



# Northern Alberta Institute of Technology

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## Consolidated Financial Statements

March 31, 2025

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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, 2025 and the results of its operations, remeasurement gains and losses, changes 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.

A handwritten signature in black ink, appearing to read 'J. Lutz'.

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President and CEO

A handwritten signature in blue ink, reading 'Michael Z. Hinz'.

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Vice-President Administration and Chief Financial Officer

## Independent Auditor's Report

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, 2025, 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, 2025, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of the audit work performed for purposes 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 27, 2025  
Edmonton, Alberta



	2025	2024
<b>Financial assets excluding portfolio investments restricted for endowments</b>		
Cash and cash equivalents (note 3)	\$ 26,974	\$ 48,233
Portfolio investments – non-endowment (note 4)	260,916	181,902
Accounts receivable	19,666	11,110
Inventories held for sale	2,011	2,125
Investment in government business enterprise (note 6)	468	331
	<b>310,035</b>	243,701
<b>Liabilities</b>		
Accounts payable and accrued liabilities	41,613	30,767
Employee future benefit liabilities (note 7)	21,789	21,260
Debt (note 8)	114,350	117,610
Deferred revenue		
Unearned revenue	39,953	44,863
Deferred contributions (note 9)	63,174	53,018
Asset retirement obligations (note 10)	8,311	7,527
	<b>289,190</b>	275,045
<b>Net financial assets (net debt) excluding portfolio investments restricted for endowments</b>	<b>20,845</b>	(31,344)
Portfolio investments – restricted for endowments (note 4)	66,415	63,460
<b>Net financial assets</b>	<b>87,260</b>	32,116
<b>Non-financial assets</b>		
Tangible capital assets and purchased intangibles (note 11)	541,593	536,877
Prepaid expenses	5,217	4,209
	<b>546,810</b>	541,086
<b>Net assets before spent deferred capital contributions</b>	<b>634,070</b>	573,202
Spent deferred capital contributions (note 12)	278,510	280,975
<b>Net assets (note 13)</b>	<b>\$ 355,560</b>	\$ 292,227
<b>Net assets are comprised of:</b>		
Accumulated surplus	\$ 355,371	\$ 295,178
Accumulated rereasurement gains (losses)	189	(2,951)
	<b>\$ 355,560</b>	\$ 292,227

Contingent assets and contractual rights (notes 14 and 16)  
Contingent liabilities and contractual obligations (notes 15 and 17)

NORTHERN ALBERTA INSTITUTE OF TECHNOLOGY  
CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2025  
(in thousands)



	Budget (Note 19)	2025	2024
<b>Revenues</b>			
Government of Alberta grants			
Operating grants (note 20)	\$ 173,755	\$ 178,320	\$ 193,752
Expended capital recognized as revenue	12,002	8,853	8,878
Federal and other government grants			
Operating grants (note 20)	10,153	7,641	6,694
Expended capital recognized as revenue	1,050	966	994
Student tuition and fees (note 21)	154,682	170,801	125,208
Sales of services and products (note 21)	32,517	36,664	34,123
Donations and other grants			
Donations and operating grants	7,886	12,371	10,462
Expended capital recognized as revenue	1,746	1,692	1,656
Investment income (note 22)	14,197	31,753	14,921
	<b>407,988</b>	<b>449,061</b>	<b>396,688</b>
<b>Expenses (note 23)</b>			
Instructional delivery	167,206	169,187	152,959
Applied research	18,210	19,292	18,318
Facilities operations and maintenance	58,058	48,481	51,302
Academic and student support	74,643	64,078	58,938
Institutional support	72,954	74,932	61,641
Ancillary services	15,456	15,621	13,963
Fundraising	101	117	111
	<b>406,628</b>	<b>391,708</b>	<b>357,232</b>
<b>Annual operating surplus</b>	<b>\$ 1,360</b>	<b>\$ 57,353</b>	<b>\$ 39,456</b>
<b>Endowment contributions and capitalized investment income</b>			
Endowment contributions (note 13)		1,720	985
Endowment capitalized investment income (note 13)		1,120	1,060
		<b>2,840</b>	<b>2,045</b>
<b>Annual surplus</b>		<b>\$ 60,193</b>	<b>\$ 41,501</b>
<b>Accumulated surplus, beginning of year</b>		<b>295,178</b>	<b>253,677</b>
<b>Accumulated surplus, end of year (note 13)</b>		<b>\$ 355,371</b>	<b>\$ 295,178</b>

