MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Audited Financial Statements

Year ended June 30, 2024

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2023/2024 FINANCIAL STATEMENTS

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Independent auditors' report

To the Governing Board of
Manitoba Institute of Trades and Technology

Opinion

We have audited the financial statements of Manitoba Institute of Trades and Technology ("the Entity"), which comprise the statement of financial position as at June 30, 2024, and the statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Manitoba Institute of Trades and Technology as at June 30, 2024, and its results of revenue, expenses and accumulated surplus, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Doane Grant Thornton LLP

Winnipeg, Canada
October 22, 2024

Chartered Professional Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Governing Board of Manitoba Institute of Trades and Technology.

Ken Webb ______ October 22, 2024

Chairperson of the Governing Board Date

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying financial statements of Manitoba Institute of Trades and Technology are the responsibility of the Institute's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Professional Accountants. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Institute's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Governing Board of the Institute met with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Doane Grant Thornton independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Institute's financial statements.

Ken Webb Ken Webb
Chairperson

C. Laverge Cindee Laverge
Secretary-Treasurer

October 22, 2024

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Financial Position

as at June 30, 2024, with comparative information for 2023

Notes		2024	2023
	Financial Assets		
	Cash and Bank	34,532,347	27,002,653
	Due from - Provincial Government	130,379	-
	- Federal Government	542,287	564,690
	- Other School Divisions	758,380	43,361
6	Accounts Receivable	1,081,475	1,314,269
14	Portfolio Investments	3,626,218	3,470,573
		40,671,086	32,395,546
	Liabilities		
5	Overdraft	-	-
	Accounts Payable	2,193,071	1,307,367
	Accrued Liabilities	770,492	865,765
7	Employee Future Benefits	1,023,968	1,081,099
	Accrued Interest Payable	-	-
16	Asset Retirement Obligations	510,944	490,114
	Due to - Provincial Government	1,254	2,341
	- Federal Government	746	-
15	Deferred Revenue	21,607,029	19,249,536
8	Borrowings from the Provincial Government	12,082,850	11,920,781
		38,190,354	34,917,003
	Net Assets (Debt)	2,480,732	(2,521,457)
	Non-Financial Assets		
9	Net Tangible Capital Assets	20,638,875	20,467,133
	Inventories	-	-
	Prepaid Expenses	1,766,419	1,549,876
		22,405,294	22,017,009
10	**Accumulated Surplus**	24,886,026	19,495,552

See accompanying notes to the Financial Statements

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Operations and Accumulated Surplus

Year ended June 30, 2024, with comparative information for 2023

Notes			2024	2023
	Revenue			
	Provincial Government		14,795,846	11,627,766
	Federal Government		1,391,337	1,913,166
	Other School Divisions		3,261,723	2,848,812
	Private Organizations and Individuals		30,032,392	26,071,898
11	Other Sources		1,885,521	1,233,503
11	Portfolio Interest		181,781	79,170
	Other Special Purpose Funds		237,869	196,391
			51,786,469	43,970,706
12	**Expenses**			
	Regular Instruction		8,028,471	6,561,717
	Student Support Services		2,248,050	1,310,490
	Adult Learning Centres		3,128,123	2,854,095
	Community Education and Services		15,511,037	15,108,642
	Divisional Administration		9,583,522	8,741,529
	Instructional and Other Support Services		835,910	642,103
	Operations and Maintenance		4,423,900	4,220,174
11	Fiscal	- Interest	641,720	646,877
		- Other	642,233	830,589
9	Amortization		1,186,442	1,222,672
16	Accretion		20,830	19,981
	Other Special Purpose Funds		145,757	91,425
			46,395,995	42,250,294
	Current Year Surplus (Deficit) before Non-vested Sick Leave		5,390,474	1,720,412
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		5,390,474	1,720,412
	Opening Accumulated Surplus, as originally stated		19,495,552	17,775,140
	Adjustments:	Adoption of new accounting policy	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		19,495,552	17,775,140
	Closing Accumulated Surplus		24,886,026	19,495,552

