100.0%	100.0%
Average effective yield	**4.8%**	3.5%

7. Investment in government business enterprise

NAIT holds a 33.33% share in a government business enterprise (PanGlobal Training Systems Ltd.) with the Southern Alberta Institute of Technology and the British Columbia Institute of Technology. PanGlobal Training Systems Ltd. is engaged in the design, development, and delivery of world-class learning resources for the regulated trades and energy technology education sector. As at March 31, 2024, NAIT's investment in PanGlobal Training Systems Ltd. is $331 (2023: $484).

(in thousands)

8. Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

		2024		2023
Accrued vacation	**$**	**16,727**	$	17,404
Long-term disability		**3,753**		3,863
Supplementary retirement plan – defined contribution		**288**		250
Supplementary retirement plan – defined benefit		**144**		144
Special leave plan		**348**		240
Management retirement plan		**-**		52
	$	**21,260**	$	21,953

A. Defined benefit accounted for on a defined benefit basis

Long-term disability (LTD)

NAIT provides long-term disability defined benefits to employees. The most recent actuarial valuation for these benefits was as at March 31, 2024. The long-term disability plan provides pension and non-pension benefits after employment, but before the employee's normal retirement date. Salary costs are covered by an insurance plan.

Supplementary retirement plan (SRP)

NAIT provided non-contributory defined supplementary retirement benefits to executives up to December 31, 2018. As of January 1, 2019, any contributing plan members were transferred to a defined contribution supplemental retirement plan. One retired plan member still receives retirement benefits as a part of this defined benefit plan and their employee future benefit liability is estimated based off prior experience. The last actuarial valuation of these benefits was carried out at June 30, 2019.

Special leave plan

NAIT provides compensated absences for its employees under a special leave plan. Under this plan, employees contribute 18% of their gross bi-weekly earnings for a contributory period of four years. For the fifth year, employees receive 82% of their gross salary as of the last day of their contributory period. Alternatively, employees contribute 18% of their gross bi-weekly earnings for a contributory period of two years, and for the subsequent six months, receive 82% of their gross salary as of the last day of their contributory period. NAIT funds the shortfall between the contributed funds, including interest earned, and the gross salary to be paid to the employee during their compensated absence. NAIT's contribution to the total liability under the plan for year ending March 31, 2024 is $141 (2023: $243) and has been discounted at a rate of 2.5% (2023: 2.7%).

B. Defined benefit plans accounted for on a defined contribution basis

Local Authority Pension Plan

The Local Authority Pension Plan (LAPP) is a multi-employer contributory defined benefit pension plan for staff and is accounted for on a defined contribution basis. As at December 31, 2023, the LAPP reported an actuarial surplus of $15,056,661 (December 31, 2022: $12,671,000 surplus). An actuarial valuation of the LAPP was carried out as at December 31, 2022 and was then extrapolated to December 31, 2023. The pension expense recorded in these consolidated financial statements for the year ending March 31, 2024 is $17,925 (2023: $16,779). Other than the requirement to make additional contributions, NAIT does not bear any risk related to any potential LAPP deficit.

(in thousands)

Management retirement plan

A management retiring allowance was established in 1988 in response to market conditions. The allowance is $2 per year of eligible service. To be eligible to receive this allowance, employees must have been employed in an eligible management position with NAIT prior to July 1, 2002 and be eligible for retirement benefits from the Local Authorities Pension Plan. Managers whose employment with NAIT commenced on or after July 1, 2002 are not eligible for this allowance. The liability is calculated based on management's best estimate of when the eligible employee will retire and a discount rate of 7.20% (2023: 6.70%).

C. Defined contribution

Supplementary retirement

NAIT provides non-contributory supplementary retirement benefits under a defined contribution plan to eligible executive members. NAIT's total defined contribution supplementary retirement expense for the year ending March 31, 2024 was $101 (2023: $9).

