



CONESTOGA

Connect Life and Learning



ANNUAL REPORT

2022/23

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Message from the President

With the relaxation of pandemic restrictions, the year 2022-23 marked a return to more normal operations at Conestoga, with students and employees returning to campus to reconnect and engage with colleagues, classmates, and friends.

While it's great to be back, the lessons we learned and advances we achieved as we worked through the extraordinary challenges posed by the pandemic will leave a lasting impact. New hybrid models of working and learning provide the best of both worlds, offering students and employees greater flexibility to achieve their work and life goals while supporting digitally enhanced curriculum and service delivery that supports learner success.

It's been a very successful year, with substantial progress made towards the realization of our vision for leadership in applied learning and research to meet the needs of the communities we serve.

Among the many highlights was the opening of the first phase of the college's Skilled Trades Campus in Cambridge. This unique, purpose-built facility will raise the profile of skilled trades as a profession and help build a younger, more diversified workforce while providing enhanced capacity for new and expanded programming to address urgent skills shortages.

Conestoga supported a record number of full-time students in 2022-23. We continued to invest in new and enhanced facilities across our network of campuses to support our growing enrolment and increased our staff complement significantly to provide students with an outstanding learning experience as they prepare for successful careers and futures.

In March 2023, Conestoga received the tremendous honour of being named 2023 Business of the Year by the Greater Kitchener-Waterloo Chamber of Commerce in recognition of our exceptional contributions to the community.

The success of our college and our students is only made possible through the dedication and commitment of our employees, partners, and friends. Thanks to you all for your continued support and to our Board of Governors for your vision and leadership as we work together to build a better future for our community and for Ontario.

Sincerely,

John Tibbits, President





Vision

A recognized leader in applied learning and research that enables student success in meeting workforce demands.

Mission

To promote the prosperity and well-being of the communities we serve through the delivery of programming, workforce development, and industry-focused research that meets local, regional, and international demands.

Values

Student focus

We create the environments for students to realize their potential and graduate as individuals who can make meaningful contributions to their communities.

Collaboration

We work with government, industry, community, and international partners to reach our strategic goals and create a vibrant learning and working environment built on excellence, quality, and respectful interactions.

Accountability

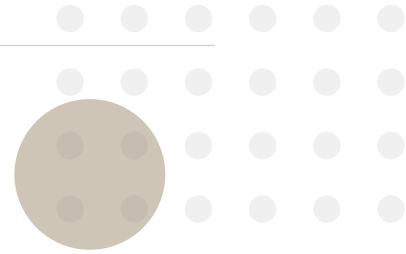
We fulfill our commitments to the organization and the broader college community by assuming responsibility for our individual conduct, action, and results.

Inclusiveness

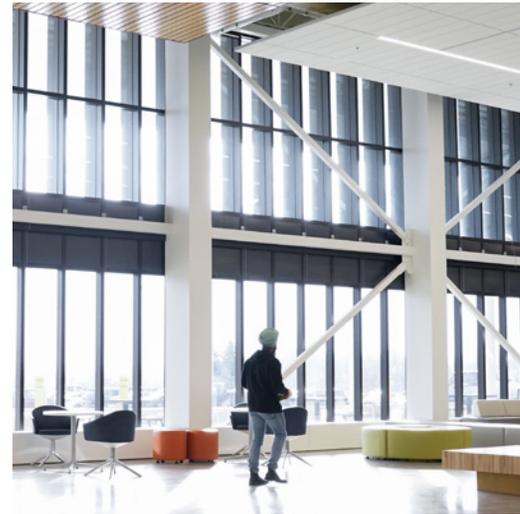
We promote and foster a college community that is characterized and enriched by equity, diversity, and inclusivity.

Innovation

We constantly strive to improve, enhance, and rethink the programs and services we provide to achieve ongoing improvement and higher standards of performance.



2022/23 ANNUAL REPORT



THIS ANNUAL REPORT DETAILS OUR PROGRESS AGAINST THE 2022-23 BUSINESS PLAN AND IS ALIGNED WITH THE STRATEGIC PRIORITIES AND THE THREE PILLARS OF CONESTOGA'S 2021-2024 STRATEGIC PLAN.

QUALITY

Demonstrate excellence in programming and services while providing an outstanding learning and working environment for students and employees.

CAPACITY

Continue campus growth with enhanced access to programming for diverse learners and increased enrolment to meet the workforce needs of the communities we serve.

SUSTAINABILITY

Develop and enhance stakeholder relationships and partnerships and support employers in responding to changing social and economic conditions while optimizing organizational performance and supporting environmental sustainability.

2022/23 ACHIEVEMENTS

PILLAR 1 - QUALITY



Conestoga's growth over the past several years has been accompanied by significant investments in services and practices that support the quality of programs and services. In 2022-23, the college continued to adapt and transform programming and processes to support the delivery of quality student and employee experiences, whether face-to-face, online or through hybrid models.

Quality Metrics

85%

GRADUATE EMPLOYMENT RATE

84

PROGRAMS WITH AN ACCREDITOR RELATIONSHIP

81%

GRADUATION RATE

93%

OF GRADUATES WOULD RECOMMEND CONESTOGA

93%

EMPLOYER SATISFACTION

97%

OF EMPLOYERS ARE SATISFIED WITH CONESTOGA GRADUATES' PROBLEM-SOLVING SKILLS

592

EMPLOYEE DEVELOPMENT WORKSHOPS OFFERED

6,878

REGISTRATIONS IN EMPLOYEE DEVELOPMENT WORKSHOPS

93%

OF EMPLOYERS ARE SATISFIED WITH CONESTOGA GRADUATES' QUALITY OF WORK

100%

COMPLETION RATE FOR ANNUAL PROGRAM REFLECTIONS

85%

OF GRADUATES ARE EMPLOYED 6 MONTHS AFTER COMPLETING THEIR STUDIES AT CONESTOGA

37

MAJOR PROGRAM REVIEWS COMPLETED

Quality Programming and Services

The year 2022-23 marked continued progress in Conestoga's efforts to refine and enhance programming and processes to support the delivery of quality learning and working experiences across the growing college community.

Investments in digital technology provided new opportunities to enhance the quality of programming and support services, enrich curriculum and increase access and availability of programming to meet learner needs.

Annual program reflections (APRs) combined with major program reviews (MPRs) completed on a five-year cycle help ensure continuous improvement of programs. These initiatives assess program performance and support student success. In 2022-23, APRs were completed for all programs and 37 programs completed MPRs. New, cutting-edge technologies obtained in 2022-23 will support the revitalization and continued refinement of the APR and MPR systems as the college advances.

Significant advances in digital learning applications over the last year further solidified Conestoga's reputation as a leader in the creation of augmented and virtual learning simulations. New, customized simulations developed and launched in 2022-23 provide hands-on, interactive experiences for learners in a variety of areas, from pre-inspection trucking to meat processing safety. A highly immersive multi-player search and rescue simulation

provides Firefighting students with unique opportunities to apply their skills and knowledge in a realistic simulated live burn environment.

The college's Online Learning Centre continued to make significant strides in the development of new fully online programs and courses to support the delivery of a comprehensive range of career-focused offerings. Conestoga's virtual campus, Conestoga Online, expanded its offerings to 14 fully online programs and added more than 100 new online courses to respond to evolving workforce needs.

A new Media Services department launched in 2022-23 provides additional support for the enrichment of curriculum through digital technologies, producing media assets such as custom videos, podcasts, audio narration, animation and graphic designs to enhance online offerings.

Ongoing training and development opportunities support faculty across the college in their efforts to adapt to new digital tools that support student learning and success.





Supporting Student Success

Conestoga is committed to supporting student success and achievement. New initiatives for 2022-23 include the launch of the college's Talent Hub initiative that will transform career and employment services delivered through the college, providing a continuum of talent development services for clients, prospective students, current students, and alumni.

This new initiative will unite Conestoga's Co-operative Education, Career, and Work-Integrated Learning services under a single umbrella. Efforts towards its realization in 2022-23 included an audit of existing systems and services, the development of business plans and a service model to support future operations, as well as the recruitment and training of employees to provide both leadership and service delivery for the area. The first Talent Hub location will open at Conestoga's Downtown Kitchener campus in 2023.

Conestoga's first electronic sports (esports) facility opened at the college's Waterloo campus in November 2022. The first of its kind in the local region, the facility includes 36 gaming PCs, a six-player competitive desk, access to gaming consoles and a control room for live-streaming productions.

The new esports facility enhances the student experience and creates new opportunities for engagement across the community. In its first few months of operation, the facility attracted more than 4,500 bookings from over 1,200 unique users. Conestoga's varsity esports teams entered North

American competition in 2022-23, with one team ranked among the country's top 10 collegiate teams.

Plans are in development to introduce similar esports facilities at other Conestoga campuses in the future.

The college also adopted additional measures in 2022-23 to support students in their efforts to obtain safe, affordable housing. Conestoga is actively engaged in efforts to augment the existing student residence portfolio through local leasing and purchasing opportunities. In addition, the college has developed new resources to assist students in their search for housing options and continues to work closely with Conestoga Students Inc. (CSI) in the development of resources and support services for students in off-campus housing.

Outstanding Working and Learning Environment

Developing and retaining an outstanding employee team is a priority for Conestoga as the college strives to serve a growing number of students, employers, and communities.

