Manitoba Institute of Trades and Technology

AUDITED FINANCIAL STATEMENTS

June 30, 2023

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2022/2023 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 consolidated financial statements of Manitoba Institute of Trades and Technology ("the Entity"), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Manitoba Institute of Trades and Technology as at June 30, 2023, 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 Consolidated 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 consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Grant Thornton LLP

Winnipeg, Canada
October 24, 2023

Chartered Professional Accountants

MANAGEMENT REPORT

Management’s Responsibility for the Financial Statements

The accompanying consolidated 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 Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated 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 consolidated 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 consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by 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 consolidated financial statements.

Ken Webb

Chairperson

Secretary-Treasurer

October 24, 2023

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

Chairperson of the Governing Board

October 24, 2023

Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2023	2022 (restated, see Notes 3, 19)
	Financial Assets		
	Cash and Bank	27,002,653	24,333,283
	Due from - Provincial Government	-	1,257,128
	- Federal Government	564,690	892,320
	- Municipal Government	-	-
	- Other School Divisions	43,361	56,127
6	Accounts Receivable	1,314,269	844,882
15	Portfolio Investments	3,470,573	3,404,328
		32,395,546	30,788,068
	Liabilities		
5	Overdraft	-	-
	Accounts Payable	1,307,367	2,584,813
	Accrued Liabilities	865,765	803,928
7	Employee Future Benefits	1,081,099	860,260
	Accrued Interest Payable	-	60,333
17	Asset Retirement Obligations	490,114	470,133
	Due to - Provincial Government	2,341	1,434
	- Federal Government	-	1,032
16	Deferred Revenue	19,249,536	18,325,130
8	Borrowings from the Provincial Government	11,920,781	8,455,792
		34,917,003	31,562,855
	Net Assets (Debt)	(2,521,457)	(774,787)
	Non-Financial Assets		
2, 9	Net Tangible Capital Assets	20,467,133	17,648,568
	Inventories	-	-
	Prepaid Expenses	1,549,876	901,359
		22,017,009	18,549,927
10	**Accumulated Surplus**	19,495,552	17,775,140

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2023	2022 (restated, see Note 3)
	Revenue			
	Provincial Government		11,627,766	11,648,835
	Federal Government		1,913,166	2,201,145
	Other School Divisions		2,848,812	2,410,099
	Private Organizations and Individuals		26,071,898	23,369,980
11	Other Sources		1,233,503	324,895
11	Portfolio Interest		79,170	-
	Other Special Purpose Funds		196,391	241,835
			43,970,706	40,196,789
12	**Expenses**			
	Regular Instruction		6,561,717	6,358,987
	Student Support Services		1,310,490	1,121,594
	Adult Learning Centres		2,854,095	2,890,480
	Community Education and Services		15,108,642	12,125,620
	Divisional Administration		8,741,529	7,736,052
	Instructional and Other Support Services		642,103	472,123
	Operations and Maintenance		4,220,174	4,442,280
11	Fiscal	- Interest	646,877	504,929
		- Other	830,589	486,825
3,9	Amortization		1,222,672	1,343,883
17	Accretion		19,981	-
	Other Special Purpose Funds		91,425	102,849
			42,250,294	37,585,622
	Current Year Surplus (Deficit) before Non-vested Sick Leave		1,720,412	2,611,167
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		1,720,412	2,611,167
	Opening Accumulated Surplus, as originally stated		17,775,140	15,575,701
3,9,17	Adjustments:	Adoption of new accounting policy	-	(411,728)
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		17,775,140	15,163,973
	Closing Accumulated Surplus		19,495,552	17,775,140