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

NORTHERN ALBERTA INSTITUTE OF TECHNOLOGY  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
YEAR ENDED MARCH 31, 2025  
(in thousands)



	<b>Budget (Note 19)</b>	<b>2025</b>	<b>2024</b>
<b>Annual surplus</b>	<b>\$ 1,360</b>	<b>\$ 60,193</b>	<b>\$ 41,501</b>
Acquisition of tangible capital assets and purchased intangibles	<b>(1,000)</b>	<b>(25,527)</b>	(66,655)
Proceeds from sale of tangible capital assets and purchased intangibles	<b>250</b>	<b>253</b>	47
Amortization of tangible capital assets and purchased intangibles	<b>23,674</b>	<b>20,783</b>	20,064
Loss (gain) on disposal of tangible capital assets and purchased intangibles	<b>100</b>	<b>(225)</b>	258
(Increase) decrease in prepaid expenses		<b>(1,008)</b>	7,758
Decrease in spent deferred capital contributions		<b>(2,465)</b>	(16,759)
Increase in accumulated remeasurement gains		<b>3,140</b>	3,625
<b>Increase (decrease) in net financial assets</b>		<b>55,144</b>	(10,161)
<b>Net financial assets, beginning of year</b>		<b>32,116</b>	42,277
<b>Net financial assets, end of year</b>		<b>\$ 87,260</b>	<b>\$ 32,116</b>

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

NORTHERN ALBERTA INSTITUTE OF TECHNOLOGY  
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES  
YEAR ENDED MARCH 31, 2025  
(in thousands)



	2025	2024
<b>Accumulated remeasurement losses, beginning of year</b>	<b>\$ (2,951)</b>	<b>\$ (6,576)</b>
Unrealized gains attributable to:		
Portfolio investments - non-endowments (note 4)	<b>25,150</b>	9,027
Amounts reclassified to the consolidated statement of operations:		
Portfolio investments - non-endowments (note 4)	<b>(22,010)</b>	(5,402)
Change in accumulated remeasurement gains	<b>3,140</b>	3,625
<b>Accumulated remeasurement gains (losses), end of year</b>	<b>\$ 189</b>	<b>\$ (2,951)</b>
<b>Accumulated remeasurement gains (losses) is comprised of:</b>		
Portfolio investments – non-endowment	<b>\$ 189</b>	<b>\$ (2,951)</b>
	<b>\$ 189</b>	<b>\$ (2,951)</b>



	2025	2024
<b>Operating transactions</b>		
Annual surplus	\$ 60,193	\$ 41,501
Add (deduct) non-cash items:		
Amortization of tangible capital assets	20,783	20,064
Loss on sale of portfolio investments	49	178
(Gain) loss on disposal of tangible capital assets	(225)	258
Expended capital contributions recognized as revenue	(11,511)	(11,528)
Increase (decrease) in employee future benefit liabilities	529	(693)
Change in non-cash items	9,625	8,279
Increase in accounts receivable	(8,556)	(1,155)
Decrease in inventories held for sale	114	119
Increase in accounts payable and accrued liabilities	10,846	2,033
(Decrease) increase in unearned revenue	(4,910)	22,997
Increase (decrease) in deferred contributions	10,643	(9,454)
Increase in asset retirement obligations	784	501
(Increase) decrease in prepaid expenses	(1,008)	7,758
<b>Cash provided by operating transactions</b>	<b>77,731</b>	<b>72,579</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets, less in-kind donations	(25,000)	(66,655)
Proceeds on sale of tangible capital assets	253	47
<b>Cash applied to capital transactions</b>	<b>(24,747)</b>	<b>(66,608)</b>
<b>Investing transactions</b>		
Purchase of portfolio investments	(134,332)	(62,004)
Proceeds on sale of portfolio investments	54,830	99,674
<b>Cash (applied to) provided by investing transactions</b>	<b>(79,502)</b>	<b>37,670</b>
<b>Financing transactions</b>		
Debt – repayment	(3,260)	(3,157)
Increase (decrease) in spent deferred capital contributions, less expended capital contributions recognized as revenue, less in-kind donations	8,519	(5,231)
<b>Cash provided by (applied to) financing transactions</b>	<b>5,259</b>	<b>(8,388)</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(21,259)</b>	<b>35,253</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>48,233</b>	<b>12,980</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 26,974</b>	<b>\$ 48,233</b>