The expense and financial position of these defined benefit plans as described under A, B and C above are as follows:

	2024				
	LTD	**SRP (Defined Contribution)**	**SRP (Defined Benefit)**	**Special Leave**	**Management Retirement Plan**
Expense					
Current service cost	**$ 184**	**$ 70**	**$ -**	**$ 163**	**$ -**
Interest cost	**184**	**31**	**10**	**-**	**-**
Total expense	**$ 368**	**$ 101**	**$ 10**	**$ 163**	**$ -**
Financial Position					
Accrued benefit obligation:					
Balance, beginning of year	**$ 3,863**	**$ 250**	**$ 144**	**$ 240**	**$ 52**
Current service cost	**184**	**70**	**-**	**163**	**-**
Interest cost	**184**	**31**	**10**	**-**	**-**
Benefits paid	**(478)**	**(63)**	**(10)**	**(55)**	**(52)**
Balance, end of year	**$ 3,753**	**$ 288**	**$ 144**	**$ 348**	**$ -**

	2023				
	LTD	SRP (Defined Contribution)	SRP (Defined Benefit)	Special Leave	Management Retirement Plan
Expense					
Current service cost	$ (395)	$ 53	$ -	$ 35	$ 2
Interest cost	161	(44)	10	-	-
Total expense	$ (234)	$ 9	$ 10	$ 35	$ 2
Financial Position					
Accrued benefit obligation:					
Balance, beginning of year	$ 4,257	$ 945	$ 144	$ 285	$ 50
Current service cost	(395)	53	-	35	2
Interest cost	161	(44)	10	-	-
Benefits paid	(160)	(704)	(10)	(80)	-
Balance, end of year	$ 3,863	$ 250	$ 144	$ 240	$ 52

(in thousands)

NAIT plans to use its working capital to finance these future obligations.

The significant actuarial assumptions used to measure the accrued benefit obligation are as follows:

	LTD	
	2024	2023
Accrued benefit obligation:		
Discount rate	**5.27%**	5.30%
Long-term average compensation increase		
Year 1	**3.00%**	2.00%
Year 2 and thereafter	**3.00%**	3.00%
Estimated average remaining service life	**5.2**	4.9

9. Debt

Debt is measured at amortized cost and is comprised of the following:

	Collateral	Maturity	Interest Rate	2024	2023
Debentures payable to the Department of Treasury Board and Finance:					
- Parkade	**(1)**	**December 2042**	**3.426%**	**$ 17,343**	$ 17,982
- Blatchford lands and Productivity and Innovation Centre	**(2)**	**June 2049**	**3.184%**	**100,267**	102,785
				$ 117,610	$ 120,767

Collateral – (1) Cashflows; (2) Security interest in all its present and after-acquired personal property.

Principal and interest repayments are as follows:

	Principal	Interest	Total
2025	$ 3,260	$ 3,761	$ 7,021
2026	3,367	3,654	7,021
2027	3,476	3,545	7,021
2028	3,590	3,431	7,021
2029	3,707	3,314	7,021
Thereafter	100,210	35,598	135,808
	$ 117,610	$ 53,303	$ 170,913

Interest expense on debt for the year ending March 31, 2024 is $3,850 (2023: $3,937) and is included in the consolidated statement of operations.

10. Deferred contributions

Deferred contributions represent unspent externally restricted grants and donations. Deferred contributions are set aside for specific purposes as required by legislation, regulation or agreement. Changes in the deferred contributions balances are as follows:

(in thousands)