See accompanying notes to the Financial Statements

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Changes in Net Debt

Year Ended June 30, 2024, with comparative information for 2023

	2024	2023
Net Current Year Surplus (Deficit)	5,390,474	1,720,412
Amortization and disposals of Tangible Capital Assets	1,186,442	1,222,672
Acquisition of Tangible Capital Assets	(1,358,183)	(4,041,237)
	(171,741)	(2,818,565)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(216,543)	(648,517)
	(216,543)	(648,517)
(Increase)/Decrease in Net Debt	5,002,189	(1,746,670)
Net Debt at Beginning of Year	(2,521,457)	(774,787)
Adjustments Other than Tangible Cap. Assets	-	-
	(2,521,457)	(774,787)
Net Assets (Debt) at End of Year	2,480,732	(2,521,457)

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Cash Flows

Year Ended June 30, 2024, with comparative information for 2023

	2024	2023
Operating Transactions		
Net Current Year Surplus (Deficit)	5,390,474	1,720,412
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,186,442	1,222,672
Accretion expense	20,830	19,981
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	(57,131)	220,839
Due from Other Organizations (Increase)/Decrease	(822,995)	1,597,524
Accounts Receivable & Accrued Income (Increase)/Decrease	232,794	(469,387)
Prepaid Expenses - (Increase)/Decrease	(216,543)	(648,517)
Due to Other Organizations Increase/(Decrease)	(341)	(125)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	790,431	(1,275,942)
Deferred Revenue Increase/(Decrease)	2,357,493	924,406
Cash Provided by (Applied to) Operating Transactions	8,881,454	3,311,863
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,358,183)	(4,041,237)
Proceeds on Disposal of Tangible Capital Assets		-
Cash Provided by (Applied to) Capital Transactions	(1,358,183)	(4,041,237)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	(155,645)	(66,245)
Cash Provided by (Applied to) Investing Transactions	(155,645)	(66,245)
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	162,069	3,464,989
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	162,069	3,464,989
Cash and Bank / Overdraft (Increase)/Decrease	7,529,694	2,669,370
Cash and Bank (Overdraft) at Beginning of Year	27,002,653	24,333,283
Cash and Bank (Overdraft) at End of Year	34,532,347	27,002,653

1. Nature of organization and economic dependence

Manitoba Institute of Trades and Technology (the Institute) is a bridge to opportunity for students looking for career-focused learning; for industry looking for skilled workers and workforce development opportunities to fuel their growth; and for newcomers to Canada looking to adapt, settle, and integrate into a successful new life. The Institute is funded primarily by market revenues, followed by the Province of Manitoba.

The Province of Manitoba is the largest single funder of the Institute. Without this funding, continued operation of the Institute and adherence to its legislative mandate would not be possible.

Pembina Trails School Division contributed $1,515,979 (previous year $1,534,476) to the revenue recorded in 'Other School Division Revenue': Operating Fund – Revenue Detail.

The Institute is exempt from income tax.

2. Significant accounting policies

Basis of Accounting

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS).

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Institute. The Institute reporting entity includes funds associated with the MITT Scholarship/Trust Fund controlled by the Institute.

All inter-fund accounts and transactions are eliminated.

Fund accounting

The fund method of accounting is employed by the Institute to record financial transactions in separate funds. The Operating Fund is maintained to record the day-to-day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal, and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Institute.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Portfolio investments include Guaranteed Investment Certificates.

2. Significant accounting policies (continued)

Revenue recognition and deferred revenue

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

When revenue is received without eligibility criteria and with stipulations, it is recognized when the government transfer is authorized, except when, and to the extent, the transfer gives rise to an obligation that meets the definition of a liability for the Institute. If the obligation does meet the definition of a liability, the related revenue is recognized as the obligation is settled. More specifically, certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the delivery of certain programs and services or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred, or services are performed.