## 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 NAIT are as follows:

### a) 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

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.

NAIT holds a 33.33% share in a GBE (PanGlobal Training Systems Ltd.) with the Southern Alberta Institute of Technology and the British Columbia Institute of Technology. GBEs are consolidated 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 partnership and GBE are not material to NAIT's consolidated financial statements, and therefore, separate condensed financial information is not presented.

### b) 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.

**c) Valuation of financial assets and liabilities**

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

<u>Financial Statement Component</u>	<u>Measurement</u>
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.

**d) 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.

#### **e) 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 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.

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.

In the event realized investment income is not sufficient to fund in-year spending allocation, any endowment expenses above realized income will result in a decrease to annual operating surplus as there is not enough realized income to offset these expenses. Previously capitalized investment income cannot be used to permanently offset these expenses in the consolidated statement of operations.

#### **f) 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.

#### **g) 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
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.

#### **h) 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.

#### **i) 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 provided a management retirement plan to employees who were in a management position between 1988 and 2002. The last participant in this plan retired during the 2024 fiscal year.

### **j) 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.

### **k) 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.

#### **l) 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.

#### **m) 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.

#### **n) 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 been determined.

### 3. Cash and cash equivalents

	2025	2024
Cash	\$ 25,159	\$ 48,871
Money market funds, short-term notes, and treasury bills	3,908	1,215
Less: Funds held on behalf of others (note 24)	(2,093)	(1,853)
	<u>\$ 26,974</u>	<u>\$ 48,233</u>

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

### 4. Portfolio investments

	2025	2024
Portfolio investments – non-endowment	\$ 260,916	\$ 181,902
Portfolio investments – restricted for endowments	66,415	63,460
	<u>\$ 327,331</u>	<u>\$ 245,362</u>

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

	2025			
	Level 1	Level 2	Level 3	Total
Portfolio investments at fair value:				
Bonds and other fixed income				
Pooled investment funds	\$ -	\$ 127,723	\$ -	\$ 127,723
Equities				
Pooled investment funds – Canadian	-	45,194	-	45,194
Pooled investment funds – Global*	-	154,414	-	154,414
Total portfolio investments	<u>\$ -</u>	<u>\$ 327,331</u>	<u>\$ -</u>	<u>\$ 327,331</u>
	<u>0%</u>	<u>100%</u>	<u>0%</u>	<u>100%</u>



	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 – Global*	-	114,234	-	114,234
Total portfolio investments	\$ -	\$ 245,362	\$ -	\$ 245,362
	0%	100%	0%	100%

\*Global equity includes investments in Canadian markets, equating to 3.7% (December 31, 2023: 5.7%) of these funds at December 31, 2024.

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)

No transfers between the 3 levels took place in the current or prior year.

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.

	Endowments Recorded in Deferred Contributions (note 9)	Accumulated Remeasurement Gains and Losses	Total
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 consolidated statement of operations	(272)	(5,402)	(5,674)
<b>Balance as at March 31, 2024</b>	<b>263</b>	<b>(2,951)</b>	<b>(2,688)</b>
Unrealized (losses) gains attributable to portfolio investments	(681)	25,150	24,469
Amounts reclassified to consolidated statement of operations	193	(22,010)	(21,817)
<b>Balance as at March 31, 2025</b>	<b>\$ (225)</b>	<b>\$ 189</b>	<b>\$ (36)</b>

## 5. 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.

	2025	2024
Pooled investment funds – Canadian Equity S&P/TSX Composite Total Return Index benchmark	\$ 1,843	\$ 1,577
Pooled investment funds – Global* equity MSCI All Country World Index (Net Dividend, C\$) benchmark	5,166	3,469

\*Global equity includes investments in Canadian markets, equating to 3.7% (December 31, 2023: 5.7%) of these funds at December 31, 2024.

