Financial Statements of

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Year ended June 30, 2026

KPMG LLP
1900 – 360 Main Street
Winnipeg, MB R3C 3Z3
Canada
Tel 204 957 1770
Fax 204 957 0808

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, 2026
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- 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, 2026, 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Emphasis of Matter - Restructuring Event

We draw attention to notes 16 and 17 to the financial statements which describes the Province of Manitoba's decision to wind down the operations of the Entity and the planned transfer of operations, assets and certain responsibilities to Red River College Polytechnic.

Our opinion is not modified in respect of this matter.

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 27, 2026

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Financial Position

June 30, 2026, with comparative information for 2025

Notes		2026	2025
	Financial Assets		
	Cash and Bank	12,775,159	14,949,527
	Due from - Provincial Government	-	125,121
	Due from - Federal Government	519,790	813,435
	Due from - Municipal Government	-	-
	Due from - Other School Divisions	264,823	321,389
5	Accounts Receivable	194,540	580,699
13	Portfolio Investments	108,268	12,364,077
		13,862,580	29,154,248
	Financial Liabilities		
4	Overdraft	-	-
	Accounts Payable and Accrued Liabilities	938,095	2,002,866
6	Employee Future Benefits	642,661	2,569,867
14	Unearned Revenue	3,518,416	9,661,940
	Accrued Interest Payable	-	-
15	Asset Retirement Obligations	2,575,429	2,470,435
	Due to - Provincial Government	802	848
	Due to - Federal Government	29	10,821
7	Borrowings from the Provincial Government	12,789,363	12,778,052
	Other Borrowings	-	-
		20,464,795	29,494,829
	Net Debt	**(6,602,215)**	**(340,581)**
	Non-Financial Assets		
8	Tangible Capital Assets	21,059,290	21,630,006
	Inventories	-	-
	Prepaid expenses	502,693	888,664
		21,561,983	22,518,670
9	**Accumulated Surplus**	14,959,768	22,178,089

See accompanying notes to the financial statements

Approval by the Board of Governors:

Chair

Board Member

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Operations and Accumulated Surplus

Year ended June 30, 2026, with comparative information for 2025

Notes		2026	2025
	Revenue		
	Provincial Government	14,962,907	15,444,528
	Federal Government	1,479,766	1,477,058
	Other School Divisions	2,628,127	2,841,823
	Private Organizations and Individuals	12,912,988	27,595,961
10	Other Sources	787,337	1,409,152
10	Portfolio Interest	82,278	197,764
	Other Special Purpose Funds	216,205	267,602
		33,069,608	49,233,888
11	**Expenses**		
	Regular Instruction	6,900,092	7,812,345
	Student Support Services	1,452,349	2,393,489
	Adult Learning Centres	3,053,425	3,695,325
	Community Education and Services	9,702,074	16,152,305
	Divisional Administration	11,384,507	11,148,871
	Instructional and Other Support Services	937,871	988,672
	Operations and Maintenance	4,154,503	4,912,658
10	Fiscal - Interest	560,874	581,587
	Fiscal - Other	477,911	672,695
8	Amortization	1,384,027	1,287,834
15	Accretion	104,994	249,179
15	Asset Retirement Obligation Revaluation	-	1,498,298
	Other Special Purpose Funds	231,302	372,526
		40,343,929	51,765,784
	Current Year Surplus (Deficit) before Non-vested Sick Leave	(7,274,321)	(2,531,896)
	Less: Non-vested Sick Leave Expense (Recovery)	(56,000)	176,041
	Net Current Year Surplus (Deficit)	(7,218,321)	(2,707,937)
	Accumulated surplus, beginning of year	22,178,089	24,886,026
	Adjustments: Non-vested sick leave - prior years	-	-
	Accumulated surplus, as adjusted	22,178,089	24,886,026
	Accumulated surplus, end of year	**14,959,768**	**22,178,089**

See accompanying notes to the financial statements

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Changes in Net Debt

Year ended June 30, 2026, with comparative information for 2025

	2026	2025
Net Current Year Deficit	(7,218,321)	(2,707,937)
Amortization and disposals of Tangible Capital Assets	1,612,120	1,287,834
Acquisition of Tangible Capital Assets (TCA)	(1,041,404)	(2,066,953)
Remeasurement of asset retirement obligation on TCA	-	(212,014)
	570,716	(991,133)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses decrease	385,971	877,756
	385,971	877,756
Increase in Net Debt	(6,261,634)	(2,821,314)
Net Debt at Beginning of Year	(340,581)	2,480,732
Adjustments Other than Tangible Cap. Assets	-	-
	(340,581)	**2,480,732**
Net Assets (Debt) at End of Year	**(6,602,215)**	**(340,581)**