	Unspent Operating Contributions	Unspent Capital Contributions	Total
Balance as at March 31, 2022	$ 45,549	$ 28,651	$ 74,200
Grants and donations received	58,299	(9,738)	48,561
Investment income (note 23)	3,693	609	4,302
Transfer to spent deferred capital contribution (note 13)	-	(3,025)	(3,025)
Recognized as revenue	(57,206)	-	(57,206)
Transferred to endowment (note 14)	(1,026)	-	(1,026)
Unrealized gain on investments relating to deferred contributions (note 5)	(4,402)	-	(4,402)
Balance as at March 31, 2023	**$ 44,907**	**$ 16,497**	**$ 61,404**
Grants and donations received	**71,412**	**(21,649)**	**49,763**
Investment income (note 23)	**3,838**	**80**	**3,918**
Transfer to spent deferred capital contribution (note 13)	**-**	**5,231**	**5,231**
Recognized as revenue	**(67,306)**	**-**	**(67,306)**
Transferred to endowment (note 14)	**(1,060)**	**-**	**(1,060)**
Unrealized gain on investments relating to deferred contributions (note 5)	**1,068**	**-**	**1,068**
Balance as at March 31, 2024	**$ 52,859**	**$ 159**	**$ 53,018**

11. Asset retirement obligations

	2024	2023
Balance, beginning of year	**$ 7,026**	$ 7,707
Liability incurred	**5**	10
Liability settled	**(294)**	(691)
Revisions in estimates	**790**	-
Increase (decrease) in asset retirement obligations	**501**	(681)
Balance, end of year	**$ 7,527**	$ 7,026

Tangible capital assets with associated retirement obligations include buildings, leasehold improvements and equipment. The majority of obligation relates to obligations for removing hazardous asbestos fibre-containing materials from various buildings under NAIT's control. Regulations require NAIT to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although timing of the asbestos removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for NAIT to remove the asbestos when asset retirement activities occur.

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and may be subsequently re-measured at each financial reporting date taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on quotes provided by third-party consultants, the use of environmental specialists, program area valuations, previous experience and through professional judgement.

(in thousands)

Asset retirement obligations are currently unfunded and are expected to be settled as funding becomes available. As such, the timing around these settlements is indeterminate.

12. Tangible capital assets and purchased intangibles

	2024					2023
	Land	**Buildings, Leasehold and Site Improvements**	**Furnishings, Equipment, Vehicles and Systems**	**Library Holdings and Purchased Intangibles**	**Total**	Total
Cost						
Balance, beginning of year	$ 61,503	$ 684,066	$ 175,484	$ 3,819	**$ 924,872**	$ 914,411
Acquisitions	51,709	5,525	9,421	-	**66,655**	16,543
Disposals, including write downs	-	-	(2,483)	(3,819)	**(6,302)**	(6,082)
	113,212	689,591	182,422	-	**985,225**	924,872
Accumulated Amortization						
Balance, beginning of year	$ -	$ (290,946)	$ (139,857)	$ (3,478)	**$ (434,281)**	(419,615)
Amortization expense	-	(11,954)	(8,033)	(77)	**(20,064)**	(20,619)
Effects on disposals, including write downs	-	-	2,442	3,555	**5,997**	5,953
	-	(302,900)	(145,448)	-	**(448,348)**	(434,281)
Net book value at March 31, 2024	**$ 113,212**	**$ 386,691**	**$ 36,974**	**$ -**	**$ 536,877**	
Net book value at March 31, 2023	$ 61,503	$ 393,120	$ 35,627	$ 341		$ 490,591

Interest: Additions to capital assets includes capitalized interest of $0 (March 31, 2023: $0).

Cost includes work-in-progress totaling $20,172 (2023: $12,698), comprised of land $5,557 (2023: $5,822), buildings $6,155 (2023: $1,426), equipment $1,564 (2023: $1,867) and software $6,896 (2023: $3,583).

Acquisitions during the year include in-kind contributions in the amount of $0 (2023: $290).

13. Spent deferred capital contributions

Spent deferred capital contributions is comprised of externally restricted grants and donations spent on tangible capital acquisitions (not yet recognized as revenue).