Funding received for the acquisition or development of tangible capital assets is recognized as revenue in one of two ways:

i. Assets funded by debt (Province of Manitoba funded promissory notes): revenue is recognized when the debt principal and interest payment funding is received, which corresponds to when it is considered authorized.
ii. Assets funded by an allocation of cash: revenue is recognized immediately when all eligibility criteria are met, and no stipulations exist. If stipulations exist and the funding obligation meets the definition of a liability for the Institute, the revenue is deferred until the stipulations are met.

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

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

Revenue from private organizations and individuals consists of tuition revenue, administration fees and other goods and services. Tuition revenue is recognized over the course of the term for which it is earned. The unearned portion of tuition fees and contractual training revenue received, but not earned until a future fiscal period, is recorded as unearned revenue. Administrative fees and revenue from other goods and services are recognized when the goods are provided, or services are substantially rendered.

Tangible capital assets

Tangible capital assets are non-financial assets that are used by the Institute to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

2. Significant accounting policies (continued)

Amortization is calculated on a straight-line basis over the assets' estimated useful life as follows:

Asset Description	Estimated Useful Life
Land improvements	10 years
Buildings – bricks, mortar and steel	40 years
Buildings – wood frame	25 years
Vehicles	5 years
Equipment	5 years
Network infrastructure	10 years
Computer hardware, servers and peripherals	4 years
Computer software	4 years
Furniture and fixtures	10 years
Leasehold improvements	Over term of lease

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful. Land is not amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

Except for land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005, where the actual cost was not known, the replacement value for insurance purposes as of June 30, 2005, was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006, has been valued by the Crown Lands and Property Agency.

Capital leases are recorded at the present value of the minimum lease payments 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 the Institute's rate for incremental borrowing or the interest rate implicit in the lease.

Asset Retirement Obligations

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

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

2. Significant accounting policies (continued)

A liability for the retirement of various assets has been recorded, as outlined in note 17.

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

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

Employee future benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers at the Institute. The Institute does not contribute to TRAF, and no costs relating to this plan are included in the Institute's financial statements.

The Institute does provide retirement benefits to non-certified personnel and other future benefits to its employees. These benefits include vacation and accumulated sick leave days. The Institute adopts the following policies with respect to accounting for these employee future benefits:

(i) Defined contribution / insured benefit plans

The Retirement Plan offered to non-certified staff is a money-purchase plan administered by the Manitoba School Boards Association (MSBA). The plan requires the Institute to make a specific fixed contribution each period. The Institute does not assume any actuarial or investment risk in the future, nor responsibility to make further contributions.

(ii) Vacation Days

Non-certified permanent personnel accrue vacation entitlement for service in accordance with Institute policy. General practice is that most days are accumulated through the period July 1- June 30. The unused entitlement balance is recorded as a liability at year end.

Permanent certified personnel do not earn vacation entitlement; however, they are paid over 12 months for services performed over ten months. The amount to be paid in July and August for the prior service year is set up as a liability at year end.

2. Significant accounting policies (continued)

(iii) Accumulated Sick Days

The Institute offers sick leave to its employees which does not vest but accumulates for use by the employee beyond the current period. For non-vesting accumulating sick days, the benefit costs are recognized, if deemed material, based on a projection of expected future utilization of sick time, discounted using net present value techniques. The total accrued benefit obligation is recorded as a liability at year end.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Items subject to significant management estimates include useful life of tangible capital assets and the asset retirement obligation.

Financial Instruments

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Institute records its financial assets at cost or amortized cost, which include cash and bank, due from federal government and other school divisions, and accounts receivable. Portfolio investments in equity instruments and derivatives quoted in an active market are recorded at their fair value. The Institute also records its financial liabilities at cost or amortized cost which include accounts payable, employee future benefits, due to provincial government, deferred revenue and borrowing from the provincial government.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the consolidated statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the consolidated statement of operations in the period the gain or loss occurs.