See accompanying notes to the financial statements

MANITOBA INSTITUTE OF TRADES AND TECHNOLOGY

Statement of Cash Flows

Year ended June 30, 2026, with comparative information for 2025

	2026	2025
Operating Transactions		
Net Current Year Deficit	(7,218,321)	(2,707,937)
Non-Cash Items Included in Current Year Deficit:		
Amortization of Tangible Capital Assets	1,384,027	1,287,834
Accretion expense	104,994	249,179
Asset Retirement Obligation Revaluation	-	1,498,298
Write-down of cancelled capital projects	228,093	-
Employee Future Benefits Increase/(Decrease)	(1,927,206)	1,492,129
Due from Other Organizations Decrease	475,332	171,101
Accounts Receivable & Accrued Income Decrease	386,159	500,776
Prepaid Expenses Decrease	385,971	877,756
Due to Other Organizations Increase/(Decrease)	(10,838)	9,669
Accounts Payable & Accrued Liabilities Decrease	(1,064,771)	(906,927)
Unearned Revenue Decrease	(6,143,524)	(11,945,089)
Cash Provided by (Applied to) Operating Transactions	(13,400,084)	(9,473,211)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,041,404)	(2,066,953)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(1,041,404)	(2,066,953)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	12,255,809	(8,737,859)
Cash Provided by (Applied to) Investing Transactions	12,255,809	(8,737,859)
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	11,311	695,202
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	11,311	695,202
Cash and Bank / Overdraft (Increase)/Decrease	(2,174,368)	(19,582,821)
Cash and Bank (Overdraft) at Beginning of Year	14,949,527	34,532,348
Cash and Bank (Overdraft) at End of Year	**12,775,159**	**14,949,527**

See accompanying notes to the financial statements

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 $1,689,845 (2025 - $1,636,312) to the revenue recorded in ‘Other School Division Revenue’.

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

During the year, the Province of Manitoba announced the planned wind-down of the College and the transition of certain operations, assets and responsibilities to Red River College Polytechnic ("RRCP"). Further information regarding this restructuring initiative is provided in Note 16.

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.

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 unearned 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.

2. Significant accounting policies (continued):

(e) Revenue recognition and unearned 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
Buildings - flooring	15 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

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 lives. 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.

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.

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 1 year (2025 – 14 years) which represents the expected average remaining service life of the employee group (note 16).

(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.

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, unearned 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 (2025 - 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. Financial instruments:

Risk disclosures

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

Liquidity risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they become due. The College manages this risk by monitoring forecasted cash flows and maintaining a demand credit facility (note 4, note 17). As a result of the restructuring (note 16), the College's ability to meet its obligations depends on its existing cash resources, revenues earned during the teach-out, and continued funding from the Province of Manitoba.

4. Overdraft:

The College has an authorized demand facility with the TD Bank of Canada of $1,000,000 (2025 - $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, 2026 the College had utilized nil (2025 - nil) of their demand facility.

5. Accounts receivable:

	2026	2025
Student receivables, net	$ 143,222	$ 177,420
Trade receivables, net	30,453	259,159
Accrued interest	20,865	144,120
	$ 194,540	$ 580,699

Included in student receivables is an allowance for doubtful accounts of $612,297 (2025 - $747,080).

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.

	2026	2025
Non-vested sick leave	$ 162,500	$ 218,500
Accumulated vacation days	163,942	1,256,038
Voluntary retirement accrual	–	837,267
Other employee benefits payable	316,219	258,062
	$ 642,661	$ 2,569,867

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 fiscal year 2025 year-end. No amount was owing on the incentive program at June 30, 2026.

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.

6. Employee future benefits (continued):

Since 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, 2026, resulting in a non-vested sick leave liability of $162,500 (2025 – $218,500, which represented an accrued benefit obligation of $1,005,000 net of unamortized actuarial losses of $786,500, amortized over 14 years). As a result of the curtailment, all previously unamortized actuarial losses were recognized during the year together with the actuarial gains arising from the curtailment. No unamortized actuarial gains or losses remain at June 30, 2026.