Almost 250 full-time employees joined the Conestoga community in 2022-23, bringing the total number of full-time employees to just over 1,650 at the end of the fiscal year. The college's staff complement has increased by more than 30 per cent since 2018 as we build capacity, open new campus locations, and strive to deliver an outstanding learning experience to an increasing number of students from across Canada and around the world.

Orientation and onboarding initiatives for new employees continued to be enhanced in 2022-23 to support new members of the college community as they launch successful careers.

The college's Work Location Initiative was fully implemented in 2022-23. This new, hybrid working model maintains Conestoga's vibrant community and supports student success through the integration of physical and virtual spaces and fosters a heightened employee experience through a focus on engagement, well-being and a healthy work/life equilibrium.

The President's Townhall series provided opportunities for the college community to learn more about new directions and initiatives, while a series of celebration and recognition events delivered in-person and online supported employees with opportunities to engage and connect with colleagues.

Providing ongoing support for student mental health and employee well-being continued to be a priority in 2022-23.

A new Peer Mental Health service was launched to complement existing services for students. Through this initiative, students can access support provided in a welcoming, non-clinical, preventative, and informal way from Peer Wellness Navigators, students with lived experience and specialized training.

Other initiatives in 2022-23 included a Wellness Fair with community partners to provide opportunities for students to learn about on- and off-campus mental health services, access resources and engage in mental health activities, as well as a new event focused on the specific needs of international students from South Asia, and a special campaign to recognize mental health champions in our college community.

New initiatives for employees include the extension of Employee and Family Assistance Program services to all Conestoga employees. Wellness Month, held in March 2023, included a broad range of activities and workshops for employees to support their health and wellness needs.





Fostering Engagement and Relationships

Fostering engagement and relationships with stakeholder groups plays an integral role in the success of our students and our college. A number of initiatives were undertaken in 2022-23 to engage with alumni, employees and partner organizations, advance the achievement of our shared goals, contribute to student and graduate success, and support the well-being and prosperity of our community.

The Alumni Recognition program increases awareness of the outstanding contributions that Conestoga's 170,000+ graduates make to their industries and communities. Efforts to share their achievements and stories in 2022-23 contributed to broader public recognition of the college's role in preparing graduates for successful futures and fostered a sense of pride across the Conestoga community.

Outstanding graduates from across the college's academic areas were recognized through the annual Alumni of Distinction awards program as well as the provincial Premier's Awards for outstanding college graduates. Jennifer Green, a 2008 graduate of Conestoga's Industrial Millwright Mechanic program, was recognized with the 2022 Premier's Award for Apprenticeship, marking the tenth Premier's Award win for Conestoga in the last 10 years. In addition, Conestoga graduates were also recognized through a number of local, provincial, and national award programs in 2022-23.

Conestoga provided an array of learning and professional development opportunities in 2022-23

to enhance employee engagement, build a robust sense of community and strengthen employee and team-building skills through a period of dynamic growth and change. Tuition assistance programs and support for professional development activities, as well as in-house workshops, specialized training, and one-on-one coaching all contributed to the further development of the Conestoga employee group.

The expansion of Conestoga's Entrepreneurship Collective and Gig Lab opportunities in 2022-23 will contribute to local business development and entrepreneurship to serve community and industry needs. The college launched a satellite location for Conestoga-founded tech ventures at Communitech in Fall 2022, providing an ecosystem connection to support the development of emerging companies.

A new lead-generation website launched in 2022-23 will support Conestoga's Gig Lab graduates in establishing their freelance businesses by connecting local companies and organizations with Conestoga talent.

2022/23 ACHIEVEMENTS

PILLAR 2 - CAPACITY



Conestoga is committed to continued growth to provide quality education opportunities for more local and international learners. Increasing capacity at existing campuses and establishing additional locations will support continued development of the college and its programming as we expand current programs to address today's workforce needs and establish new programs to meet the demands of the future.



Capacity Metrics

\$91.9M

CONESTOGA INVESTMENT IN CAPITAL PROJECTS

93

CAPITAL PROJECTS

34

NEW PROGRAMS APPROVED BY BOARD OF GOVERNORS

70

PART-TIME CONTINUING EDUCATION PROGRAMS OFFERED ONLINE

135

FULLY ONLINE ASYNCHRONOUS COURSES CREATED

4,991

STUDENTS ENGAGED IN APPLIED RESEARCH

314

FACULTY ENGAGED IN APPLIED RESEARCH

Campus Expansion and Enhancement

Through 2022-23, Conestoga continued to invest in the revitalization of existing campus facilities and the development of new campus spaces to support college growth and the delivery of a quality learning and working experience. Total investment in capital projects for the year was almost \$92M.

The initial phase of Conestoga's Skilled Trades Campus on Reuter Drive in Cambridge was completed on schedule and welcomed its first group of students in September 2022. The new campus, located on a 40+ acre site next to Highway 401, features more than 150,000 sq ft of shops and labs designed and equipped to meet the unique requirements of trades education and training. Planning for future phases is now underway: when completed, the campus will be Canada's largest, most comprehensive trades education and training facility.

Plans for the expansion of Conestoga programming in Milton were advanced in 2022-23 through the development of a Master Plan for the Milton Education Village (MEV) site and the development of a transitional site at 8160 Parkhill Drive that will serve as a satellite campus for Milton while construction of the MEV site is underway.

Scheduled to open in 2024, the Parkhill site will accommodate up to 2,000 full-time students.

The Parkhill and MEV sites augment Conestoga's IELTS Testing Centre in Milton, which was opened in Fall 2021. In addition to delivering local testing services for approximately 300 individuals who were required to demonstrate English language proficiency for employment, education or immigration purposes in 2022-23, the site also hosted dual-credit programming for Milton-area secondary school students.

Other significant projects underway or completed in 2022-23 included the expansion of the Downtown Kitchener campus, the development of new Life Sciences labs at Doon, extensive renovations at the Guelph campus on Speedvale Avenue as well as the School of Business at Doon and the development of a new Charcuterie Skills Lab at Waterloo.



Enrolment Growth and Diversification

As skills shortages deepen across multiple industry sectors, meeting the needs of the communities we serve requires the development of a highly skilled workforce to support industry needs and contribute to the prosperity and well-being of our region and southwestern Ontario. Conestoga's continued focus on enrolment growth, largely fuelled by international students in 2022-23, is essential to our ability to fulfill our commitment to our region.

Revenues generated through enrolment growth also allow Conestoga to advance development of the programming and facilities needed to deliver the quality learning experience that students expect and deserve. Domestic tuition fees have been frozen since 2019-20.

Conestoga served the needs of almost 42,000 full-time students in 2022-23, approximately 10,000 more than the total from the previous fiscal year

International recruitment activities and marketing efforts in 2022-23 were enhanced in emergent markets, including Vietnam, the Philippines, Indonesia and Malaysia with the goal of expanding and diversifying Conestoga's international student base. These efforts resulted in a 30 per cent growth in enrolment from emergent markets in 2022-23 over the previous year. India remained the top country of origin for international students at Conestoga and across Canada.

The college is committed to increasing Indigenous learning opportunities as well as enhancing the participation and success rates of Indigenous students. A new management team hired in 2022-23 will work with partners and stakeholders for the development of an Indigenous Success multi-year plan. A new online resource launched in 2022-23 highlights current initiatives, activities and events that support Conestoga's Indigenization efforts.

With support from grants provided through the Natural Sciences and Engineering Research Council of Canada (NSERC), Conestoga made significant

progress on efforts to restore Indigenous land and language in 2022-23. A recently created Indigenous garden at the Doon campus supports Indigenous land-based learning focused on restoring language, culture, and land utilizing Indigenous knowledge. Following extensive consultation with Indigenous partners and stakeholders, a larger project focused on Indigenous land-based futurity has now been initiated: more details will be announced as the project gets underway in 2023-24.

To meet urgent workforce needs in the health-care sector, Conestoga continued efforts to strengthen the Personal Support Worker (PSW) workforce through the provision of flexible PSW programming with hybrid delivery to support access and student success. The program continued to expand delivery sites with ONSITE™ clinical labs situated throughout urban and rural areas of Southwestern Ontario, while building capacity to train PSWs across the province.

New, state-of-the-art science laboratories in development in 2022-23 will support applied learning in Allied Health & Life Sciences programs such as Medical Laboratory Sciences, Clinical Research and Applied Biotechnology as learners prepare for in-demand careers across the broader health-care sector. A new Medical Laboratory Sciences program has been developed for launch in September 2023.

In-demand Graduates

Conestoga is committed to providing employers with highly qualified graduates who have the skills and experience to make meaningful contributions in the workplace. A number of initiatives were undertaken in 2022-23 to further support the development of career-ready graduates.

The college made significant progress over the last year towards the expansion of learning opportunities for students through the addition of international work-integrated learning (WIL) experiences. Preliminary efforts have focused on consultation with stakeholders, exploration of potential opportunities, and the development of a framework to support safe travel. Development of this initiative will continue in 2023-24.

To help address urgent skills shortages, Conestoga enhanced efforts to encourage broader participation in trades education and training in 2022-23. Through partnerships with other colleges and the support of industry sponsors, the college began the national rollout of its unique Jill of All Trades program, designed to inspire young women to consider careers in the trades.