The Institute did not incur any re-measurement gains and losses during the year (previous year $nil).

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

3. Change in accounting policy

On Apr 1, 2023, the Institute adopted the new Public Sector Accounting Standard Section PS 3400 *Revenue,* issued by the Public Sector Accounting Board (PSAB). This standard provides guidance on the recognition, measurement, and presentation of revenue for public sector entities.

The adoption of Section PS 3400 establishes a framework that differentiates between exchange and non-exchange transactions. The standard requires revenue from exchange transactions to be recognized based on the performance obligations when goods or services are provided and revenue from non-exchange transactions to be recognized based on the performance obligations associated with the transaction. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. Impact, if any, of this standard would be applied retroactively with no restatement.

For the Institute, there was no impact on its financial position or results of operations as a result of adopting PS 3400.

4. Financial instruments

Risk Disclosures

The Institute has exposure to the following risks from its financial instruments: credit risk and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Institute to credit risks consists principally of accounts receivable.

Due from government: The Institute is not exposed to significant credit risk as the balance is due from federal and provincial governments and other school divisions and payment in full is typically collected when it is due.

Accounts receivable: The Institute is not exposed to significant credit risk as the balance is due to a large client base and payment in full is typically collected when it is due. The Institute manages this credit risk through close monitoring of overdue accounts.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to debenture debt and short-term investments.

4. Financial instruments (continued)

The interest rate risk on debenture debt is low because of their fixed interest rates. The interest rate risk on short-term investments is considered low because of their short-term nature.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

5. Overdraft

The Institute has an authorized demand facility with the TD Bank of Canada of $1,000,000 (previous year $1,000,000) by way of overdraft and loan and is repayable on demand at TD Prime (interest is paid monthly in arrears).

6. Accounts receivable

Accounts receivable includes amounts owing on student accounts and from commercial customers.

	2024	2023
Student receivables, net	254,338	320,272
Commercial receivables	545,823	771,482
Accrued Interest	281,314	222,515
	$1,081,475	**$1,314,269**

Included in student receivables is an allowance for doubtful accounts of $674,659 (2023: $559,153).

7. Employee future benefits

Employee future benefits are benefits earned by employees in the current period but will not be paid out until future periods.

The Institute sponsors one defined contribution benefit pension plan that is provided to all non-certified employees. The defined contribution insured plan requires eligible employees to contribute a percentage of their earnings based on their age at the start of each calendar year. As of January 2019, those employees contributing to MSBA pension plans had the requirement for contributions of 8%. The Institute contributions equal the employee contributions to the plan. No pension liability is included in the financial statements other than late payment interest owing for the period.

Long term disability benefits are covered by a defined contribution / insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

7. Employee future benefits (continued)

Non-vested accumulated sick leave benefits are measured using net present value techniques on the expected future utilization of excess of sick benefits used over earned per year, to maximum entitlement. The impact of the estimated non-vested sick leave benefit cost for 2023-2024 is $nil (Previous year $nil).

8. Debenture debt

The debenture debt of the Institute is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2024 to 2042. Debenture debt for deferred maintenance is issued in the form of forty-year debentures payable, principal and interest, payable in monthly installments, maturing in 2063. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for debenture debt on two self-funded capital projects which mature between 2029 and 2032 with principal totaling $1,557,012.