	2024	2023
Balance, beginning of year	**$ 297,734**	$ 306,168
Transfers (to) from unspent externally restricted grants and donations (note 10)	**(5,231)**	3,025
Expended capital contributions recognized as revenue	**(11,528)**	(11,423)
Net book value of asset disposals	**-**	(36)
Balance, end of year	**$ 280,975**	$ 297,734

(in thousands)

14. Net assets

	Accumulated Operating Surplus	Investment in Tangible Capital Assets and Purchased Intangibles	Funds and Reserves	Endowments	Total Accumulated Surplus
Net assets, as at March 31, 2022	$ 45,996	$ 125,586	$ 31,259	$ 51,004	$ 253,845
Operating surplus	6,506	-	-	-	6,506
Endowments					
Contributions	-	-	-	520	520
Capitalized investment income	-	-	-	1,026	1,026
Tangible capital assets					
Amortization of tangible capital assets	9,196	(9,196)	-	-	-
Acquisition of tangible capital assets	(10,832)	12,348	(1,516)	-	-
Debt – expenditures from funds received in prior years	274	(274)	-	-	-
Debt – repayment	(681)	681	-	-	-
Asset retirement obligations – liability settled	(691)	691			
Net book value of tangible capital asset disposals	94	(94)	-	-	-
Operating expenditures funded from funds and reserves	2,342	-	(2,342)	-	-
Net Board appropriation to funds and reserves	(2,383)	-	2,383	-	-
Change in accumulated remeasurement gains and losses	(14,796)	-	-	-	(14,796)
Net assets, as at March 31, 2023	**$ 35,025**	**$ 129,742**	**$ 29,784**	**$ 52,550**	**$ 247,101**
Annual operating surplus	**39,456**	**-**	**-**	**-**	**39,456**
Endowments					
Contributions	**-**	**-**	**-**	**985**	**985**
Capitalized investment income	**-**	**-**	**-**	**1,060**	**1,060**
Tangible capital assets					
Amortization of tangible capital assets	**8,536**	**(8,536)**	**-**	**-**	**-**
Acquisition of tangible capital assets	**(60,635)**	**62,907**	**(2,272)**	**-**	**-**
Debt – expenditures from funds received in prior years	**27,278**	**(27,278)**	**-**	**-**	**-**
Debt – repayment	**(3,157)**	**3,157**	**-**	**-**	**-**
Asset retirement obligations – liability settled	**(294)**	**294**	**-**	**-**	**-**
Net book value of tangible capital asset disposals	**305**	**(305)**	**-**	**-**	**-**
Operating expenditures funded from funds and reserves	**984**	**-**	**(984)**	**-**	**-**
Net Board appropriation to funds and reserves	**(172)**	**-**	**172**	**-**	**-**
Change in accumulated remeasurement gains and losses	**3,625**	**-**	**-**	**-**	**3,625**
Net assets, as at March 31, 2024	**$ 50,951**	**$ 159,981**	**$ 26,700**	**$ 54,595**	**$ 292,227**
Net assets is comprised of:					
Accumulated surplus	$ 53,902	$ 159,981	$ 26,700	$ 54,595	$ 295,178
Accumulated remeasurement gains and losses	(2,951)	-	-	-	(2,951)
	$ 50,951	**$ 159,981**	**$ 26,700**	**$ 54,595**	**$ 292,227**

(in thousands)

Investment in tangible capital assets and purchased intangibles represents the amount of NAIT's accumulated surplus that has been invested in tangible capital assets.

Funds and reserves

Funds and reserves represent amounts set aside by NAIT's Board of Governors for specific purposes. These amounts are not available for other purposes without the approval of the Board, and do not have interest allocated to them. Funds and reserves are summarized as follows:

	Balance, March 31, 2023	Appropriations from (returned to) Accumulated Operating Surplus	Disbursements During the Period	Balance, March 31, 2024
Appropriation for capital activities:				
Main Campus Renovations	$ 16,140	$ 1	$ (1,082)	**$ 15,059**
Capital Renewal	1,838	160	(14)	**1,984**
Strategic Investment Fund	-	358	(358)	**-**
Industry Solutions	-	48	(48)	**-**
Technology Transformation Fund	-	770	(770)	**-**
	17,978	1,337	(2,272)	**17,043**
Appropriation for operating activities:				
Strategic Investment Fund	5,125	(358)	(129)	**4,638**
Technology Transformation Fund	3,574	(770)	(248)	**2,556**
ILM Reserve Fund	1,635	-	(348)	**1,287**
Credit Education Enhancement Fund	1,046	-	(239)	**807**
Industry Solutions	426	(48)	(9)	**369**
Main Campus Renovations	-	(1)	1	**-**
Capital Renewal	-	12	(12)	**-**
	11,806	(1,165)	(984)	**9,657**
	$ 29,784	**$ 172**	**$ (3,256)**	**$ 26,700**

15. Contingent assets

NAIT initiated legal matters and insurance claims where possible assets are being sought. These matters give rise to contingent assets. The outcomes from these matters may result in recognition of assets, though it is the opinion of NAIT's management that any settlement will not have a material effect on the consolidated financial position or the consolidated results of operations of NAIT.

(in thousands)

16. Contingent liabilities

NAIT is a defendant in a number of legal proceedings. While the ultimate outcome and liability of these proceedings cannot be reasonably predicted at this time, it is the opinion of NAIT's management that any settlement will not have a material, adverse effect on the financial position or the results of operations of NAIT.

NAIT continues to review environmental objectives and liabilities for its activities and properties as well as any potential remediation obligations. There may be contaminated sites identified that have the potential to result in remediation obligations. A liability has not been recorded for these sites because either the likelihood of NAIT becoming responsible for the site is not determinable, the amount of the liability cannot be estimated, or both.

NAIT's ongoing efforts to assess environmental liabilities may result in additional environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the environmental liabilities will be accrued in the year in which they are assessed as likely and measurable.

17. Contractual rights

NAIT has contractual rights which are the rights to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Operating Leases, Contracts and Programs	Operations and Maintenance	Other Contracts	Total
2025	$ 27,981	$ -	$ -	**$ 27,981**
2026	9,868	-	-	**9,868**
2027	5,213	-	-	**5,213**
2028	3,256	-	-	**3,256**
2029	927	-	-	**927**
Thereafter	2,463	-	-	**2,463**
Total at March 31, 2024	$ 49,708	$ -	$ -	**$ 49,708**
Total at March 31, 2023	$ 49,008	$ -	$ -	$ 49,008

(in thousands)

18. Contractual obligations

NAIT has contractual obligations which are commitments that will become liabilities in the future when the terms of the contacts or agreements are met. The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

	Blatchford Land Purchase (1)	Capital Projects	Long-Term Leases	Total
2025	$ -	$ 5,100	$ 1,495	**$ 6,595**
2026	-	-	1,352	**1,352**
2027	-	-	1,192	**1,192**
2028	-	-	1,175	**1,175**
2029	-	-	1,175	**1,175**
Thereafter	-	-	2,742	**2,742**
Total at March 31, 2024	$ -	$ 5,100	$ 9,131	**$ 14,231**
Total at March 31, 2023	$ 46,838	$ 6,019	$ 10,647	$ 63,504

(1) In October 2018, NAIT entered into a contract with the City of Edmonton to purchase a section of the Blatchford lands adjacent to main campus for future development. This purchase was completed in the fiscal year ended March 31, 2024.

19. Related parties

NAIT is a related party with organizations within the Government of Alberta reporting entity. Key management personnel of NAIT and their close family members are also considered related parties. NAIT may enter into arm's length transactions with these entities and individuals.

In 2023-24, NAIT's key management personnel and their close family members did not have any material transactions with NAIT, the NAIT Foundation, GO Productivity or other Government of Alberta reporting entities that occurred at a value that was different from that which would have been arrived at if the parties were unrelated.