Work with local school boards and industry groups resulted in a number of other initiatives to provide additional pathways into trades education and training, both for domestic and international students.

More information related to 2022-23 achievements in Trades & Apprenticeship training at Conestoga is provided in the Appendices.

Engaging in applied research projects provides opportunities for students to learn and apply their skills and knowledge in a rich experiential learning environment while driving collaboration with industry and community partners.

Approximately 4,991 Conestoga students participated in applied research through independent, curriculum-based or capstone projects in 2022-23. More than 200 students were employed as researchers in funded projects.

New resources were introduced in 2022-23 to support students in their efforts to learn more about applied research opportunities at the college as well as to gather feedback on the quality of their research experience.





Market Driven Programs and Applied Research

Conestoga continued to expand market-driven programs and applied research activities in 2022-23 to meet employer, business and community needs while preparing students for successful careers and futures.

Annual rankings by Research Infosource Inc., a leading source of research and development intelligence, placed Conestoga among Canada's top 15 research colleges for 2022, with research income exceeding \$7M. More than 4,991 students and 314 faculty members participated in applied research activities in 2022-23.

The college's centres of innovation continued to mark significant growth and progress in 2022-23, supporting Conestoga's vision for leadership in applied research that contributes to the well-being and prosperity of the communities we serve.

The Canadian Institute for Seniors Care developed and delivered multilingual, online education and training for seniors care and dementia care to tens of thousands of care providers, and led intergenerational programming that connected thousands of students with seniors, people living with dementia and their care partners. These workforce development and social inclusion initiatives empower care providers and care partners in their efforts to provide quality care while generating immediate benefits for those requiring support.

The Canadian Institute for Safety, Wellness & Performance at Conestoga expanded to include new labs at the college's Skilled Trades Campus in

Cambridge. The labs will support applied research focused on addressing workforce challenges and preventing workplace injuries and disabilities in the skilled trades sector. In 2022-23, the Institute also secured funding focused on equity, diversity, inclusion, and accessibility in skilled trades.

Conestoga's Food Research and Innovation Lab provides innovation solutions for businesses across the food and culinary sector. Activities in 2022-23 included applied research aimed at reducing restaurant food waste and greenhouse gas emissions. The project, funded through Colleges and Institutes Canada, uses Bloom, the student-run restaurant at Conestoga's Waterloo campus, as a Living Lab.

To meet employer needs, Conestoga is also working towards the launch of targeted, career-focused three-year degree programs. This new credential option, approved by the provincial government in April 2022, will help fulfill the growing demand among employers for graduates with more highly specialized qualifications while also providing students with access to more education and career options. Fourteen three-year degrees across a variety of areas are currently in development or awaiting approval from the Ministry.

Technology Infrastructure

Conestoga continues to make significant investments in digital infrastructure in our efforts to support a growing network of campuses and reduce potential cybersecurity risks while enhancing the delivery of programs and services.

Additional investments in cybersecurity and risk mitigation systems supported efforts to maintain and protect data while also safeguarding members of our college community. An expanded partnership agreement established in 2022-23 supports 24/7/365 cybersecurity monitoring as well as managed response services. A Multi-Factor Authentication process for access to Conestoga resources was fully deployed over the last year and all Conestoga employees now participate in annual cybersecurity awareness training to further reduce potential cyber risks.

Conestoga is also a member of ORION ON-CHEC (Ontario Cybersecurity Higher Education Consortium), a group developed to address challenges and raise the collective cybersecurity posture of Ontario's research and education community.

New soft phone technology implemented in 2022-23 aligns with the college's Work Location Initiative

by empowering staff to connect, communicate and engage with colleagues, students and the wider Conestoga community in a flexible and hybrid-enabled working environment. Microsoft Teams with calling is now available for full-time employees across all Conestoga locations.

Work will continue in 2023-24 to fully transition all college common areas and legacy phone and handset systems to the new standard.

Plans for the implementation of a new Enterprise Resource Planning (ERP) solution were advanced in 2022-23, with preparations now underway to enter a tendering process in 2023-24. This major initiative will have a transformative effect on college operations as systems related to human resources, finance and student information are updated to support business processes and meet the challenges and opportunities of the future.



2022/23 ACHIEVEMENTS

PILLAR 3 - SUSTAINABILITY



For Conestoga, strategic growth, collaborative partnerships, community engagement and responsible resource management provide the foundation for the achievement of our bold vision. In 2022-23, we continued our efforts to develop and enhance stakeholder relationships and partnerships and support employers in responding to changing social and economic conditions while also optimizing organizational performance, reducing waste and greenhouse gas emissions, and supporting other environmental sustainability efforts.

Sustainability Metrics

\$106.3M

YEAR END FINANCIAL SURPLUS

782

EMPLOYERS REPRESENTED ON
PROGRAM ADVISORY COMMITTEES

376

ACADEMIC AGREEMENTS

\$4.6M

INVESTMENT IN GREENHOUSE GAS
(GHG) REDUCTION MEASURES,
2020/21 – 2022/23



DEVELOPMENT OF CONESTOGA'S
GREENHOUSE GAS REDUCTION -
ROADMAP AND ACTION PLAN

Optimize Organizational Performance

Conestoga continues to develop and implement new solutions that optimize financial and operational resources, create efficiencies, and support the achievement of our strategic goals. A number of factors have contributed to the college's ability to increase enrolment within our existing footprint. Additional classroom and lab space has been possible through the Work Location Initiative for employees, which provides a new model for working at Conestoga, with an increased emphasis on hybrid and remote work for many employees. The digital transformation of curriculum supports more hybrid and remote learning for students as well, making more efficient use of classroom and lab space used for in-person learning and activities.

In addition to these changes, the college has also successfully moved towards a more balanced, year-round delivery model that supports the efficient use of campus facilities and services across all three academic terms.

The implementation of Conestoga's Work Location Initiative in 2022-23 allows the college to accommodate a growing employee population within an established physical footprint through the adoption of a hybrid work model. A centralized administrative building located at 3065 King in Kitchener now hosts 16 college departments, providing sharable workstations, meeting facilities and video conferencing rooms. The development of centralized faculty offices and shared workspaces on other campuses has also created new opportunities to develop the academic and student services needed to support a growing student population.

Campus capacity analysis efforts conducted in 2023 have supported the college's efforts to refine enrolment projection models and academic delivery plans by including consideration of hybrid and remote delivery components in academic

programming. This approach allows Conestoga to more accurately predict the student enrolment that can be accommodated at each campus and supports planning for new and existing program offerings across our network of campuses to ensure optimal learning experiences for students.

Space planning underway or completed in 2022-23 will provide a sound foundation for expansion and development activities across the college's growing network of campuses, including at Doon and Waterloo, Cambridge - Fountain Street, Milton, Guelph and Downtown Kitchener.

Conestoga continued to support the use of collaborative procurement agreements in 2022-23 to leverage negotiated pricing, streamlined procurement processes, and reduced overall administration costs. The college is currently participating in 26 collaborative agreements through Ministry-supported agencies, including the Ontario Education Collaborative Marketplace (OECM), Ministry of Public and Business Service Delivery, and Ontario College Procurement Management Association (OCPMA).

Support Environmental Sustainability

Conestoga continues to support Canada's clean growth and climate change goals through the implementation of proactive measures to improve energy efficiency and reduce waste and greenhouse gas emissions across college operations.

A new print strategy implemented in 2022-23 has significantly reduced on-campus printing, paper use and waste. This initiative has resulted in the creation of centralized printer locations and the removal of printers from classrooms, labs and offices as students and employees are encouraged to adopt digital solutions for document sharing and storage.

Annual waste audits resumed in 2022 following a hiatus through the COVID-19 pandemic. Conestoga continues to strive to reach the goal of a 60 per cent waste diversion rate. A new centralized waste management strategy currently in development will provide full waste-sorting stations in hallways and common spaces to support higher diversion rates.

Additional waste diversion and reduction strategies implemented in 2022-23 include a furniture reallocation initiative for old and outdated office furniture, a reusable take-out container program at the student-run Bloom restaurant, the addition of countertop organics bins at all main campuses, and recycling and organics collection at Conestoga's student residence. These initiatives play an important role in diverting waste from landfill sites.

Conestoga continues to encourage the use of public transit options for both students and employees.

Discounted transit passes and a carpool matching program are available for students and employees through the college's membership in TravelWise, and students at campuses in Waterloo Region, Guelph and Brantford have access to unlimited-usage bus passes. A shuttle service operated by CSI provides free travel between the student residence, Doon and Cambridge campuses for all students and employees.

All aspects of managing current facilities and planning new infrastructure at Conestoga are approached with a sustainability lens to work towards improving energy efficiency, reducing greenhouse gas emissions, and implementing waste reduction strategies.

Projects in 2022-23 included the installation of a 1.3MW solar panel system at the Doon campus as well as a 158kW system at the Waterloo campus. Combined with the Cambridge - Fountain Street campus system installed in 2019, the solar panel projects are expected to generate 2.5 million kWh of renewable energy a year, or enough to provide electricity to more than 225 homes.



Community Engagement and Marketing

Conestoga continues to build and foster a wide range of partnerships to support student success and the realization of our strategic goals and objectives. Strong relationships with our student government, alumni, partners, and stakeholders played a significant role in the development of programs, services, and facilities in 2022-23, resulting in new opportunities for both current and future Conestoga students.