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2023

	2023	2022 (restated, see Note 3)
Net Current Year Surplus (Deficit)	1,720,412	2,611,167
Amortization and disposals of Tangible Capital Assets	1,222,672	1,521,888
Acquisition of Tangible Capital Assets	(4,041,237)	(9,088,163)
	(2,818,565)	(7,566,275)
Prepaid Expenses (Increase)/Decrease	(648,517)	75,554
	(648,517)	75,554
(Increase)/Decrease in Net Debt	(1,746,670)	(4,879,554)
Net Debt at Beginning of Year, restated	(774,787)	4,104,767
Adjustments Other than Tangible Cap. Assets	-	-
	(774,787)	4,104,767
Net Assets (Debt) at End of Year	(2,521,457)	(774,787)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2023

	2023	2022 (restated, see Note 19)
Operating Transactions		
Net Current Year Surplus (Deficit)	1,720,412	2,611,167
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,222,672	1,343,884
Accretion expense (see note 17)	19,981	-
(Gain)/Loss on Disposal of Tangible Capital Assets	-	178,005
Employee Future Benefits Increase/(Decrease)	220,839	(235,956)
Due from Other Organizations (Increase)/Decrease	1,597,524	125,673
Accounts Receivable & Accrued Income (Increase)/Decrease	(469,387)	231,379
Prepaid Expenses - (Increase)/Decrease	(648,517)	75,554
Due to Other Organizations Increase/(Decrease)	(125)	(1,001)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(1,275,942)	704,331
Deferred Revenue Increase/(Decrease)	924,406	2,323,752
Cash Provided by (Applied to) Operating Transactions	3,311,863	7,356,788
Capital Transactions		
Acquisition of Tangible Capital Assets	(4,041,237)	(9,088,163)
Proceeds on Disposal of Tangible Capital Assets		-
Cash Provided by (Applied to) Capital Transactions	(4,041,237)	(9,088,163)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	(66,245)	(44,141)
Cash Provided by (Applied to) Investing Transactions	(66,245)	(44,141)
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	3,464,989	(478,203)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	3,464,989	(478,203)
Cash and Bank / Overdraft (Increase)/Decrease	2,669,370	(2,253,720)
Cash and Bank (Overdraft) at Beginning of Year	24,333,283	26,587,003
Cash and Bank (Overdraft) at End of Year	27,002,653	24,333,283

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 $1,534,476 (previous year $1,461,688) 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 and Consolidation

The consolidated 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 upon consolidation.

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.

School generated funds:
School-generated funds are moneys raised by the school, or under the auspices of the school, through extra-curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Institute are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

Cash and cash equivalents

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

Revenue recognition and deferred revenue

Government transfers, including legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. 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.

The Institute follows the deferral method of accounting for restricted revenues. Revenues that are restricted by legislation, regulation or agreement and not available for use are deferred on the statement of financial position. The revenue is recognized in the year in which is used for the specified purpose. Unrestricted revenues are recognized when received or receivable if the amount to be received can be estimated and collection is assured.

Other revenue, primarily from private organizations and individuals, is recognized upon performance of the service and when collectability is assured. Deferred revenue will be recognized if the tuition fees have been invoiced but not yet earned or if student deposits for future program intakes have been received.

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.

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
School buses	10 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.

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

A liability for the removal of asbestos in several of the buildings owned by the Institute has been recognized based on estimated future expenses on closure of the site and post-closure care, as outlined in note 17. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard PS 3280. Assumptions used in the subsequent calculations are revised yearly. The liability is discounted using a present value calculation and adjusted annually for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The tangible capital assets affected by the asbestos liability are being amortized with the buildings, following the amortization accounting policies outlined in note 2.

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 Association of School Trustees (MAST). 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.

(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.

Future Accounting Changes

In November 2018, the Public Sector Accounting Board issued PS 3400 Revenue. This accounting standard is effective for fiscal years starting on or after April 1, 2023. Revenue provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these new standards on the financial statements.

3. Change in accounting policy

On April 1, 2022, the Institute adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. Retirement of a property is the permanent removal of the asset from service. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method, assumptions used on initial recognition are those as of the adoption of the standard.