During the year, NAIT conducted business transactions with related parties, including Ministries of the Province of Alberta, other Alberta post-secondary institutions and corporations for which certain Board members of NAIT serve as management. The revenues and expenses incurred for these transactions have been included in the consolidated statement of operations but have not been separately quantified. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair market value. No material amounts are recorded in accounts receivable or accounts payable other than transactions entered into at arms-length.

NAIT has liabilities with the Department of Treasury Board and Finance as described in Note 9.

20. Budget figures

NAIT's 2023-24 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.

(in thousands)

21. Government transfers

NAIT operates under the authority and statutes of the Province of Alberta. Transactions and balances between NAIT and the Government of Alberta are measured at the exchange amount and summarized below.

		2024		2023
Grants from Government of Alberta				
Advanced Education				
Base Operating Grant	**$**	**135,497**	$	135,497
Apprenticeship		**21,609**		12,221
Capital Maintenance Renewal Grant		**7,440**		6,385
Other		**7,893**		5,689
Total Advanced Education		**172,439**		159,792
Other Government of Alberta departments and agencies				
Ministry of Jobs, Economy and Innovation (including Alberta Innovates)		**1,439**		5,923
Ministry of Skilled Trades and Professions		**-**		1,545
Ministry of Environment and Protected Areas		**691**		837
Alberta Health Services		**4**		3
Other		**670**		100
Total Other Government of Alberta departments and agencies		**2,804**		8,408
Total contributions received and receivable		**175,243**		168,200
Change in deferred contributions		**18,509**		10,110
Total Government of Alberta operating grant revenue	**$**	**193,752**	$	178,310
Grants from federal and other governments				
Federal government	**$**	**10,100**	$	6,134
Other government		**502**		1,470
Total contributions received and receivable		**10,602**		7,604
Change in deferred contributions		**(3,908)**		(2,897)
Total federal and other government operating grant revenue	**$**	**6,694**	$	4,707

(in thousands)

22. Revenue

NAIT provides goods and services for the below categories of revenue. Revenue is recognized as NAIT satisfies the performance obligations as discussed in note 2(c).

		2024		2023
Student tuition and fees				
Domestic tuition - Degree, diploma and certificate programs	**$**	**49,887**	$	45,047
International tuition - Degree, diploma and certificate programs		**48,575**		33,876
Continuing education tuition		**13,948**		12,441
Apprenticeship tuition		**8,161**		7,179
Apprenticeship material and admin fees		**746**		704
Mandatory non-instructional and other fees		**3,891**		2,408
Total student tuition and fees	**$**	**125,208**	$	101,655
Sales of services and products				
Bookstore	**$**	**9,272**	$	8,209
Training contracts		**5,731**		5,788
Parking		**4,820**		3,564
Application and administration fees		**3,701**		2,777
Sales of materials and services		**3,269**		2,752
Food Services		**1,942**		1,181
Applied research contract & in-kind revenue		**1,880**		3,064
Rental revenue		**1,451**		1,042
Dining revenue		**603**		431
Other		**1,454**		1,409
Total sales of services and products	**$**	**34,123**	$	30,217

23. Investment Income

		2024		2023
Investment earnings	**$**	**14,494**	$	20,331
Less transferred to Deferred Contributions (note 10)		**(3,918)**		(4,302)
Investment earnings from unrestricted sources		**10,576**		16,029
Add transfers from Deferred Contributions		**4,345**		2,455
Investment income	**$**	**14,921**	$	18,484

Investment earnings include an accrual of $2,663 (2023: $2,715). The accrual represents management's best estimate of revenue earned for the 3 months from January 1 to March 31 and not yet distributed, based on information provided by NAIT's investment managers (see note 2(c)).