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 \$7,187 (2024: \$5,002) 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:

	2025	2024
AAA	29.3%	30.7%
AA	6.7%	8.1%
A	24.3%	27.5%
BBB	28.9%	30.4%
Short-term investments and other net assets (liabilities)	10.8%	3.3%
	<b>100.0%</b>	<b>100.0%</b>

### 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, 2025, NAIT has committed borrowing facilities of \$2,500 (2024: \$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 2.3% (2024: 2.5%) of total investments. Interest risk on NAIT's debt is managed through fixed-rate agreements with the Department of Treasury Board and Finance (Note 8).



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

	2025	2024
< 1 year	3.4%	4.8%
1 - 5 years	35.8%	31.6%
> 5 years	60.8%	63.6%
	<b>100.0%</b>	<b>100.0%</b>
Average effective yield	3.8%	4.8%

## 6. 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, 2025, NAIT's investment in PanGlobal Training Systems Ltd. is \$468 (2024: \$331).

In December 2024, the shareholders approved a resolution to wind up the operations of PanGlobal Training Systems Ltd., with the windup expected to be completed during 2025.

## 7. Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	2025	2024
Accrued vacation	\$ 16,843	\$ 16,727
Long-term disability	4,158	3,753
Supplementary retirement plan – defined contribution	227	288
Supplementary retirement plan – defined benefit	144	144
Special leave plan	417	348
Management retirement plan	-	-
	<b>\$ 21,789</b>	<b>\$ 21,260</b>

### 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, 2025. 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, 2025 is \$33 (2024: \$141) and has been discounted at a rate of 3.0% (2024: 2.5%).

## **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, 2024, the LAPP reported an actuarial surplus of \$19,558,316 (December 31, 2023: \$15,056,661 surplus). An actuarial valuation of the LAPP was carried out as at December 31, 2023 and was then extrapolated to December 31, 2024. The pension expense recorded in these consolidated financial statements for the year ending March 31, 2025 is \$17,926 (2024: \$17,925). Other than the requirement to make additional contributions, NAIT does not bear any risk related to any potential LAPP deficit.

### **Management retirement plan**

A management retiring allowance was established in 1988 in response to market conditions. 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 last participant in this plan retired during the 2024 fiscal year, and as a result, no liability has been recorded for this plan in the current fiscal year.

## **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, 2025 was \$75 (2024: \$101).



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

	2025				
	LTD	SRP (Defined Contribution)	SRP (Defined Benefit)	Special Leave	Management Retirement Plan
<b>Expense</b>					
Current service cost	\$ 781	\$ 51	\$ -	\$ 128	\$ -
Interest cost	180	24	10	-	-
Total expense	\$ 961	\$ 75	\$ 10	\$ 128	\$ -

**Financial Position**

Accrued benefit obligation:

Balance, beginning of year	\$ 3,753	\$ 289	\$ 144	\$ 348	\$ -
Current service cost	781	51	-	128	-
Interest cost	180	24	10	-	-
Benefits paid	(556)	(137)	(10)	(59)	-
Balance, end of year	\$ 4,158	\$ 227	\$ 144	\$ 417	\$ -

	2024				
	LTD	SRP (Defined Contribution)	SRP (Defined Benefit)	Special Leave	Management Retirement Plan
<b>Expense</b>					
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	\$ -

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	
	2025	2024
Accrued benefit obligation:		
Discount rate	4.90%	5.27%
Long-term average compensation increase	3.00%	3.00%
Estimated average remaining service life	5.8	5.2



## 8. Debt

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

	<b>Collateral</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>2025</b>	<b>2024</b>
Debentures payable to the Department of Treasury Board and Finance:					
- Parkade	(1)	December 2042	3.426%	\$ 16,683	\$ 17,343
- Blatchford lands and Productivity and Innovation Centre	(2)	June 2049	3.184%	97,667	100,267
				<b>\$ 114,350</b>	<b>\$ 117,610</b>

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

Principal and interest repayments are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
2030	3,828	3,193	7,021
Thereafter	96,382	32,404	128,786
	<b>\$ 114,350</b>	<b>\$ 49,541</b>	<b>\$ 163,891</b>

Interest expense on debt for the year ending March 31, 2025 is \$3,724 (2024: \$3,850) and is included in the consolidated statement of operations.