The debentures carry interest rates that range from 2.75% to 5.875%. Debenture interest expense payable relating to the two self-funded capital projects, as of June 30th, is accrued and recorded in Accounts Payable. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2024/25	686,704	457,964	1,144,668
2025/26	696,002	430,707	1,126,709
2026/27	683,342	403,283	1,086,626
2027/28	702,055	376,738	1,078,792
2028/29	729,014	349,414	1,078,429
Thereafter	8,585,733	2,444,756	11,030,489
	$12,082,850	$4,462,863	$16,545,713

9. Tangible capital assets

	Buildings and Leasehold Improvements School	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Under Construction	2024 TOTALS	2023 TOTALS
Tangible Capital Asset Cost								
Opening Cost, as previously reported	29,456,822	57,437	3,148,114	3,005,829	1,677,098	119,352	37,464,652	34,339,439
Adjustments	(3,810)	-	-	-	-	3,810	-	-
Opening Cost adjusted	29,453,012	57,437	3,148,114	3,005,829	1,677,098	123,162	37,464,652	34,339,439
Add: Additions during the year	19,796	48,974	590,121	77,383		664,743	1,401,017	9,664,762
Less: Disposals/transfers	76,922						76,922	6,539,549
Closing Cost	29,395,886	106,411	3,738,235	3,083,212	1,677,098	787,906	38,788,748	37,464,651
Accumulated Amortization								
Opening, as previously reported	12,481,984	55,381	1,939,826	2,520,327			16,997,518	16,690,870
Adjustments		-	-	-			-	-
Opening adjusted	12,481,984	55,381	1,939,826	2,520,327			16,997,518	16,690,870
Add: Current period Amortization	714,881	2,871	300,403	168,287			1,186,442	1,222,672
Less: Accumulated Amortization on Disposals and Writedowns	34,088						34,088	916,024
Closing Accumulated Amortization	13,162,777	58,252	2,240,229	2,688,614			18,149,872	16,997,518
Net Tangible Capital Asset	16,233,108	48,159	1,498,007	394,598	1,677,098	787,906	20,638,875	20,467,134

10. Accumulated surplus

The accumulated surplus is comprised of the following:

	2024	2023
Operating Fund		
Designated Surplus	$ 16,003,341	$11,712,041
Non-vested Sick Leave	(42,458)	(42,458)
Undesignated Surplus	-	-
	$ 15,960,883	$11,669,583
Capital Fund		
Reserve Accounts		
Equity in Tangible Capital Assets	$ 8,230,706	$7,271,654
	$ 8,230,706	$7,271,654
Special Purpose Fund		
School Generated Funds		
Other Special Purpose Funds	$ 694,438	$554,315
	694,438	554,315
Total Accumulated Surplus	$24,886,026	$19,495,552

10. Accumulated surplus (continued)

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy

	2024	2023
Board approved appropriation by motion	**$15,960,883**	$**11,669,583**
Designated surplus	**$15,960,883**	$**11,669,583**

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for Institution use.

	2024	2023
Scholarship	**$ 694,438**	$ **554,315**
Other Special Purpose Funds	**$ 694,438**	$ **554,315**

11. Interest received and paid

The Institute received interest during the year of $1,721,654 (Previous year $1,177,939); interest paid during the year was $643,933 (Previous year $646,877).

Interest expense is included in Fiscal and is comprised of the following

	2024	2023
Operating Fund		
Fiscal-short term loan, interest and bank charges	**$ 199,945**	$ **186,431**
Capital Fund		
Debenture debt interest	**443,963**	**460,410**
Other interest	**25**	**36**
	$ 643,933	$ **646,877**

The accrual portion of debenture debt interest expense of $238,122 (previous year $228,166) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by object

Expenses in the statement of revenue, expenses and accumulated surplus are reported by function. The following classifies those same expenditures by object:

Expense object	Actual 2024	Budget 2024	Actual 2023
Salaries	24,599,881	25,147,239	22,051,750
Employees benefits & allowances	3,268,308	2,929,064	2,805,212
Services	12,902,576	11,950,614	12,212,866
Supplies, materials & minor equipment	2,986,034	2,663,317	2,368,735
Interest	199,970	180,003	186,655
Bad debts	121,014	0	358,241
Transfers – other org	0	0	0
Payroll tax	521,219	553,209	472,347
Amortization	1,186,442	0	1,222,671
Accretion	20,830	0	19,981
Debenture interest	443,963	460,072	460,410
Other special purpose funds	145,757	0	91,425
Total	**$46,395,995**	**$43,883,518**	**$42,250,293**