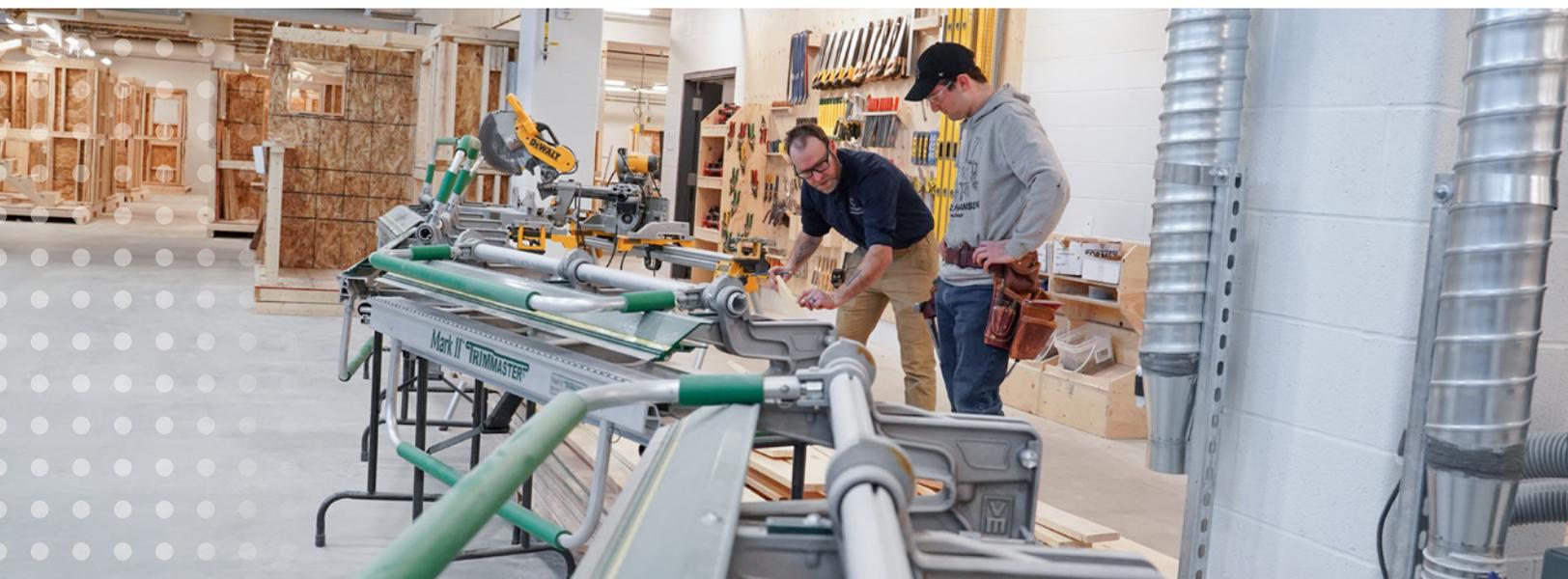
The college worked closely with CSI, Conestoga's student association, to improve transit options for students in 2022-23, including increased availability of shuttle transit as well as improvements to public transit service to meet student needs. Other areas of shared activity included the exploration of partnerships and new approaches to support students in their search for safe, affordable housing.

Conestoga received more than \$3M in financial pledges and gifts-in-kind in 2022-23 to support trades programming and the development of the college's new Skilled Trades Campus in Cambridge. Major partners include Eclipse Automation and ATS Automation: both companies will receive naming rights to facilities at the new campus. Donors and friends also provided support for targeted initiatives

such as trades training for women, employment workshops, and student awards.

The college continued to build and foster relationships with employers, alumni and other stakeholders throughout 2022-23 to enhance student learning and success. Almost 800 employers were engaged in Conestoga's Program Advisory Committees, contributing their industry knowledge and expertise to program development and review processes, and helping to ensure that graduates are prepared for success when they enter the workforce.

Partnership and alumni engagement plans for all campus locations are currently under development and will be launched in 2023-24.



2022/23 FINANCIAL PERFORMANCE



In-year Significant Activity

- Strong demand for Conestoga programs continues to result in enrolment increases and consequently in increased tuition and student fee revenue for 2022-2023.
- Increased total revenue was offset by a reduction in provincial and other grant revenue due to normalization of post-pandemic funding.
- With its focus on providing quality programming and excellent student experiences, the college increased spending for front-line teaching and support services directly tied to the enrolment increases and for administrative support of existing and expanding programs.
- Campus renewal, equipment purchases, and capital projects have received significant investment over the past year. These investments provide a high-quality experience for students and staff as well as to develop capacity to meeting ongoing increased program demand.

YEAR-END FISCAL POSITION

The 2022-2023 fiscal year results confirm Conestoga's ability to continue to adjust quickly to changing environmental influences.

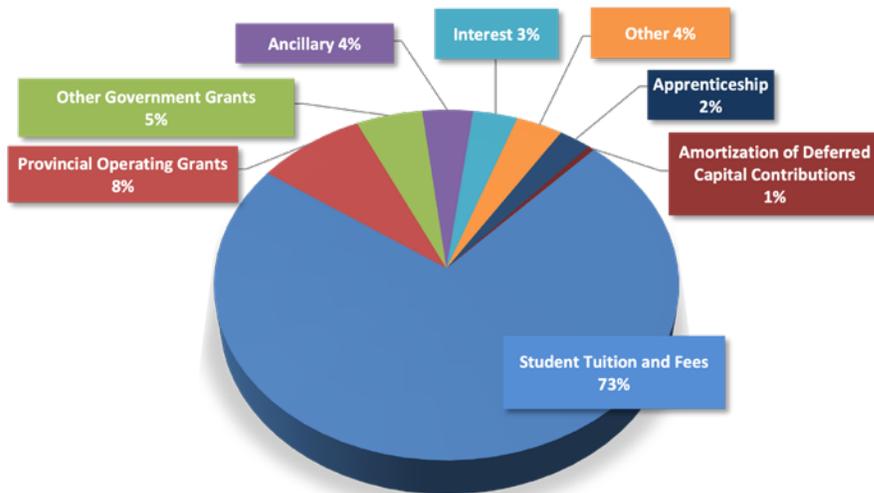
The table below summarizes the 2022-2023 fiscal results as compared to 2021-2022. The net surplus is \$48.8M more than the prior year, resulting from the following:

- Operating revenue increased \$137.9M or 29.9 per cent above 2021-2022. Strong demand for Conestoga programs resulted in higher tuition and student fees, which also had a favourable impact on ancillary revenue and apprenticeship program revenue. These factors, along with higher interest revenue, were offset by a reduction in grants as funding normalized post-pandemic.
- Operating expenses increased \$89.1M or 22.0 per cent above 2021-2022 due to increases in salaries and benefits to meet the needs of higher enrolment, along with investments in non-capital campus renewal, and increased equipment and supplies needs.

	2021-2022 Actual Fiscal Year Results	2022-2023 Actual Fiscal Year Results	% Change
Non-Capital Related			
Revenue	454,518,409	591,090,509	31.77%
Expenditure	388,281,839	471,411,831	21.56%
Operating Surplus	\$66,236,570	\$119,678,678	
Capital Related			
Capital Contribution Amortization	8,943,419	9,994,437	-67.28%
Amortization	(17,698,604)	(23,452,252)	32.51%
Net Capital Amortization Expenditure (a sum of the two above lines)	(\$8,755,185)	(\$13,457,815)	
NET SURPLUS FOR FISCAL YEAR	\$57,481,385	\$106,220,863	84.76%

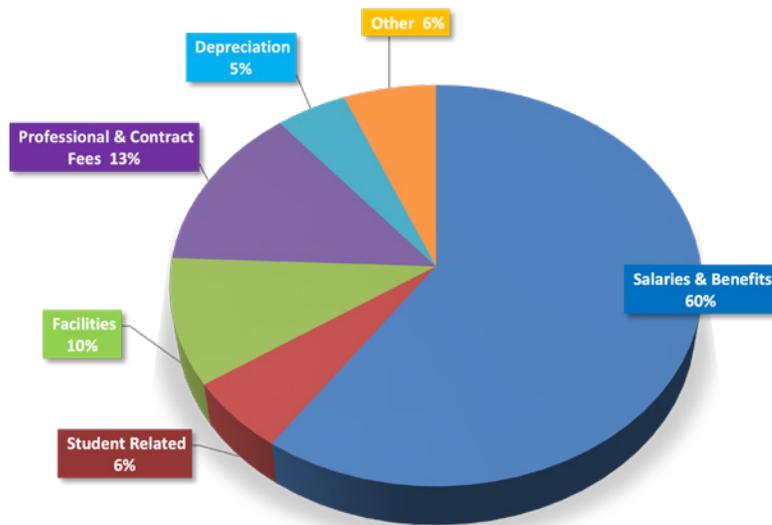
Operating Revenue

Student tuition and fees make up 72.9% of the college’s revenue. Provincial Operating and other grants make up 13.3% of revenues with the remaining coming from contract training, ancillary, amortization of deferred capital contributions, interest and other. In total, revenue increased from \$463M in 2021-2022 to \$601M in 2022-2023.