(in thousands)

24. Expense by object

The following is a summary of expenses by object:

	2024		2023
	Budget (Note 20)	**Actual**	Actual
Salaries and employee benefits	**$ 257,271**	**$ 242,886**	$ 230,479
Materials, supplies and services			
Cost of goods sold	**8,587**	**9,624**	8,493
Purchased labour and services	**21,977**	**23,662**	22,474
Classroom, lab and general supplies	**15,541**	**16,287**	19,000
Other materials, supplies and services	**10,221**	**8,553**	7,083
Maintenance and repairs	**23,068**	**18,063**	25,906
Utilities	**10,096**	**9,373**	10,151
Scholarships, bursaries and prizes	**3,270**	**4,870**	3,784
Interest expense	**3,834**	**3,850**	3,937
Amortization of capital assets	**24,616**	**20,064**	20,619
	$ 378,481	**$ 357,232**	$ 351,926

25. Funds held on behalf of others

NAIT holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

	2024	2023
Southern Alberta Institute of Technology	**$ 1,287**	$ 1,635
NAIT Student Association	**566**	483
	$ 1,853	$ 2,118

(in thousands)

26. Salary and employee benefits

	2024			
	Base Salary[7]	**Other Cash Benefits[8]**	**Other Non-Cash Benefits[9][10]**	**Total**
Governance [1]				
Chair of the Board of Governors	$ -	$ -	$ -	$ -
Members of the Board of Governors	-	-	15	15
Executive				
President and CEO	363	6	108	477
Vice President Academic	286	48	22	356
Vice President Administration and CFO [2]	278	6	67	351
Vice President External Relations	256	6	57	319
Vice President Students and Campus Life	256	43	17	316

	2023			
	Base Salary[7]	Other Cash Benefits[8]	Other Non-Cash Benefits[9][10]	Total
Governance [1]				
Chair of the Board of Governors	$ -	$ -	$ -	$ -
Members of the Board of Governors	-	-	23	23
Executive				
President and CEO	358	6	98	462
Vice President Academic	267	43	33	343
Vice President Administration and CFO				
Past incumbent [3]	219	258	(43)	434
Interim [4]	70	-	-	70
Incumbent [5]	78	2	26	106
Vice President External Relations	243	6	48	297
Vice President Students and Campus Life [6]	224	37	21	282

(in thousands)

1. The Chair and other members of the Board of Governors receive no remuneration for the services they provide as members of the Board of Governors.
2. The incumbent Vice President Administration and CFO occupied the position until April 2024.
3. The past incumbent Vice President Administration and CFO occupied the position until September 2022. A termination benefit of $193 has been included in other cash benefits.
4. The interim appointment of the Vice President Administration and CFO position was held from September 2022 to December 2022.
5. The incumbent position of Vice President Administration and CFO was filled in December 2022.
6. The incumbent position of Vice President Students and Campus Life was filled in May 2022.
7. Base salary includes pensionable base pay.
8. Other cash benefits include variable compensation payments, vacation payouts by special approval or upon retirement/termination, car allowance and pay in lieu of employee benefits. No bonuses or variable compensation payments were paid in fiscal year 2024 and 2023.
9. Other non-cash benefits include NAIT's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short- and long-term disability plans, moving expenses, parking, professional memberships and tuition fees. Negative amounts may appear if accrued non-cash benefits are lower than actual cash benefits paid.
10. Under the terms of the SRP, executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide pension income over a post-employment period.

    The supplementary retirement plan related to the defined contribution plan for the current service cost and accrued obligation for each of the executives in the above table are outlined in the following table.

	Accrued Obligation March 31, 2023	Service Cost	Interest Cost	Benefits Paid	Accrued Obligation March 31, 2024
President and CEO	$ 104	$ 38	$ 17	$ -	**$ 159**
Vice President Academic and Provost					
Past incumbent	122	-	8	(63)	**67**
Vice President Administration and CFO	5	18	3	-	**26**
Vice President External Relations	19	14	3	-	**36**

27. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Governors of NAIT.

28. Comparative figures

Certain comparatives figures have been reclassified to conform to current year presentation.