## 9. 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:

	Unspent Operating Contributions	Unspent Capital Contributions	Total
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 22)	3,838	80	3,918
Transfer from spent deferred capital contribution (note 12)	-	5,231	5,231
Recognized as revenue	(67,306)	-	(67,306)
Transferred to endowment	(1,060)	-	(1,060)
Unrealized gain on investments relating to deferred contributions (note 4)	1,068	-	1,068
<b>Balance as at March 31, 2024</b>	<b>\$ 52,859</b>	<b>\$ 159</b>	<b>\$ 53,018</b>
Grants and donations received	52,286	13,303	65,589
Investment income (note 22)	4,800	60	4,860
Transfer to spent deferred capital contribution (note 12)	-	(9,064)	(9,064)
Recognized as revenue	(49,621)	-	(49,621)
Transferred to endowment	(1,120)	-	(1,120)
Unrealized gain on investments relating to deferred contributions (note 4)	(488)	-	(488)
<b>Balance as at March 31, 2025</b>	<b>\$ 58,716</b>	<b>\$ 4,458</b>	<b>\$ 63,174</b>

## 10. Asset retirement obligations

	2025	2024
Balance, beginning of year	\$ 7,527	\$ 7,026
Liability incurred	9	5
Liability settled	(201)	(294)
Correction in liability settled from previous years	373	-
Revisions in estimates	603	790
Increase in asset retirement obligations	784	501
<b>Balance, end of year</b>	<b>\$ 8,311</b>	<b>\$ 7,527</b>

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.

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.

#### 11. Tangible capital assets and purchased intangibles

	2025				2024	
	Land	Buildings, Leasehold and Site Improvements	Furnishings, Equipment, Vehicles and Systems	Purchased Intangibles	Total	Total
<b>Cost</b>						
Balance, beginning of year	\$ 113,212	\$ 689,591	\$ 182,422	\$ -	\$ 985,225	\$ 924,872
Acquisitions	(31)	8,274	17,284	-	25,527	66,655
Disposals, including write downs	-	(613)	(1,947)	-	(2,560)	(6,302)
	<u>113,181</u>	<u>697,252</u>	<u>197,759</u>	<u>-</u>	<u>1,008,192</u>	<u>985,225</u>
<b>Accumulated Amortization</b>						
Balance, beginning of year	\$ -	\$ (302,900)	\$ (145,448)	\$ -	\$ (448,348)	(434,281)
Amortization expense	-	(12,171)	(8,612)	-	(20,783)	(20,064)
Effects on disposals, including write downs	-	613	1,919	-	2,532	5,997
	<u>-</u>	<u>(314,458)</u>	<u>(152,141)</u>	<u>-</u>	<u>(466,599)</u>	<u>(448,348)</u>
<b>Net book value at March 31, 2025</b>	<b>\$ 113,181</b>	<b>\$ 382,794</b>	<b>\$ 45,618</b>	<b>\$ -</b>	<b>\$ 541,593</b>	
Net book value at March 31, 2024	\$ 113,212	\$ 386,691	\$ 36,974	\$ -		\$ 536,877

Cost includes work-in-progress totaling \$19,432 (2024: \$20,172), comprised of land \$0 (2024: \$5,557), buildings \$10,105 (2024: \$6,155), equipment \$2,689 (2024: \$1,564) and software \$6,638 (2024: \$6,896). Acquisitions during the year include in-kind contributions in the amount of \$527 (2024: \$0).

Interest: Additions to capital assets includes capitalized interest of \$0 (March 31, 2024: \$0).

