

Financial Statements of

**MANITOBA INSTITUTE OF
TRADES AND TECHNOLOGY**

Year ended June 30, 2025



KPMG LLP

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INDEPENDENT AUDITOR'S 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, 2025, the statement of operations and accumulated surplus, the statement of changes in net debt, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2025, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the 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.

Other Matter

The financial statements of the Entity as at and for the year ended June 30, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on October 22, 2024.

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

October 28, 2025

I hereby certify that the preceding report and has been presented to the members of the Governing Board of Manitoba Institute of Trades and Technology.

R. B.

Chairperson of the Governing Board

Oct. 28/25

Date

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying financial statements of Manitoba Institute of Trades and Technology (the "Entity") are the responsibility of the Entity's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. 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. The Entity'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 consolidated financial statements. These systems are monitored and evaluated by management.

The Governing Board of the Entity 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 KPMG LLP, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Entity's financial statements.



Chairperson



Vice President, Finance and Campus

October 28, 2025

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Financial Position

June 30, 2025, with comparative information for 2024

Notes	2025	2024
Financial Assets		
	\$ 14,949,527	\$ 34,532,347
	125,121	130,379
	813,435	542,287
	-	-
	321,389	758,380
5	580,699	1,081,475
13	12,364,077	3,626,218
	<u>29,154,248</u>	<u>40,671,086</u>
Financial Liabilities		
4	-	-
	2,002,866	2,909,793
6	2,569,867	1,077,738
14	9,661,940	21,607,029
	-	-
15	2,470,435	510,944
	848	1,254
	10,821	746
7	12,778,052	12,082,850
	-	-
	<u>29,494,829</u>	<u>38,190,354</u>
	(340,581)	2,480,732
Non-Financial Assets		
8	21,630,006	20,638,875
	-	-
	888,664	1,766,419
	<u>22,518,670</u>	<u>22,405,294</u>
9	<u>22,178,089</u>	<u>24,886,026</u>

See accompanying notes to the financial statements

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Operations and Accumulated Surplus

Year ended June 30, 2025, with comparative information for 2024

Notes	2025	2024
Revenue		
	15,444,528	14,795,846
	1,477,058	1,391,337
	2,841,823	3,261,723
	27,595,961	30,032,392
10	1,409,152	1,885,521
10	197,764	181,781
	267,602	237,869
	49,233,888	51,786,469
Expenses		
4	7,812,345	8,028,471
	2,393,489	2,248,050
	3,695,325	3,128,123
	16,152,305	15,511,037
	11,148,871	9,583,522
	988,672	835,910
	4,912,658	4,423,900
10	581,587	641,720
	672,695	642,233
8	1,287,834	1,186,442
15	249,179	20,830
15	1,498,298	-
	372,526	145,757
	51,765,784	46,395,995
	(2,531,896)	5,390,474
	176,041	0
	(2,707,937)	5,390,474
	24,886,026	19,495,552
	-	-
	24,886,026	19,495,552
	22,178,089	24,886,026

See accompanying notes to the Financial Statements

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Changes in Net Debt

Year Ended June 30, 2025, with comparative information for 2024

	2025	2024
Net Current Year Surplus (Deficit)	<u>(2,707,937)</u>	<u>5,390,474</u>
Amortization and disposals of Tangible Capital Assets	1,287,834	1,186,442
Acquisition of Tangible Capital Assets (TCA)	(2,066,953)	(1,358,183)
Remeasurement of asset retirement obligation on TCA	<u>(212,014)</u>	<u>-</u>
	<u>(991,133)</u>	<u>(171,741)</u>
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	<u>877,756</u>	<u>(216,543)</u>
	<u>877,756</u>	<u>(216,543)</u>
(Increase)/Decrease in Net Debt	<u>(2,821,314)</u>	<u>5,002,189</u>
Net Debt at Beginning of Year	2,480,732	(2,521,457)
Adjustments Other than Tangible Cap. Assets	<u>-</u>	<u>-</u>
	<u>2,480,732</u>	<u>(2,521,457)</u>
Net Assets (Debt) at End of Year	<u><u>(340,581)</u></u>	<u><u>2,480,732</u></u>