In accordance with the provisions of this new standard, the Institute reflected the following prior period adjustments at April 1, 2022:

- An increase of $158,910 to cost of buildings within tangible capital assets, representing the original estimate of the obligation as of 2022, the effective date of the provincial regulation governing the remediation of asbestos, and an accompanying increase of $100,505 to accumulated amortization, representing 39 years (130 Henlow) and 25 years (1551 Pembina) of increased amortization had the liability originally been recognized.
- An asset retirement obligation in the amount of $470,133, representing the future value of $655,887 that has been discounted to the present value amount using a rate of 4.25%; along with a corresponding increase in net debt of $470,133.
- A decrease to opening accumulated surplus of $411,729, as a result of the recognition of the liability and accompanying increase in amortization expense and accretion expense for the 39 years (130 Henlow) and 25 years (1551 Pembina) since the asbestos regulation has been in effect in 2006.

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 receivables: 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.

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.

	2023	2022 (restated) see note 19
Student receivables, net	320,272	331,889
Commercial receivables	771,482	472,613
Accrued Interest	222,515	3,384
	$1,314,269	$844,882

Included in student receivables is an allowance for doubtful accounts of $559,153 (2022: $561,187).

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 MAST 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.

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 2022-2023 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. 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 $1,739,950.

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
2023/24	$638,185	$441,569	$1,079,754
2024/25	663,198	416,556	1,079,754
2025/26	671,632	390,493	1,062,126
2026/27	658,067	364,307	1,022,374
2027/28	675,828	339,011	1,014,839
Thereafter	8,597,692	2,350,399	10,948,091
	$11,904,604	$4,302,335	$16,206,938

9. Tangible capital assets

	Buildings and Leasehold Improvements School	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Assets Under Construction	2023 TOTALS	2022 (Restated Note 3) TOTALS
Tangible Capital Asset Cost								
Opening Cost, as previously reported	24,673,777	57,437	2,937,939	2,957,264	1,677,098	2,035,923	34,339,438	25,270,370
Adjustments		-	-	-	-	-	-	158,910
Opening Cost adjusted	24,673,777	57,437	2,937,939	2,957,264	1,677,098	2,035,923	34,339,438	25,429,280
Add: Additions during the year	5,699,068	-	210,175	48,565		3,706,954	9,664,762	9,088,163
Less:								
Disposals/transfers	916,024	-	-	-	-	5,623,525	6,539,549	178,005
Closing Cost	29,456,821	57,437	3,148,114	3,005,829	1,677,098	119,352	37,464,651	34,517,443
Accumulated Amortization								
Opening, as previously reported	12,655,466	50,999	1,715,945	2,268,460			16,690,870	15,246,482
Adjustments		-	-	-			-	100,505
Opening adjusted	12,655,466	50,999	1,715,945	2,268,460			16,690,870	15,346,987
Add:								
Current period Amortization	742,542	4,382	223,881	251,867			1,222,672	1,343,883
Less:								
Accumulated Amortization on Disposals and Writedowns	916,024	-	-	-			916,024	-
Closing Accumulated Amortization	12,481,984	55,381	1,939,826	2,520,327			16,997,518	16,690,870

10. Accumulated surplus

The accumulated surplus is comprised of the following:

	2023	2022 (restated see note 3)
Operating Fund		
Designated Surplus	**$ 11,712,041**	$10,119,622
Non-vested Sick Leave	**(42,458)**	(42,458)
Undesignated Surplus	**-**	-
	$ 11,669,583	$10,077,164
Capital Fund		
Reserve Accounts		
Equity in Tangible Capital Assets	**$ 7,271,654**	$7,273,580
	$ 7,271,654	$7,273,580
Special Purpose Fund		
School Generated Funds		
Other Special Purpose Funds	**$ 554,315**	$424,396
	554,315	424,396
Total Accumulated Surplus	**$19,495,552**	$17,775,140

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. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2023	2022
Board approved appropriation by motion	**$11,669,583**	$10,077,164
Designated surplus	**$11,669,583**	$10,077,164

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

	2023	2022
Scholarship	**554,315**	$ 424,396
Other Special Purpose Funds	**554,315**	$ 424,396

11. Interest received and paid

The Institute received interest during the year of $1,177,939 (Previous year $297,963); interest paid during the year was $646,877 (Previous year $504,929).