#### 12. 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).

	2025	2024
Balance, beginning of year	\$ 280,975	\$ 297,734
Transfers from (to) unspent externally restricted grants and donations (note 9)	9,064	(5,231)
Expended capital contributions recognized as revenue	(11,511)	(11,528)
Net book value of asset disposals	(18)	-
<b>Balance, end of year</b>	<b>\$ 278,510</b>	<b>\$ 280,975</b>



### 13. Net assets

	Accumulated Operating Surplus	Investment in Tangible Capital Assets and Purchased Intangibles	Funds and Reserves	Endowments	Total Accumulated Surplus
<b>Net assets, as at March 31, 2023</b>	\$ 35,025	\$ 129,742	\$ 29,784	\$ 52,550	\$ 247,101
Annual operating surplus	39,456	-	-	-	39,456
<b>Endowments</b>					
Contributions	-	-	-	985	985
Capitalized investment income	-	-	-	1,060	1,060
<b>Tangible capital assets</b>					
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
<b>Net assets, as at March 31, 2024</b>	<b>\$ 50,951</b>	<b>\$ 159,981</b>	<b>\$ 26,700</b>	<b>\$ 54,595</b>	<b>\$ 292,227</b>
Annual operating surplus	57,353	-	-	-	57,353
<b>Endowments</b>					
Contributions	-	-	-	1,720	1,720
Capitalized investment income	-	-	-	1,120	1,120
<b>Tangible capital assets</b>					
Amortization of tangible capital assets	9,272	(9,272)	-	-	-
Acquisition of tangible capital assets	(10,975)	15,853	(4,878)	-	-
Debt – repayment	(3,260)	3,260	-	-	-
Asset retirement obligations – liability settled	(201)	201	-	-	-
Asset retirement obligations – correction in liability settled	373	(373)	-	-	-
Net book value of tangible capital asset disposals	11	(11)	-	-	-
Operating expenditures funded from funds and reserves	806	-	(806)	-	-
Net Board appropriation to funds and reserves	(222)	-	222	-	-
Change in accumulated remeasurement gains and losses	3,140	-	-	-	3,140
<b>Net assets, as at March 31, 2025</b>	<b>\$ 107,248</b>	<b>\$ 169,639</b>	<b>\$ 21,238</b>	<b>\$ 57,435</b>	<b>\$ 355,560</b>
<b>Net assets is comprised of:</b>					
Accumulated surplus	\$ 107,059	\$ 169,639	\$ 21,238	\$ 57,435	\$ 355,371
Accumulated remeasurement gains and losses	189	-	-	-	189
	<b>\$ 107,248</b>	<b>\$ 169,639</b>	<b>\$ 21,238</b>	<b>\$ 57,435</b>	<b>\$ 355,560</b>



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, 2024	Appropriations from (returned to) Accumulated Operating Surplus	Disbursements During the Period	Balance, March 31, 2025
Appropriation for capital activities:				
Main Campus Renovations	\$ 15,059	\$ (247)	\$ (1,473)	\$ 13,339
Capital Renewal	1,984	222	(985)	1,221
Strategic Investment Fund	-	201	(201)	-
Industry Solutions	-	(66)	66	-
Technology Transformation Fund	-	2,285	(2,285)	-
	<u>17,043</u>	<u>2,395</u>	<u>(4,878)</u>	<u>14,560</u>
Appropriation for operating activities:				
Strategic Investment Fund	4,638	(201)	(78)	4,359
Technology Transformation Fund	2,556	(2,285)	(25)	246
ILM Reserve Fund	1,287	-	(238)	1,049
Credit Education Enhancement Fund	807	-	(218)	589
Industry Solutions	369	66	-	435
Main Campus Renovations	-	247	(247)	-
	<u>9,657</u>	<u>(2,173)</u>	<u>(806)</u>	<u>6,678</u>
	<u>\$ 26,700</u>	<u>\$ 222</u>	<u>\$ (5,684)</u>	<u>\$ 21,238</u>