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Cash Flows

Year Ended June 30, 2025, with comparative information for 2024

	2025	2024
Operating Transactions		
Net Current Year Surplus (Deficit)	(2,707,937)	5,390,474
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,287,834	1,186,442
Accretion expense	249,179	20,830
Asset Retirement Obligation Revaluation	1,498,298	
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	1,492,129	(57,131)
Due from Other Organizations (Increase)/Decrease	171,101	(822,995)
Accounts Receivable & Accrued Income (Increase)/Decrease	500,776	232,794
Prepaid Expenses - (Increase)/Decrease	877,756	(216,543)
Due to Other Organizations Increase/(Decrease)	9,669	(341)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(906,927)	790,431
Deferred Revenue Increase/(Decrease)	(11,945,089)	2,357,493
	<u>(9,473,211)</u>	<u>8,881,454</u>
Cash Provided by (Applied to) Operating Transactions		
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,066,953)	(1,358,183)
Proceeds on Disposal of Tangible Capital Assets	-	-
	<u>(2,066,953)</u>	<u>(1,358,183)</u>
Cash Provided by (Applied to) Capital Transactions		
Investing Transactions		
Portfolio Investments (Increase)/Decrease	(8,737,859)	(155,645)
	<u>(8,737,859)</u>	<u>(155,645)</u>
Cash Provided by (Applied to) Investing Transactions		
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	695,202	162,069
Other Borrowings Increase/(Decrease)	-	-
	<u>695,202</u>	<u>162,069</u>
Cash Provided by (Applied to) Financing Transactions		
Cash and Bank / Overdraft (Increase)/Decrease	(19,582,821)	7,529,694
Cash and Bank (Overdraft) at Beginning of Year	34,532,347	27,002,653
	<u>14,949,527</u>	<u>34,532,347</u>
Cash and Bank (Overdraft) at End of Year		

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements

June 30, 2025

1. Nature of organization and economic dependence:

Manitoba Institute of Trades and Technology (“MITT” or “the College”) 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 College’s main source of revenue is tuition revenue, followed by funding from the Province of Manitoba.

The Province of Manitoba is the largest single funder of the College. Without this funding, continued operation of the College and adherence to its legislative mandate would not be possible. In addition, Pembina Trails School Division, who is funded by the Province of Manitoba, contributed \$1,636,312 (2024 - \$1,515,979) to the revenue recorded in ‘Other School Division Revenue’.

The College is a registered charity under the Income Tax Act.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB).

a) Basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

(b) Reporting entity:

The financial statements reflect the assets, liabilities, revenues and expenses of the Operating Fund, Capital Fund, and Special Purpose Fund of the College. The College reporting entity includes operations associated with the MITT Scholarship/Trust Fund, which is reported in the Special Purpose Fund of the College.

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

2. Significant accounting policies (continued):

(c) Fund accounting:

The fund method of accounting is employed by the College 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 MITT's student awards controlled by the College.

(d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks, and guaranteed investment certificates with maturity dates of 90 days or less from the date of acquisition.

(e) Revenue recognition and deferred revenue:

Government transfers are recognized as revenue in the period in which all eligibility criteria and stipulations, if any have been met, the amounts are authorized, and reasonable estimates of the amounts can be determined.

When revenue is received without eligibility criteria and with stipulations, it is recognized when the government transfer is authorized, except when, and to the extent, the transfer gives rise to an obligation that meets the definition of a liability for the College. If the obligation does meet the definition of a liability, the related revenue is recognized as the obligation is settled.

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

- i. Assets funded by debt (Province of Manitoba funded debenture debt): revenue is recognized when the debt principal and interest payment funding is received.
- ii. Assets funded by an allocation of cash: revenue is recognized immediately when all eligibility criteria are met, and no stipulations exist. If stipulations exist and the funding obligation meets the definition of a liability for the College, the revenue is deferred until the stipulations are met.

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

2. Significant accounting policies (continued):

(e) Revenue recognition and deferred revenue (continued):

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

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

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.

Sales of goods and services and other revenue are recognized when goods are provided, or services are substantially rendered.

(f) Tangible capital assets:

Tangible capital assets are non-financial assets that are used by the College in operations and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, other vehicles, furniture and equipment, computer hardware and software, capital leases, leasehold improvements, and assets under construction.