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

		2023		2022
Operating Fund				
Fiscal-short term loan, interest and bank charges	$	**186,431**	$	118,777
Capital Fund				
Debenture debt interest		**460,410**		349,618
Other interest		**36**		(34)
	$	**646,877**	$	504,929

The accrual portion of debenture debt interest expense of $228,166 (previous year $60,303) 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:

	Actual 2023	Budget 2023	Actual 2022
Salaries	**22,051,750**	23,705,017	$20,828,772
Employees benefits & allowances	**2,805,212**	2,570,744	2,543,806
Services	**12,212,866**	11,581,318	9,247,781
Supplies, materials & minor equipment	**2,368,735**	2,103,883	2,310,262
Interest	**186,655**	180,000	155,345
Bad debts	**358,241**	0	36,568
Transfers – other org	**0**	0	216,515
Payroll tax	**472,347**	444,960	450,257
Amortization	**1,222,672**	0	1,343,883
Accretion	**19,981**	0	0
Debenture interest	**460,410**	0	349,584
Other special purpose funds	**91,425**	0	102,849
	$42,250,294	$40,585,922	$37,585,622

13. Contractual obligations and contingencies

Contractual obligations:
Subsequent to June 30, 2023, the Institute entered into an agreement related to renovations at 205 Henlow, valued at approximately $384,305 plus GST. Completion is expected in December 2023.

The Institute has entered into operating lease agreements for certain properties and equipment used in operations with lease terms ending at various dates from 2022 to 2028. Under the terms of these lease agreements, minimum lease payments, excluding variable rent and charges, in each of the next five years are as follows:

2024	1,631,751
2025	1,208,739
2026	1,016,224
2027	397,133
2028	5,129

Contingencies:
The Institute 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 Institute 's financial position, results of operations or cash flows.

14. Other borrowings

The Institute has no additional borrowings.

15. Portfolio investments

Portfolio investments include guaranteed investment certificates held with Carpathia Credit Union, bearing interest at 4.6% (2022: 2.0%). The guaranteed investment certificates mature on May 7, 2024.

Also included are mutual funds held with TD Direct Investing in a fixed-income portfolio which has generated returns of -7.10% since inception (2022 – 6.49%).

	2023	2022
Guaranteed investment certificates	**3,377,590**	3,311,345
Fixed Income	**92,983**	92,983
	$3,470,573	$3,404,328

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**	**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

Portfolio investments	**Level 1**	**Level 2**	**Level 3**	**2022 Total**
Guaranteed investment certificates		3,311,345		3,311,345
Fixed Income	92,983			92,983
Total	92,983	3,311,345		3,404,328

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.

16. 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.

	2023	2022
Deferred tuition revenue	**7,724,311**	$5,260,023
Student deposits	**11,232,802**	11,329,160
Deferred leasehold incentives	**134,515**	183,430
Other deferred revenues	**157,908**	1,552,516
	$ 19,249,536	$18,325,129

17. 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 $490,114 has been recorded for the estimated cost of these activities as at June 30, 2023 (2022 - $470,133).

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 $ 490,114 (2022 - $470,133) 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% (2022 – 4.25%) and assuming an annual inflation rate of 2% (2022 - 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.

The transition and recognition of asset retirement obligations involved an accompanying increase to the Institute's net asset balance and the restatement of prior year balances (see note 3).

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

	2023	2022
Balance, Beginning of year	**$ 470,133**	$470,133
Accretion expense	**19,981**	-
Estimated total liability end of year	**$ 490,114**	$ 470,133

19. Comparative Figures

Certain comparative figures from the prior year have been reclassified to conform to the presentation format adopted for the current year.