### 14. 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.



## 15. 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.

## 16. 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:

	<b>Operating Leases, Contracts and Operations and Programs Maintenance Other Contracts</b>			<b>Total</b>
2026	\$ 15,762	\$ -	\$ -	<b>\$ 15,762</b>
2027	8,623	-	-	<b>8,623</b>
2028	3,732	-	-	<b>3,732</b>
2029	1,569	-	-	<b>1,569</b>
2030	605	-	-	<b>605</b>
Thereafter	2,364	-	-	<b>2,364</b>
Total at March 31, 2025	<b>\$ 32,655</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,655</b>
Total at March 31, 2024	<b>\$ 49,708</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,708</b>



## 17. 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:

	<b>Capital Projects</b>	<b>Long-Term Leases</b>	<b>Total</b>
2026	\$ 15,172	\$ 1,376	\$ <b>16,548</b>
2027	-	1,215	<b>1,215</b>
2028	-	1,201	<b>1,201</b>
2029	-	1,190	<b>1,190</b>
2030	-	1,180	<b>1,180</b>
Thereafter	-	1,518	<b>1,518</b>
Total at March 31, 2025	<u>\$ 15,172</u>	<u>\$ 7,680</u>	<u>\$ <b>22,852</b></u>
Total at March 31, 2024	<u>\$ 5,100</u>	<u>\$ 9,131</u>	<u>\$ 14,231</u>

## 18. 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 2024-25, 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 8.

## 19. Budget figures

NAIT's 2024-25 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.



## 20. 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.

	<b>2025</b>	2024
Grants from Government of Alberta		
Advanced Education		
Base Operating Grant	\$ 135,497	\$ 135,497
Apprenticeship	32,690	21,609
Capital Maintenance Renewal Grant	10,173	7,440
Other	10,141	7,893
Total Advanced Education	<b>188,501</b>	172,439
Other Government of Alberta departments and agencies		
Ministry of Jobs, Economy and Trade (including Alberta Innovates)	1,369	1,439
Ministry of Environment and Protected Areas	797	691
Alberta Health Services	18	4
Other	970	670
Total Other Government of Alberta departments and agencies	<b>3,154</b>	2,804
Total contributions received and receivable	<b>191,655</b>	175,243
Change in deferred contributions	<b>(13,335)</b>	18,509
Total Government of Alberta operating grant revenue	<b>\$ 178,320</b>	\$ 193,752
Grants from federal and other governments		
Federal government	\$ 7,340	\$ 10,100
Other government	602	502
Total contributions received and receivable	<b>7,942</b>	10,602
Change in deferred contributions	<b>(301)</b>	(3,908)
Total federal and other government operating grant revenue	<b>\$ 7,641</b>	\$ 6,694



## 21. 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(d).

	2025	2024
Student tuition and fees		
Domestic tuition - Degree, diploma and certificate programs	\$ 55,481	\$ 49,887
International tuition - Degree, diploma and certificate programs	83,647	48,575
Continuing education tuition	16,009	13,948
Apprenticeship tuition	9,486	8,161
Apprenticeship material and admin fees	831	746
Mandatory non-instructional and other fees	5,347	3,891
Total student tuition and fees	<u>\$ 170,801</u>	<u>\$ 125,208</u>
Sales of services and products		
Bookstore	\$ 10,174	\$ 9,272
Parking	5,565	4,820
Training contracts	5,217	5,731
Sales of materials and services	3,878	3,269
Application and administration fees	3,815	3,701
Applied research contract & in-kind revenue	3,061	1,880
Food Services	1,555	1,942
Rental revenue	1,205	1,451
Dining revenue	577	603
Other	1,617	1,454
Total sales of services and products	<u>\$ 36,664</u>	<u>\$ 34,123</u>

## 22. Investment Income

	2025	2024
Investment earnings	\$ 34,600	\$ 14,494
Less transferred to Deferred Contributions (note 9)	<u>(4,860)</u>	<u>(3,918)</u>
Investment earnings from unrestricted sources	29,740	10,576
Add transfers from Deferred Contributions	2,013	4,345
Investment income	<u>\$ 31,753</u>	<u>\$ 14,921</u>

Investment earnings include an accrual of \$3,706 (2024: \$2,663). 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)).