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

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

2. Significant accounting policies (continued):

(f) Tangible capital assets (continued):

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.

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 College's rate for incremental borrowing or the interest rate implicit in the lease.

(g) Asset retirement obligations:

An asset retirement obligation (ARO) 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.

A liability for the retirement of various assets has been recorded, as outlined in note 15. A liability for the ARO in several of the buildings owned by the College as outlined in note 15, has been recognized based on estimated future expenses on closure of the site and post-closure care.

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

2. Significant accounting policies (continued):

(g) Asset retirement obligations (continued):

The liability is discounted using a present value calculation and adjusted annually for accretion expense. The recognition of a liability would result in the accompanying increase to the respective tangible capital assets. The tangible capital assets are amortized with the buildings following the amortization policy outlined above.

When a liability for an ARO 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. ARO which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

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

(h) 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 College. The College does not contribute to TRAF, and no costs relating to this plan are included in the College's financial statements.

The College does provide retirement benefits to non-certified teaching personnel and other future benefits to its employees. These benefits include vacation and accumulated sick leave days. The College 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 College to make a specific fixed contribution each period. The College does not assume any actuarial or investment risk in the future, nor responsibility to make further contributions.

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

2. Significant accounting policies (continued):

(h) Employee future benefits (continued):

(ii) Vacation days

Non-certified permanent personnel accrue vacation entitlement for service in accordance with College 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 teaching 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.

(iii) Accumulated sick days

The College 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. Adjustments arising from plan amendments, changes in assumptions and experience gain and losses are amortized on a straight-line basis over 14 years which represents the expected average remaining service life of the employee group.

(i) 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 the carrying amount of tangible capital assets, employee future benefits, and asset retirement obligations.

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

2. Significant accounting policies (continued):

(j) Financial instruments:

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

The College 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 College 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 statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

The College did not incur any re-measurement gains and losses during the year (2024 - 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.

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

3. Financial instruments:

Risk Disclosures

The College 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 College to credit risks consists principally of accounts receivable.

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

Accounts receivable: The College 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 College 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.

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.

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

4. Overdraft:

The College has an authorized demand facility with the TD Bank of Canada of \$1,000,000 (2024 - \$1,000,000) by way of overdraft and loan and is repayable on demand at TD Prime (interest is paid monthly in arrears). As at June 30, 2025 the College had utilized nil (2024 - nil) of their demand facility.

5. Accounts receivable:

	2025	2024
Student receivables, net	\$ 177,420	\$ 254,338
Trade receivables, net	259,159	545,823
Accrued interest	144,120	281,314
	\$ 580,699	\$ 1,081,475

Included in student receivables is an allowance for doubtful accounts of \$747,080 (2024 - \$674,659).

6. Employee future benefits:

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

	2025	2024
Non-vested sick leave	\$ 218,500	\$ 42,459
Accumulated vacation days	1,256,038	1,008,394
Voluntary retirement accrual	837,267	–
Other employee benefits payable	258,062	26,885
	\$ 2,569,867	\$ 1,077,738

The voluntary retirement accrual represents the severance payment owed to eligible employees who accepted the terms of the College's Voluntary Retirement Incentive Program at year-end.

The College 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.

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

6. Employee future benefits (continued):

As of January 2019, those employees contributing to MSBA pension plans had the requirement for contributions of 8%. The College 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.

Non-vested sick leave

Non-vested accumulated sick leave benefits have been actuarially determined as at June 30, 2025 resulting in a non-vested sick leave liability of \$218,500, which represents the liability of \$1,005,000 net of unamortized actuarial losses of \$786,500. The unamortized actuarial loss will be amortized on a straight-line basis over 14 years which represents the expected average remaining service life of the employee group.

The impact of the estimated non-vested sick leave benefit cost for the year ended June 30, 2025 is \$176,041 (2024 - nil).

The significant assumptions adopted in measuring the non-vested sick leave benefit include a discount rate of 4.6% and rate of salary increase of approximately 3%.

7. Debenture debt:

The debenture debt of the College is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2026 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 at various dates from 2063 to 2065. 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 as at June 30, 2025 totaling \$1,365,816 (2024 - \$1,557,012).