13. Contractual obligations and contingencies

Contractual obligations:
The Institute has entered into operating lease agreements for certain properties with lease terms ending at various dates from 2025 to 2028. The Institute has also contracted for services, as well as leased equipment used in operations with lease terms ending at various dates from 2025 to 2028. Under the terms of these agreements, minimum lease and service payments, excluding variable rent and charges, in each of the next five years are as follows:

2025	3,669,539
2026	1,070,434
2027	502,572
2028	5,129

Contingencies:
The Institute is involved in various legal matters arising in the ordinary course of business.

13. Contractual obligations and contingencies (continued)

Management believes the resolution of these matters is not likely to have a material adverse effect on the Institute 's financial position, results of operations or cash flows.

14. Portfolio investments

Portfolio investments include guaranteed investment certificates held with Access Credit Union, bearing interest at 5% (2023: at 4.6%). The guaranteed investment certificates mature on May 7, 2025.

Also included are mutual funds held with TD Direct Investing in a fixed-income portfolio which has generated returns of -5.18% since inception (2023 – -7.10%).

	2024	2023
Guaranteed investment certificates	**3,533,235**	3,377,590
Fixed Income	**92,983**	92,983
	$3,626,218	$3,470,573

Classification

Canadian public sector accounting standards define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The financial instruments measured at fair value held within each investment are classified according to a hierarchy that includes three levels, reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Portfolio investments	**Level 1**	**Level 2**	**Level 3**	**2024 Total**
Guaranteed investment certificates		3,533,235		3,533,235
Fixed Income	92,983			92,983
Total	92,983	3,533,235		3,626,218

Portfolio investments	**Level 1**	**Level 2**	**Level 3**	**2023 Total**
Guaranteed investment certificates		3,377,590		3,377,590
Fixed Income	92,983			92,983
Total	92,983	3,377,590		3,470,573

14. Portfolio investments (continued)

Changes in fair valuation methods or in the availability of observable market inputs may result in a transfer between levels. During the year there was no transfer of securities between the different levels.

15. Deferred revenue

Deferred revenue includes tuition fees invoiced but not yet earned, student deposits for future program intakes, leasehold incentives received from landlords of leased facilities and any other receipt of proceeds for services or products to be delivered in future periods. These revenues will be recognized in that future period when the courses, service or products are provided. Deferred leasehold incentives will be realized at a rate consistent with the amortization of the related leasehold improvements.

	2024	2023
Deferred tuition revenue	**$7,908,885**	**$7,724,311**
Student deposits	**13,286,740**	**11,232,802**
Deferred leasehold incentives	**85,601**	**134,515**
Other deferred revenues	**325,803**	**157,908**
	$ 21,607,029	**$ 19,249,536**

16. Asset Retirement Obligation

MITT's asset retirement obligations consist of several obligations as follows:

The Institute owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building, and there is a legal obligation for the Institute to perform asbestos abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. A total liability of $510,944 has been recorded for the estimated cost of these activities as at June 30, 2024 (2023 - $490,114).

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

The estimated liability of $ 510,944 (2023 - $490,114) for the asbestos-related asset retirement obligations is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.25% (2023 – 4.25%) and assuming an annual inflation rate of 2% (2023 - 2%). The Institute has not designated assets for settling the abatement activities; these will be identified in the normal course of planning for building renovation or demolition before 2030.

16. Asset Retirement Obligation (continued)

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

	2024	2023
Balance, Beginning of year	**$ 490,114**	**$ 470,133**
Accretion expense	**20,830**	**19,981**
Estimated total liability end of year	**$ 510,944**	**$ 490,114**