Operating Expenditures

Salaries and benefits make up 59.7% of the college’s operating expenditures. Remaining expenditures consist of student-related, campus renewal and equipment, professional fees and contracts. In total, operating expenditures increased from \$406M in 2021-2022 to \$495M in 2022-2023.



APPENDICES

The following pages include required reporting items as established by the Ministry of Colleges and Universities' Governance and Accountability Framework.

KPI PERFORMANCE REPORT

	2017-18		2018-19		2019-2020		2020-2021		2021-2022		2022-2023	
	Conestoga	Ontario Colleges										
	%		%		%		%		%		%	
Post-Secondary Graduation Rates	72.8	66.8	74.1	67.2	72.4	N/A	73.7	65.9	68.2	65.2	NA	NA
KPI Provincial Survey:												
KPI Employment Rate	89.3	85.7	88.4	86.2	86.9	85.5	83.2	77.0	86.2	83.4	NA	NA
KPI Employer Satisfaction	92.8	92.5	88.2	89.6	92.9	91.1	90.5	90.6	92.9	88.9	NA	NA
KPI Graduate Satisfaction	82.7	79.5	80.7	79.9	81.6	78.9	80.9	78.0	79.4	75.4	NA	NA
Program-Related Student Satisfaction	80.4	80.0	82.3	82.2	83.4	83.2	84.1	82.3	86.4	84.4	87.4	87.4

2021-22 Program-related Student Satisfaction rates modified slightly based on new methodology.

SUMMARY OF ADVERTISING AND MARKETING COMPLAINTS RECEIVED

Conestoga received no advertising or marketing complaints in 2022-23.

2022-2023 GOVERNORS

Sana Banu	Helen Jowett	Jan Stroh
Frank Boutzis, Chair	Amar Kumar	Real Tanguay
Bill Dahms	Bob Magee	John Tibbits, President
Krystal Darling	Heather McLachlin	Lisa Trimble
Lidia Feraco	Darshil Patel	Dave Walden
Martha George	Aaron Scheewe	
Kimberley Hogan	Minto Schneider	

REPORTING ITEM: FULL-TIME POST-SECONDARY ENROLMENT BY SCHOOL

	2017-18*	2018-19*±	2019-20*±	2020-21*±	2021-22*	2022-23*
Applied Computer Science & Information Technology, and Creative Industries	-----	-----	1,993	2,024	2,449	2,956
Business & Hospitality	3,298	5,666	6,664	5,661	7,562	7,744
Community Services		1,556	1,646	1,534	1,558	1,660
Engineering & IT and Trades	4,451	4,086	3,266	2,757	2,656	2,643
Health & Life Sciences	3,953	2,492	2,466	2,379	3,100	2,559
Interdisciplinary Studies	527	768	820	850	736	989
Media & Design	738	898	-----	-----		
Workforce Development, Continuing Education & Online Learning	-----	1,043	2,411	2,402	4,459	6,028
Total	12,967	16,509	19,266	17,607	22,520	24,579

*These numbers do not include co-op students or Continuing Education registrations.

± Year-over-year enrolment comparisons have been impacted by the creation of new college schools. Notably:

- The creation of the School of Community Services resulted in the redistribution of programs from Health & Life Sciences.
- Similarly, the creation of the School of Applied Computer Science & Information Technology, and Creative Industries resulted in the redistribution of programs from Engineering & IT and Trades and Media & Design

REPORTING ITEM: FULL-TIME POSTSECONDARY ENROLMENT BY CREDENTIAL

	2017-18*	2018-19*	2019-20*	2020-21*	2021-22*	2022-23*
Certificate	11%	10%	8%	7%	12%	9%
Diploma	36%	36%	36%	34%	29%	29%
Advanced Diploma	21%	17%	14%	14%	9%	8%
Graduate Certificate	16%	24%	30%	31%	41%	46%
Degree	16%	13%	11%	13%	9%	8%

*These numbers do not include co-op students or Continuing Education registrations.

REPORTING ITEM: APPRENTICESHIPS

2022-23 Achievements

In September 2022, Phase 1 of the new Conestoga Skilled Trades Campus (CSTC) at 25 Reuter Drive in Cambridge opened for students in plumbing, electrical, carpentry apprenticeship, and machining programs. HVAC, Millwright and Electrical Mechanical and Maintenance (EMAM) programming will be added in September 2023. More than half of the space in the 230,000 sq ft, full-service campus is dedicated to purpose-built shops and labs. Additional features include a library, event space, student services, and a cafeteria serving a variety of fresh foods.

The new Skilled Trades Campus was made possible in part by the generous donations of industry partners. The college was extremely fortunate to receive gifts of equipment, cash and in-kind donations as well as industry support for the hiring of our trades graduates. A grand opening for the new campus will be held in November 2023 and will allow the college to recognize the support provided by donors and partners.

The campus will support continued growth in the skilled trades. Conestoga continues to be one of Ontario's largest apprenticeship training delivery agents, recently negotiating a seat purchase with the Ministry that will enable the college to

provide training to more than 4,500 apprentices in the construction, motive power and industrial trades in 2023-24. Conestoga will also increase opportunities for international students to train in the skilled trades through postsecondary certificate and diploma programs.

In 2022-23, Conestoga continued to look for opportunities to increase pathways into the skilled trades. The college partnered with the Grand Erie Workforce Planning Board and the Canadian Welding Bureau (CWB) to deliver three Skills2Advance Welding programs to a total of 48 participants. These two-week intensive programs included one full week of welding, providing the opportunity for students to obtain a CWB welding ticket. The second week included health and safety training and employability skills. These very successful programs were delivered at our Brantford Airport campus, Cambridge-Fountain Street campus and the new Skilled Trades campus.

Conestoga also partnered once again with the Grand Erie Workforce Planning Board and St. Leonard's Community Services to offer a five-week Foundations for Trades program. This program, geared towards youth aged 15-29, provides an excellent pathway to a career in the skilled trades. Conestoga offered six cohorts of this provincially

funded program in 2022-23 at the Brantford Trades campus, reaching a total of 90 students.

Conestoga also ran four provincially funded pre-apprenticeship programs. These programs included a Carpentry program at the Waterloo campus, the Women in Skilled Trades program at the new Skilled Trades campus, a Welding program at the Guelph campus, and a Multi-Trade program at the Brantford Trades campus. These programs are targeted towards individuals in under-represented groups and provide students with pathways into apprenticeship and employment in the skilled trades.

In March 2023, Conestoga partnered with the City of Kitchener along with sponsors Musashi and Trade Mark Industrial to offer Teens Try Trades. This event for teens who identify as girls, Two-Spirit, trans and non-binary provided opportunities to speak with a panel of women working in skilled trades and participate in hands-on workshops focused on the electrical and millwright trades.

Also in March, the college completed oversight for the delivery of a national pre-apprenticeship welding program. Over the past four years, Conestoga has worked with 12 colleges across the country to replicate its welding pre-apprenticeship program. With funding from the federal government, this program supported the delivery of welding training and work placements for more than 450 students across Canada. The program focused on attracting individuals from underrepresented groups to the skilled trades and resulted in many success stories.

Conestoga is also partnering with colleges across the country to deliver the Jill of All Trades program. This one-day event is designed to inspire young high school women to consider careers in the skilled trades. With the support of national industry sponsors and local sponsors, the program was delivered at six institutions in British Columbia, Alberta and Ontario in 2022-23, with a future objective of delivery at 25 institutions across the country by 2026.

Conestoga continues to work with school boards throughout the region to deliver the School College

Work Initiative (SCWI) program. This program provides secondary school students with the opportunity to earn a college credit and a high school credit at the same time. Almost 400 students were introduced both to skilled trades and college education through SCWI in 2022-23.

In February 2023, Conestoga hosted TradeUcation, an educational day on skilled trades, for more than 130 guidance counsellors from local secondary schools. A plenary session for participants explained the critical role of skilled trades in the economy, as well as the benefits of careers in the skilled trades, and the skills required for success in the trades including math, science, critical thinking, and technical ability. Participants had the opportunity to complete hands-on projects in the shops and hear from a panel of students and employers who provided their perspectives on career paths in the trades.

Conestoga's annual Trades & Apprenticeship Awards event in June 2022 recognized recipients of 231 awards valued at more than \$325,000. Since the program began, the college has distributed awards valued at more than \$2.2 million, all provided through the generosity of donor partners. Due to the ongoing pandemic concerns, the event was held virtually in 2022. An in-person event at the new Skilled Trades campus is planned for June 2023.

Conestoga's School of Trades & Apprenticeship worked on an applied research initiative with the Canadian Institute for Safety, Wellness & Performance (CISWP) in 2022-23, to address equity, diversity, and inclusion in skilled trades by making skilled trades safer and more accessible. One objective of the project is to address the shortage of skilled trades workers by reducing workplace injuries and improve job accessibility for underrepresented groups through the development of tools that will assist organizations with the adoption and adherence of new assistive technologies. CISWP offices will be established in the new Skilled Trades Campus in spring 2023 to optimize this research and partnership opportunity.

Apprenticeship Training Days

	2016-17 6 hour days	2017-18 6 hour days	2018-19 6 hour days	2019-20 6 hour days	2020-21 6 hour days	2021-22* 6 hour days
Block Release	68,769	69,053	80,488	47,479	91,820	113,000
Day Release	36,409	36,076	37,604	42,301	38,184	34,000
Total # of days	105,178	105,129	118,092	89,780	130,004	147,000

*Final information for 2022-23 to be confirmed by the Ministry.