The debentures carry interest rates that range from 2.75% to 5.88%. Debenture interest expense payable relating to the two self-funded capital projects, as of June 30th, is accrued and recorded in accounts payable.

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

7. Debenture debt (continued):

The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2026	\$ 730,877	\$ 493,884	\$ 1,224,761
2027	718,217	464,847	1,183,065
2028	736,930	436,852	1,173,782
2029	763,889	407,752	1,171,642
2030	703,486	377,7314	1,081,216
Thereafter	9,124,653	3,093,887	12,218,540
	\$ 12,778,052	\$ 5,274,953	\$ 18,053,005

8. Tangible capital assets:

Cost	June 30, 2024	Additions	Disposals	ARO revaluation	June 30, 2025
Land	\$ 1,677,098	\$ -	\$ -	\$ -	\$ 1,677,098
Buildings and leasehold improvements	29,395,885	802,087	-	577,554	30,775,526
Furnishings fixtures & equipment	3,738,236	-	(9,199)	-	3,729,037
Computer hardware & software	3,083,212	413,346	-	-	3,496,558
Assets under construction	787,906	851,520	-	-	1,639,426
Vehicles	106,411	-	-	-	106,411
Total	\$ 38,788,748	\$ 2,066,953	\$ (9,199)	\$ 577,554	\$ 41,424,056

Accumulated amortization	June 30, 2024	Additions	Disposals	ARO revaluation	June 30, 2025
Buildings and leasehold improvements	\$ 13,162,777	\$ 765,301	\$ -	\$ 365,540	\$ 14,293,618
Furnishings fixtures & equipment	2,240,229	346,285	(9,199)	-	2,577,315
Computer hardware & software	2,688,615	166,453	-	-	2,855,068
Vehicles	58,254	9,795	-	-	68,049
Total	\$ 18,149,875	\$ 1,287,834	\$ (9,199)	\$ 365,540	\$ 19,794,050

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Notes to Financial Statements (continued)

June 30, 2025

8. Tangible capital assets (continued):

Net book value	2025	2024
Land	\$ 1,677,098	\$ 1,677,098
Buildings and leasehold improvements	16,481,908	16,233,108
Furnishings fixtures & equipment	1,151,722	1,498,007
Computer hardware & software	641,490	394,597
Asset under construction	1,639,426	787,906
Vehicles	38,362	48,159
Total	\$ 21,630,006	\$ 20,638,875

9. Accumulated surplus:

The accumulated surplus is comprised of the following:

	2025	2024
Operating Fund:		
Designated surplus	\$ 13,568,187	\$ 16,003,341
Non-vested sick leave	(218,500)	(42,458)
	13,349,687	15,960,883
Capital Fund:		
Equity in tangible capital assets	8,120,649	8,230,706
Special Purpose Fund:		
Other special purpose funds	707,753	694,437
Total accumulated surplus	\$ 22,178,089	\$ 24,886,026

Designated surplus under the Operating Fund represents internally restricted amounts appropriated through Board approval for the purpose of supporting future deficits and providing financial stability.

Other Special Purpose Funds are externally restricted moneys for College use.

	2025	2024
Student award program	\$ 707,753	\$ 694,438
Other special purpose funds	\$ 707,753	\$ 694,438

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Notes to Financial Statements (continued)

June 30, 2025

10. Interest revenue and expense:

The College earned interest during the year from deposits held in high interest savings accounts as well as from investments in guaranteed investment certificates totalling \$1,362,407 (2024 - \$1,903,435); Interest revenue from GIC's is included in portfolio interest and interest from bank accounts is included in other sources.