The impact of the estimated non-vested sick leave benefit cost for the year ended June 30, 2026 is a recovery of $56,000 (2025 – expense of $176,041).

The significant assumptions adopted in measuring the non-vested sick leave benefit include a discount rate of 3.0% (2025 – 4.6%) and rate of salary increase of approximately 3.0% (2025 – 3.0%).

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 2027 to 2043. 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 2066. 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, 2026 totaling $1,165,978 (2025 - $1,365,816).

The debentures carry interest rates that range from 2.75% to 5.88% (2025 – 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.

7. Debenture debt (continued):

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

	Principal	Interest	Total
2027	$ 736,967	$ 501,256	$ 1,238,223
2028	755,680	473,041	1,228,721
2029	782,639	436,825	1,219,464
2030	722,236	406,249	1,128,485
2031	746,376	386,224	1,132,600
Thereafter	9,045,465	3,323,697	12,369,162
	$ 12,789,363	$ 5,527,292	$ 18,316,655

8. Tangible capital assets:

Cost	June 30, 2025	Additions	Disposals	Transfers	June 30, 2026
Land	$ 1,677,098	$ –	$ –	$ –	$ 1,677,098
Buildings and leasehold improvements	30,775,526	–	–	2,297,548	33,073,074
Furnishings fixtures & equipment	3,729,037	95,026	–	51,336	3,875,399
Computer hardware & software	3,496,558	8,827	–	–	3,505,385
Assets under construction	1,639,426	937,551	(228,093)	(2,348,884)	–
Vehicles	106,411	–	–	–	106,411
Total	$ 41,424,056	$ 1,041,404	$ (228,093)	$ –	$ 42,237,367

Accumulated amortization	June 30, 2025	Additions	Disposals	Transfers	June 30, 2026
Buildings and leasehold improvements	$ 14,293,618	$ 860,625	$ –	$ –	$ 15,154,243
Furnishings fixtures & equipment	2,577,315	309,905	–	–	2,887,220
Computer hardware & software	2,855,068	203,702	–	–	3,058,770
Vehicles	68,049	9,795	–	–	77,844
Total	$ 19,794,050	$ 1,384,027	$ –	$ –	$ 21,178,077

8. Tangible capital assets (continued):

Net book value	2026	2025
Land	$ 1,677,098	$ 1,677,098
Buildings and leasehold improvements	17,918,831	16,481,908
Furnishings fixtures & equipment	988,179	1,151,722
Computer hardware & software	446,615	641,490
Asset under construction	-	1,639,426
Vehicles	28,567	38,362
Total	$ 21,059,290	$ 21,630,006

9. Accumulated surplus:

The accumulated surplus is comprised of the following:

	2026	2025
Operating Fund:		
Designated surplus	$ 6,805,525	$ 13,568,184
Non-vested sick leave	(162,500)	(218,500)
	6,643,025	13,349,684
Capital Fund:		
Equity in tangible capital assets	7,618,117	8,120,652
Special Purpose Fund:		
Other special purpose funds	698,626	707,753
Total accumulated surplus	$ 14,959,768	$ 22,178,089

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.

	2026	2025
Student award program	$ 698,626	$ 707,753
Other special purpose funds	$ 698,626	$ 707,753

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 $652,542 (2025 - $1,362,407); Interest revenue from GIC's is included in portfolio interest and interest from bank accounts is included in other sources.

The "Fiscal – Interest" expense category is comprised of the following:

	2026	2025
Operating Fund		
Interest and bank charges	$ 61,930	$ 113,982
Capital Fund		
Debenture debt interest	498,944	467,605
	$ 560,874	$ 581,587

The accrual portion of debenture debt interest expense of $212,598 (2025 - $223,783) 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 operations and accumulated surplus are reported by function. The following classifies those same expenditures by object:

	2026	2025
Salaries	$ 24,126,162	$ 28,014,651
Employee benefits and allowances	3,369,686	3,709,952
Payroll tax	550,753	600,348
Supplies, materials and minor equipment	1,632,055	2,724,570
Services	8,366,069	11,653,753
Bad debt expense (recovery)	(72,843)	72,347
Interest and bank charges	61,930	116,280
Other special purpose funds	231,302	372,526
Debenture interest	498,944	467,605
Accretion expense	104,994	249,179
Pay in lieu	89,472	186,989
Retirement incentive	1,378	811,452
Amortization	1,384,027	1,287,834
Asset retirement obligation revaluation	–	1,498,298
	$ 40,343,929	$ 51,765,784