REPORTING ITEM: DIPLOMA TO DEGREE PATHWAYS

2022-2023 Achievements

Conestoga continues to explore pathway development opportunities with post-secondary institutions from across Canada and around the world. In 2022-23, Conestoga completed 63 academic agreements – 52 domestic and 11 international – including agreements with CIIS Educational Services Society (Punjab-India), Columbia Southern University (Orange Beach-Alabama-US), World Citi Colleges (Quezon City-Philippines), Wilfrid Laurier University (Waterloo-Ontario), Queen’s University (Kingston-Ontario), Royal Roads University (Victoria-British Columbia), and Athabasca University, (Athabasca-Alberta).

Building on the successful first year of the Credit Transfer Evaluator, Conestoga’s Credit Transfer Office has expanded its services and is working with academic areas to address backlogs in the evaluation and processing of Credit Transfer requests as well as evaluating course equivalencies to additional schools. A new Orientation session specifically for transfer students was introduced in 2022-23 to provide them with onboarding information consistent with that received by first-year Conestoga students.

REPORTING ITEM: APPLIED RESEARCH

2022-23 achievements

Conestoga is committed to cultivating a culture of innovation and creativity through applied research initiatives that support student learning and create tangible benefits for our industry and community partners. The college undertook 96 externally funded applied research projects in 2022-23, each designed specifically to address the distinct challenges faced by 121 different industry and community partners.

In accordance with Conestoga's Strategic Mandate Agreement, we have focused on increasing opportunities for students and faculty to participate in applied research and supporting growth in priority areas through interconnected centres of innovation. Applied research also contributes to the achievement of goals and objectives set out in Conestoga's Strategic Plan, supporting:

- **Quality** through the demonstration of excellence and strengthening of curriculum and services
- **Capacity** through providing student experiences in applied research that contribute to a diverse workforce
- **Sustainability** through strengthening partnerships with industry and community partners to support economic and environmental sustainability

Conestoga has consistently ranked among the top 20 research colleges in Canada since 2016 and continues to demonstrate why it is a leader in polytechnic education, placing among the top 15 in 2022. Conestoga also placed sixth in paid student researchers, seventh in industry research income, eighth in completed research projects, and ninth in research partnerships.

Applied research initiatives serve a diverse range of industries and sectors, as evidenced by the following examples of funded research activities.

Building a sustainable future

Bloom Net-Zero Living Lab

(Colleges & Institutes Canada, ImpAct Climate Fund-\$70,000)

Led by a team of researchers from the Centre for Supply Chain Innovation and the Conestoga Food Research & Innovation Lab, faculty, and students, Conestoga's student-run Bloom restaurant was transformed into a Climate Action Living Lab to reduce greenhouse gas emissions related to food and packaging choices through placing icons on the menu, conducting a food waste audit, and eliminating single-use takeout packaging.

Making learning more accessible

XR Mobile Learning Lab Partnership with Rural and Northern Communities

(Natural Sciences and Engineering Research Council (NSERC) Grant - College and Community Social Innovation Fund (CCSIF)- \$360,000 over 3 years)

This project aims to utilize augmented and virtual reality technologies to provide vocational training to post-secondary students in remote northern and rural communities in Ontario. By deploying XR learning simulations, the project seeks to enhance the capabilities of educators and learners in these areas.

Canadian Remote Access for Dementia Learning Experiences (CRADLE)

(Future Skills Centre - \$2,838,589 over 2 years)

Led by the Canadian Institute for Seniors Care, the goal of this project is to provide training for unregulated care providers with specialized skills in dementia care. In October 2022, an enhanced version of the online CRADLE course was launched, featuring five new modules that highlight the stories of individuals living with dementia and their caregivers. These modules promote practical approaches to care while maintaining high standards of quality.

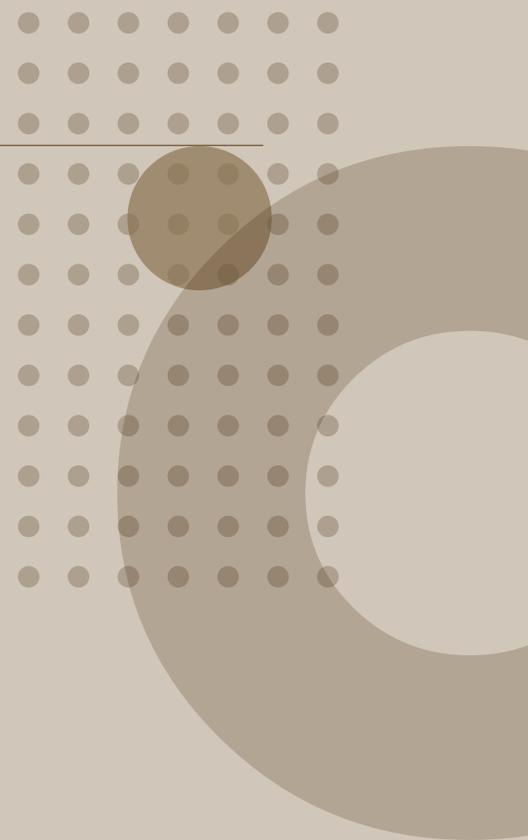
Protecting workers

Canadian First Responder Fatigue Risk Management System Standard

(Defence Research and Development, Canadian Safety and Security Program - \$268,900 over 3 years)

The Canadian Institute for Safety, Wellness & Performance (CISWP) led a multi-year research and development project funded by Defence Research and Development Canada to develop the first of its kind new national standard on First Responders Fatigue Risk Management System. Several resources were created to support first responder organizations in implementing an effective fatigue risk management system.

Year	Faculty Staff/ Engaged	Students Engaged			Number of Projects (Active or Completed)		
		Independent or Curriculum Projects	Capstone Applied Research Projects	Total Number of Students Involved	Independent or Curriculum Projects	Capstone Applied Research Projects	Total Number of Applied Research Projects
2015-2016	131	643	809	1,452	165	467	632
2016-2017	166	1,404	696	2,100	885	381	1,266
2017-2018	174	1,029	1,048	2,077	276	429	705
2018-2019	267	1,396	2,209	3,605	193	755	948
2019-2020	240	1,803	1,328	3,131	434	430	864
2020-2021	223	2,387	1,819	4,206	215	450	665
2021-2022	350	851	3,630	4,481	385	1,008	1,393
2022-2023	314	1,378	3,407	4,991	415	863	1,373



FINANCIALS

AUDITED FINANCIAL STATEMENTS

The Conestoga College Institute of Technology and
Advanced Learning

**CONSOLIDATED
FINANCIAL
STATEMENTS**

March 31, 2023

Title	Statement /Schedule Number
Management's Responsibility for Financial Reporting	
Independent Auditor's Report	
Consolidated Financial Statements:	
Statement of Financial Position	1
Statement of Revenue and Expenditures	2
Statement of Cash Flows	3
Statement of Changes in Fund Balances	4
Statement of Remeasurement Gains and Losses	5
Notes to Consolidated Financial Statements	6

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Conestoga College Institute of Technology and Advanced Learning (the “College”) are the responsibility of management and have been approved by the Board of Governors (the “Board”).

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 series of standards applicable to government not-for-profit organizations. Where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The College maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the College’s assets are appropriately accounted for and adequately safeguarded.

The College’s insurance liabilities have been reviewed by management in consultation with its broker. There are no material liabilities in either fact or contingency as at the date of this report.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Finance and Audit Committee (the “Committee”).

The Committee is appointed by the Board and includes within its ranks four Board members. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditor’s report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by Deloitte LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. Deloitte LLP has full and free access to the Committee.



John W. Tibbits
President



Eric Johnstone
Vice President & Chief Financial Officer

June 19, 2023

Independent Auditor's Report

To the Board of Governors of
The Conestoga College Institute of Technology and Advanced Learning

Opinion

We have audited the consolidated financial statements of The Conestoga College Institute of Technology and Advanced Learning (the "College"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of revenue and expenditures, cash flows, changes in fund balances, and remeasurement gains and losses for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2023, and the results of its operations, its remeasurement gains and losses, changes in fund balances, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 College'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 College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College'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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 College'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 College'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 College 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 19, 2023