### 23. Expense by object

The following is a summary of expenses by object:

	2025		2024
	Budget (Note 19)	Actual	Actual
Salaries and employee benefits	\$ 279,687	\$ 263,703	\$ 242,886
Materials, supplies and services			
Cost of goods sold	8,954	10,736	9,624
Purchased labour and services	24,756	30,052	23,662
Classroom, lab and general supplies	18,449	28,680	16,287
Other materials, supplies and services	10,269	9,353	8,553
Maintenance and repairs	22,894	12,518	18,063
Utilities	10,299	8,638	9,373
Scholarships, bursaries and prizes	3,916	3,521	4,870
Interest expense	3,730	3,724	3,850
Amortization of capital assets	23,674	20,783	20,064
	<b>\$ 406,628</b>	<b>\$ 391,708</b>	<b>\$ 357,232</b>

### 24. 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.

	2025	2024
Southern Alberta Institute of Technology	\$ 1,049	\$ 1,287
NAIT Student Association	1,044	566
	<b>\$ 2,093</b>	<b>\$ 1,853</b>



**25. Salary and employee benefits**

	2025			Total
	Base Salary <sup>(8)</sup>	Other Cash Benefits <sup>(9)</sup>	Other Non-Cash Benefits <sup>(10)(11)</sup>	
<b>Governance<sup>(1)</sup></b>				
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	-	6	6
<b>Executive</b>				
President and CEO	379	6	117	502
Vice President Academic	299	48	30	377
Vice President Administration and CFO				
Past incumbent <sup>(2)</sup>	2	167	3	172
Interim <sup>(3)</sup>	236	-	-	236
Incumbent <sup>(4)</sup>	57	1	39	76
Vice President External Relations <sup>(5)</sup>	45	1	9	56
Vice President External Relations and CDO <sup>(6)</sup>	102	2	34	138
Vice President Students and Campus Life <sup>(7)</sup>	153	73	7	233
<b>2024</b>				
	Base Salary <sup>(8)</sup>	Other Cash Benefits <sup>(9)</sup>	Other Non-Cash Benefits <sup>(10)(11)</sup>	Total
<b>Governance<sup>(1)</sup></b>				
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	-	15	15
<b>Executive</b>				
President and CEO	363	6	108	477
Vice President Academic	286	48	22	356
Vice President Administration and CFO	278	6	67	351
Vice President External Relations	256	6	57	319
Vice President Students and Campus Life	256	43	17	316



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 past incumbent Vice President Administration and CFO occupied the position until April 2024. A termination benefit of \$167 has been included in other cash benefits.
3. The interim appointment of the Vice President Administration and CFO position was held from May 2024 to January 2025 through an external consulting arrangement. As the individual was engaged as an independent contractor, no benefit costs were incurred.
4. The incumbent position of Vice President Administration and CFO was filled in January 2025.
5. The past incumbent Vice President External Relations occupied the position until May 2024 and was not subsequently filled. The accountabilities of this position were moved to the Vice President External Relations and Chief Development Officer (CDO).
6. The incumbent position of Vice President External Relations and CDO was filled in November 2024.
7. The past incumbent of Vice President Students and Campus Life occupied the position until October 2024. A termination benefit of \$48 has been included in other cash benefits.
8. Base salary includes pensionable base pay.
9. 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 2025 and 2024.
10. 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, relocation expenses, parking, professional memberships and tuition fees.
11. Under the terms of the supplementary retirement plan, 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.

	<b>Accrued Obligation March 31, 2024</b>	<b>Service Cost</b>	<b>Interest Cost</b>	<b>Benefits Paid</b>	<b>Accrued Obligation March 31, 2025</b>
President and CEO	\$ 159	\$ 40	\$ 17	\$ -	\$ 216
Vice President Academic and Provost					
Past incumbent	67	-	4	(71)	-
Vice President Administration and CFO					
Past incumbent	26	-	-	(26)	-
Incumbent	-	4	-	-	4
Vice President External Relations	36	-	3	(39)	-
Vice President External Relations and CDO	-	7	-	-	7

## 26. Approval of consolidated financial statements

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