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 2027 to 2031. The College has also contracted for services, as well as leased equipment used in operations with lease terms ending at various dates from 2027 to 2031. 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:

2027	$ 763,093
2028	337,537
2029	271,319
2030	50,635
2031	758

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

The guaranteed investment certificates matured throughout the fiscal year and were redeemed for cash.	2026	2025
Guaranteed investment certificates	$ -	$ 12,257,442
Mutual Funds	108,268	106,635
	$ 108,268	$ 12,364,077

13. Portfolio investments (continued):

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	2026 Total
Guaranteed investment certificates	$ –	$ -	$ –	$ -
Fixed income	108,268	–	–	108,268
Total	$ 108,268	$ -	$ –	$ 108,268

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

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.

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.

	2026	2025
Tuition revenue	$ 1,514,429	$ 5,472,674
Student deposits	1,832,863	3,903,666
Leasehold incentives	–	94,582
Other unearned revenues	171,124	191,018
	$ 3,518,416	$ 9,661,940

15. Asset retirement obligations:

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 $2,575,429 has been recorded for the estimated cost of these activities as at June 30, 2026 (2025 - $2,470,435).

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.

15. Asset retirement obligations (continued):

The estimated liability of $2,575,429 (2025 - $2,470,435) 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 a 4.25% (2025 - 4.25%) and assuming an annual inflation rate of 2% (2025 - 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:

	2026	2025
Balance, beginning of year	$ 2,470,435	$ 510,944
Accretion expense	104,994	249,179
Change in assumptions	–	1,710,312
Estimated total liability, end of year	$ 2,575,429	$ 2,470,435

16. Restructuring event:

In January 2026, the Province of Manitoba announced the wind-down of the College's operations. Pursuant to direction issued by the Deputy Minister of Advanced Education and Training in March 2026, RRCP was requested to assist the College in winding down its operations by transitioning certain operations and assets of the College to RRCP.

On April 28, 2026, the College and RRCP entered into a Memorandum of Understanding (“MOU”) setting out the parties' intentions in carrying out the transition. Under the terms of the MOU, the College operates as a caretaker through the transition period and does not make material decisions independently of RRCP, including decisions relating to communications, operations, finance, staffing and program offerings.

The College and RRCP negotiated a Joint Transition Agreement (the "JTA"), signed on June 30, 2026, that sets out the framework for joint operation of the South Winnipeg Campus and the gradual transition of academic programming, and contemplates a subsequent definitive agreement governing the transfer of the College's real property, the assignment of the Fultz Property lease, and the transfer of personal and intellectual property to RRCP. The JTA anticipates a transfer date of December 7, 2026 (note 17).

As at June 30, 2026, no assets, liabilities or operations had been transferred to RRCP under a definitive transfer agreement. Accordingly, the College's tangible capital assets continue to be recognized at their carrying amounts and no gain or loss on transfer has been recognized in these financial statements.

16. Restructuring event (continued):

Assets expected to transfer to RRCP and to remain in service following the transfer date have not had their amortization accelerated; amortization has been accelerated only for those assets not expected to be used beyond the final transfer.

The transfer of the College's real, personal and intellectual property to RRCP is expected to occur for nominal consideration, which will be established in the definitive agreement.

The restructuring has been reflected in these financial statements through the recognition of termination benefits for employees notified of their termination on or before June 30, 2026, and through the curtailment of the College's non-vested sick leave plan.

17. Subsequent events:

a) **Transfer of food services.** On August 24, 2026, the College and RRCP executed an amending agreement to the JTA under which, commencing August 29, 2026, RRCP operates and manages food services at the Henlow Property, retains any profits and is responsible for all related expenses.

b) **Anticipated transfer of properties and other assets.** The parties continue to anticipate a Transfer Date of December 7, 2026 for the transfer of the Henlow and Pembina Properties, the assignment of the Fultz Property lease, and the transfer of personal and intellectual property to RRCP, subject to execution of a definitive transfer agreement. The financial effect of this transfer is not determinable as at the date of these financial statements.

c) **Extension of program teach-out.** Management has determined that the continuation of existing programs offered under the College will continue to October 2027.

d) **Reduction of credit facility.** Subsequent to year end, TD Bank reduced the College's authorized credit facility to $500,000 from $1,000,000. The facility was undrawn as at June 30, 2026 and as at the date of these financial statements.