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Financial Position

March 31, 2023, with comparative figures for March 31, 2022

Assets	2023	2022
<i>Current Assets:</i>		
Cash and cash equivalents (Note 11)	\$682,406,760	\$406,710,894
Grants receivable	6,523,510	5,055,693
Accounts receivable	10,441,286	9,339,185
Current portion of pledges receivable (Note 3)	4,025,792	3,300,000
Inventory	973,198	1,034,317
Prepaid expenses	4,462,136	733,209
	708,832,682	426,173,298
Long-term investments (Note 2 and 11)	5,319,924	5,695,384
Long-term pledges receivable (Note 3)	3,316,995	7,703,296
Capital assets (Note 4)	387,161,721	350,244,738
	\$1,104,631,322	\$789,816,716
Liabilities		
<i>Current Liabilities:</i>		
Accounts payable and accrued liabilities	\$34,881,808	\$47,180,847
Vacation pay accrual	13,999,278	12,592,941
Deferred revenue (Note 5)	526,435,673	305,982,898
Current portion of long-term debt (Note 6)	2,489,183	2,420,575
Deferred contributions (Note 7)	3,438,127	2,891,581
	581,244,069	371,068,842
Asset retirement obligation – building (Note 1 and 10)	4,306,322	-
Long-term debt (Note 6)	16,513,503	19,002,686
Deferred capital contributions (Note 8)	141,500,643	143,914,862
Post-employment benefits and compensated absences (Note 9)	7,242,000	6,531,000
	750,806,537	540,517,390
Fund Balances (Deficits)		
<i>Unrestricted:</i>		
Operations	33,245,803	15,347,465
Vacation	(13,999,278)	(12,592,941)
Post-employment benefits and compensated absences	(7,242,000)	(6,531,000)
Investment in capital assets (Note 4)	222,352,070	184,906,615
<i>Restricted fund balances:</i>		
Internally restricted (Note 11)	112,000,000	62,000,000
Externally Restricted (Note 11)	529,351	480,360
Endowed (Note 11)	7,337,153	5,709,645
	354,223,099	249,320,144
Accumulated remeasurement losses	(398,314)	(20,818)
	\$1,104,631,322	\$789,816,716
Contingencies and commitments (Note 12)		
<i>See accompanying notes to consolidated financial statements</i>		

APPROVED BY THE BOARD



Frank Boutzis, Board Chair



John Tibbits, President

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Revenue and Expenditures

Year ended March 31, 2023, with comparative figures for March 31, 2022

Revenue	2023	2022
Tuition Fees	\$389,238,232	\$280,443,669
Grants	90,207,219	104,148,878
Other Student Fees	47,559,838	32,731,055
Ancillary operations	23,220,444	15,791,185
Contracted services	5,831,127	5,333,915
Other	13,122,532	11,820,758
Interest	20,426,654	2,489,952
Restricted revenue	1,484,463	1,758,997
Amortization of deferred capital contributions (Note 8)	9,994,437	8,943,419
Total revenue	601,084,946	463,461,828
Expenditures		
Salaries and benefits	284,765,124	244,101,885
Professional and contract fees	66,195,304	46,010,679
Student related expenses	28,667,412	19,052,208
Supplies and staff related expenses	9,814,844	6,551,747
Facilities related expenses	50,218,767	29,618,342
Other expenses	20,930,998	11,144,049
Reimbursed expenses	5,715,657	11,718,703
Amortization of capital assets	23,452,252	17,698,604
Scholarships, bursaries and work-study	5,103,725	20,084,226
Total expenditures	494,864,083	405,980,443
Excess of revenue over expenditures	\$106,220,863	\$57,481,385

See accompanying notes to consolidated financial statements

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative figures for March 31, 2022

Net Inflow (Outflow) of Cash Related to the Following Activities	2023	2022
Operating		
Excess of revenue over expenditures – Restricted Fund	\$48,991	\$23,745
Excess of revenue over expenditures – Operating Fund	106,171,872	57,457,640
Items not involving cash:		
Amortization of capital assets	23,452,252	17,698,604
Amortization of deferred capital contributions	(9,994,437)	(8,943,419)
Post-employment benefit and compensated absences expense	1,396,000	912,000
	121,074,678	67,148,570
Cash paid for post-employment benefits and compensated absences	(685,000)	(878,000)
Changes in non-cash working capital items:		
Grants receivable	(1,467,817)	499,240
Accounts receivable	(1,102,101)	(3,339,080)
Inventory	61,119	673,079
Prepaid expenses	(3,728,927)	(4,929)
Accounts payable and accrued liabilities	(12,299,039)	17,577,649
Vacation pay accrual	1,406,337	1,333,121
Deferred revenue	220,452,775	69,824,203
	323,712,025	152,833,853
Financing		
Net change in deferred contributions	546,546	483,607
Endowment contributions	1,627,508	208,649
Repayment of long-term debt	(2,420,575)	(2,353,943)
	(246,521)	(1,661,687)
Capital		
Deferred grants and capital contributions	7,580,218	6,457,397
Purchase of capital assets	(59,008,329)	(56,620,134)
	(51,428,111)	(50,162,737)
Investing		
Decrease in pledges receivable	3,660,509	3,830,000
Net purchase of investments	(2,036)	(178,774)
	3,658,473	3,651,226
Net cash inflow	275,695,866	104,660,655
Cash and cash equivalents, beginning of year	406,710,894	302,050,239
Cash and cash equivalents, end of year	\$682,406,760	\$406,710,894

See accompanying notes to consolidated financial statements

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Changes in Fund Balances

Year ended March 31, 2023, with comparative figures for March 31, 2022

	Operations	Post-employment benefits and vacation	Investment in Capital Assets	Internally Restricted Fund	Externally Restricted Fund	Endowment Fund	2023 Total	2022 Total
Balances March 31, 2022 as previously reported	\$15,347,465	(\$19,123,941)	\$184,906,615	\$62,000,000	\$480,360	\$5,709,645	\$249,320,144	\$165,180,110
Adjustment on first-time adoption of section PS 3280 (Note 1)	–	–	(2,945,416)	–	–	–	(2,945,416)	–
Balances March 31, 2022 as restated	15,347,465	(19,123,941)	181,961,199	62,000,000	480,360	5,709,645	246,374,728	165,180,110
Excess of revenue over expenditures (expenditures over revenue)	119,629,687	–	(13,457,815)	–	48,991	–	106,220,863	57,481,385
Vacation pay	1,406,337	(1,406,337)	–	–	–	–	–	–
Post-employment benefits and compensated absences	711,000	(711,000)	–	–	–	–	–	–
Capital asset additions financed with operating funds	(51,428,111)	–	51,428,111	–	–	–	–	–
Repayment of long-term debt	(2,420,575)	–	2,420,575	–	–	–	–	–
Transfer to Internally Restricted Fund (Note 11)	(50,000,000)	–	–	50,000,000	–	–	–	–
Donated land (Note 4)	–	–	–	–	–	–	–	26,450,000
Endowment contributions (Note 11)	–	–	–	–	–	1,627,508	1,627,508	208,649
Fund balances (deficits), end of year	\$33,245,803	(\$21,241,278)	\$222,352,070	\$112,000,000	\$529,351	\$7,337,153	\$354,223,099	\$249,320,144

See accompanying notes to consolidated financial statements

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2023, with comparative figures for March 31, 2022

	2023	2022
Accumulated remeasurement losses at beginning of year	\$(20,818)	\$98,427
Change in unrealized losses on investments	<u>(377,496)</u>	<u>(119,245)</u>
Accumulated remeasurement losses at end of year	<u>\$(398,314)</u>	<u>\$(20,818)</u>

See accompanying notes to consolidated financial statements

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

The Conestoga College Institute of Technology and Advanced Learning (“Conestoga”) was established pursuant to Ontario regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. Conestoga is an agency of the Crown and provides postsecondary, vocationally oriented education in the areas of applied arts, business, health sciences, and technology.

Conestoga operates on a not-for-profit basis and is a registered charity and, as such, is exempt from income taxes under the Income Tax Act (Canada).

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE

BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of Conestoga and its wholly-owned subsidiary, Conestoga College Communications Corp., a not-for-profit corporation that is licensed by the Canadian Radio-Television and Telecommunications Commission to operate a radio station.

BASIS OF PRESENTATION

The consolidated financial statements of Conestoga have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board (“PSAB for Government NPOs”) and includes the following significant accounting policies.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts on deposit with financial institutions and money market funds that are readily convertible to cash.

REVENUE RECOGNITION

Conestoga follows the deferral method of accounting for contributions which include donations and government grants.

Tuition fees are recorded over the term of the semester. Fees received for semesters not yet completed or for semesters commencing in a subsequent fiscal period are recorded as deferred revenue.

Contracted services and ancillary revenues including parking, bookstore, residence, and other sundry revenues are recognized when products are delivered or services are provided to the student or client, the sales prices are fixed and determinable, and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions and restricted investment income are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of depreciable capital assets are deferred and recognized as revenue over the useful life of the related asset. Contributions of non-depreciable assets are recorded as a direct increase to net assets.

Endowment contributions are recognized as direct increases in endowed net assets.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

Restricted investment income that must be maintained as an endowment is credited to net assets. Unrestricted investment income is recognized as revenue of the unrestricted fund when earned.

USE OF ESTIMATES

The preparation of the consolidated financial statements, in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Areas of key estimation include determination of allowance for doubtful accounts, amortization of capital assets, amortization of deferred capital contributions, asset retirement obligation, vacation pay accrual, and actuarial estimation of post-employment benefits and compensated absences liabilities.

VALUATION OF INVENTORY

Inventories are valued at the lower of cost and net realizable value. Cost is determined on an average cost basis.

PLEDGES RECEIVABLE

Pledges receivable includes corporate pledges for major capital projects as well as the portion of the student capital development fee receivable which is applied to Conestoga's building assets. Pledges receivable are recognized if the amount to be received is reasonably estimated and the ultimate collection is reasonably assured.

CAPITAL ASSETS

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to Conestoga's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value. Any unamortized deferred capital contribution amount related to an impaired capital asset is recognized in revenue in the consolidated statement of revenue and expenditure, provided that all restrictions have been complied with.