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

	2025	2024
Operating Fund		
Student award	\$ 113,982	\$ 197,732
Capital Fund		
Debenture debt interest	467,605	443,963
Other interest	–	25
	\$ 581,587	\$ 641,720

The accrual portion of debenture debt interest expense of \$223,783 (2024 - \$238,122) included under the debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

11. 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:

	2025	2024
Salaries	\$ 28,014,652	\$ 24,599,881
Employee benefits and allowances	3,709,952	3,268,308
Payroll tax	600,348	521,219
Supplies, materials and minor equipment	2,724,570	2,986,034
Services	11,653,753	12,902,576
Bad debts	72,347	121,015
Interest	116,280	199,970
Other special purpose funds	372,526	145,757
Debenture interest	467,604	443,963
Accretion expense	249,179	20,830
Pay in lieu	186,989	–
Retirement incentive	811,452	–
Amortization	1,287,834	1,186,442
Asset retirement obligation revaluation	1,498,298	–
	\$ 51,765,784	\$ 46,395,995

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Notes to Financial Statements (continued)

June 30, 2025

12. Contractual obligations and contingencies:

Contractual obligations:

The College has entered into operating lease agreements for certain properties with lease terms ending at various dates from 2026 to 2030. The College has also contracted for services, as well as leased equipment used in operations with lease terms ending at various dates from 2026 to 2030. Under the terms of these lease agreements, minimum lease and service payments, excluding variable rent and charges, in each of the next five years are as follows:

2026	\$	1,667,764
2027		792,277
2028		272,421
2029		270,845
2030		31,588

Contingencies:

The College is involved in various legal matters arising in the ordinary course of business. Management believes the resolution of these matters is not likely to have a material adverse effect on the College's financial position, results of operations or cash flows.

13. Portfolio investments:

Portfolio investments include guaranteed investment certificates held with Access Credit Union and Steinbach Credit union, bearing interest at 3.5% (2024 - 5%). The guaranteed investment certificates mature in May 2026.

Mutual funds held with TD Direct Investing in a fixed-income portfolio.

	2025	2024
Guaranteed investment certificates	\$ 12,257,442	\$ 3,533,245
Mutual Funds	106,635	92,973
	\$ 12,364,077	\$ 3,626,218

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Notes to Financial Statements (continued)

June 30, 2025

13. Portfolio investments:

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	2025 Total
Guaranteed investment certificates	\$ –	\$ 12,257,442	\$ –	\$ 12,257,442
Fixed income	106,635	–	–	106,635
Total	\$ 106,635	\$ 12,257,442	\$ –	\$ 12,364,077

Portfolio investments	Level 1	Level 2	Level 3	2024 Total
Guaranteed investment certificates	\$ –	\$ 3,533,245	\$ –	\$ 3,533,245
Fixed income	92,983	–	–	92,973
Total	\$ 92,983	\$ 3,533,245	\$ –	\$ 3,626,218

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 investments between the different levels.

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Notes to Financial Statements (continued)

June 30, 2025

14. Unearned revenue:

Unearned 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. Leasehold incentives will be realized at a rate consistent with the amortization of the related leasehold improvements.

	2025	2024
Tuition revenue	\$ 5,472,674	\$ 7,908,885
Student deposits	3,903,666	13,286,740
Leasehold incentives	94,582	85,601
Other unearned revenues	191,018	325,803
	<u>\$ 9,661,940</u>	<u>\$ 21,607,029</u>

15. Asset retirement obligation:

The College's asset retirement obligations consist of several obligations as follows:

The College owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition, and there is a legal obligation for the College to perform asbestos abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. A total liability of \$2,470,435 has been recorded for the estimated cost of these activities as at June 30, 2025 (2024 - \$510,944).

Following the adoption of PS 3280 Asset Retirement Obligations, the College recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at July 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.

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Notes to Financial Statements (continued)

June 30, 2025

15. Asset retirement obligation (continued):

During the year the College obtained new information related to the amount of asbestos found in its buildings. This new information increased estimated liability related to the projected cost of removal and post removal care of asbestos by \$1,710,312. In addition, the new information increased the related cost of the asset retirement obligation asset to increase by \$212,014, resulting in a combined impact on the statement of operations of \$1,498,298.

The estimated liability of \$2,470,435 (2024 - \$510,944) 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% (2024 - 4.25%) and assuming an annual inflation rate of 2% (2024 - 2%). The College has not designated assets for settling the abatement activities; these will be identified in the normal course of planning for building renovation or demolition.

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

	2025	2024
Balance, beginning of year	\$ 510,944	\$ 490,114
Accretion expense	249,179	20,830
Change in assumptions	1,710,312	—
Estimated total liability, end of year	\$ 2,470,435	\$ 510,944

16. Comparative figures:

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2025 financial statements.