Construction in progress costs are capitalized as incurred. Once put in use, the assets are transferred to their appropriate capital asset category and are amortized on a basis consistent with the policy below.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which have been estimated to be as follows:

Site Improvements	10 years
Buildings and Building Improvements	20 to 40 years
Furniture, Equipment and Vehicles	5 years
Information Technology	2 to 5 years
Leasehold Improvements	Term of the lease

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations (ARO's) are provisions for legal obligations for the retirement of Conestoga's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- (a) there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

Liabilities are recognized by Conestoga in the period in which an obligation arises for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the tangible capital assets. The obligations are measured initially at management's best estimate of the present value of the estimated future cash flows required to settle the retirement obligation. For tangible capital assets that are still in productive use, there is a corresponding increase to the carrying value of the related tangible capital asset. For assets that are not recorded or are no longer in productive use, the liability is expensed in the period. In subsequent periods, the liability is accreted over time and adjusted for changes in the liability estimate, as applicable or timing of the future cash flows. The capitalized asset retirement costs are amortized on the same basis as the related asset, and accretion expense is included in the Consolidated Statement of Revenue and Expenditures.

VACATION PAY

Conestoga recognizes vacation pay as an expense on an accrual basis.

POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

Conestoga provides defined benefit retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and non-vesting sick leave. Conestoga has adopted the following policies with respect to accounting for these employee benefits:

- The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustment to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.
- The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

- The discount rate used in the determination of the above-mentioned liabilities is equal to Conestoga's internal rate of borrowing.

FINANCIAL INSTRUMENTS

Conestoga classifies its financial instruments as either fair value or amortized cost. Conestoga's accounting policy for each category is as follows:

Fair value

This category includes derivatives, cash and investments. They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized when they are transferred to the statement of operations of the appropriate fund.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from fund balances and recognized in the statement of operations.

Amortized cost

This category includes grants receivable, accounts receivable, pledges receivable, accounts payable and accrued liabilities and long-term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are included in the carrying value of the instrument.

Write-downs on the financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

ADOPTION OF PS 3280 ASSET RETIREMENT OBLIGATIONS

Effective April 1, 2022, Conestoga adopted PS 3280, *Asset Retirement Obligations* using the modified retroactive application method without restatement. Under this method, Conestoga recognized:

- A liability for any existing asset retirement obligations;
- An asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets;
- An adjustment to the opening balance of the accumulated surplus/deficit.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

The change follows the effective implementation date for Asset Retirement Obligations in accordance with PS 3280 for fiscal years beginning on or after April 1, 2022. The standard was applied retroactively upon adoption. As a result, Conestoga has recorded the following adjustments from applying the standard to the opening balances:

	March 31, 2022 as previously reported	Impact on Opening Balances	March 31, 2022 as adjusted
Statement of financial position			
Tangible capital assets	\$350,244,738	\$1,360,906	\$351,605,644
Asset retirement obligation - building	-	4,306,322	4,306,322
Investment in Capital Assets	184,906,615	(2,945,416)	181,961,199

2. FINANCIAL INSTRUMENTS CLASSIFICATION

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	Fair Value	Amortized Cost	<u>2023</u> Total
Cash and cash equivalents	\$682,406,760	-	\$682,406,760
Investments	5,319,924	-	5,319,924
Grants receivable	-	6,523,510	6,523,510
Accounts receivable	-	10,441,286	10,441,286
Pledges receivable	-	7,342,787	7,342,787
Accounts payable and accrued liabilities	-	34,881,808	34,881,808
Long-term debt	-	19,002,686	19,002,686
	Fair Value	Amortized Cost	<u>2022</u> Total
Cash and cash equivalents	\$406,710,894	-	\$406,710,894
Investments	5,695,384	-	5,695,384
Grants receivable	-	\$5,055,693	5,055,693
Accounts receivable	-	9,339,185	9,339,185
Pledges receivable	-	11,003,296	11,003,296
Accounts payable and accrued liabilities	-	47,180,487	47,180,487
Long-term debt	-	21,423,261	21,423,261

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

				<u>2023</u>
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$682,406,760	-	-	\$682,406,760
Investments	1,262,519	\$4,057,405	-	5,319,924
Total	<u>\$683,669,279</u>	<u>\$4,057,405</u>	-	<u>\$687,726,684</u>

				<u>2022</u>
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$406,710,894	-	-	\$406,710,894
Investments	1,417,392	\$4,277,992	-	5,695,384
Total	<u>\$408,128,286</u>	<u>\$4,277,992</u>	-	<u>\$412,406,278</u>

		<u>2023</u>		<u>2022</u>
	Level	Fair Value	Book Value	Fair Value
Canadian Equities	1	\$254,867	\$236,389	\$299,880
Canadian Fixed Income Investments	2	189,778	250,000	220,012
Foreign Equities	1	1,007,652	926,882	1,117,512
Canadian Fixed Income Mutual Funds	2	2,169,423	2,416,575	2,287,661
Foreign Equity Mutual Funds	2	1,071,914	1,169,901	1,099,669
Other	2	626,290	718,491	670,650
		<u>\$5,319,924</u>	<u>\$5,718,238</u>	<u>\$5,695,384</u>
				<u>\$5,716,202</u>

3. PLEDGES RECEIVABLE

Pledges receivable includes corporate pledges of \$1,600,000 (2022-\$1,600,000) for major capital projects, as well as the student capital development fees which are related to the Recreation Centre building assets and the Waterloo Campus assets of \$5,742,787 (2022-\$9,403,296).

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

4. CAPITAL ASSETS

(a) Capital assets consist of the following:

	Capital Costs	Accumulated Amortization	<u>2023</u> Net Book Value
Land	\$80,096,850	-	\$80,096,850
Site Improvements	8,061,646	\$6,717,185	1,344,460
Buildings and Building Improvements	374,711,826	107,176,754	267,535,072
Furniture, Equipment and Vehicles	46,613,931	27,812,771	18,801,161
Information Technology	30,317,297	26,992,702	3,324,595
Leasehold Improvements	22,211,458	14,601,474	7,609,983
Construction in Progress	8,449,600	-	8,449,600
	\$570,462,607	\$183,300,886	\$387,161,721

	Capital Costs	Accumulated Amortization	<u>2022</u> Net Book Value
Land	\$70,601,001	-	\$70,601,001
Site Improvements	8,061,646	\$6,424,888	1,636,757
Buildings and Building Improvements	300,357,737	97,607,421	202,750,316
Furniture, Equipment and Vehicles	48,678,879	36,075,332	12,603,547
Information Technology	26,985,143	25,306,076	1,679,067
Leasehold Improvements	18,845,189	9,081,179	9,764,010
Construction in Progress	51,210,040	-	51,210,040
	\$524,739,635	\$174,494,897	\$350,244,738

In September 2021, the College finalized an agreement with the Town of Milton to transfer property from the Town of Milton to Conestoga College for future development in the Milton Education Village. The value of the land, which includes 14 acres of developable land, is assessed at \$26,450,000 and was recorded as a land donation. The agreement includes direction for the College regarding use and development requirements.

(b) Investment in capital assets

The net book value of capital assets is financed by:

	<u>2023</u>	<u>2022</u>
Capital assets	\$387,161,721	\$350,244,738
Deferred capital contributions	(141,500,643)	(143,914,862)
Long-term debt	(19,002,686)	(21,423,261)
Asset retirement obligation - building	(4,306,322)	-
Investment in capital assets ending balance	\$222,352,070	\$184,906,615

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
Excess of expenditure over revenue		
Amortization of deferred capital contributions	\$9,994,437	\$8,943,419
Amortization of capital assets	(23,452,252)	(17,698,604)
Excess of expenditures over revenue for the year	<u>(\$13,457,815)</u>	<u>(\$8,755,185)</u>

5. DEFERRED REVENUE

Details of the year-end balance are as follows:

	<u>2023</u>	<u>2022</u>
Prepaid tuition fees for future semesters	\$463,855,719	\$258,119,903
Student tuition fees	35,058,898	21,860,491
Student fees and student financial aid	14,219,222	11,647,768
Grants and reimbursements	6,647,113	5,856,804
Other projects	6,654,721	8,497,932
	<u>\$526,435,673</u>	<u>\$305,982,898</u>

Prepaid tuition fees represent fees paid in advance for future semesters.

Student tuition fees are for academic courses in process at the end of the year.

Student fees represent unspent student fees collected during the year and student financial aid represents amounts set aside for the work study program.

Grants and reimbursement are unexpended externally restricted grants to be spent on specific projects.

Other projects include contributions, donations, and deposits related to small projects and activities of the College.

6. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Residence Loan from Ontario Financing Authority bearing interest at 3.511%. Repayable in May and November each year in a blended payment of \$634,494, due May 4, 2027.	\$5,239,854	\$6,296,954
Student Recreation Centre Loan from Ontario Financing Authority bearing interest at 2.273%. Repayable in April and October each year in a blended payment of \$849,795, due October 6, 2031.	13,762,833	15,126,307
	<u>19,002,686</u>	<u>21,423,261</u>
Less: Current portion	2,489,183	2,420,575
	<u>\$16,513,503</u>	<u>\$19,002,686</u>

The Consolidated Statements of Revenue and Expenditures and Changes in Fund Balances include interest expense related to long-term debt in the amount of \$519,059 (2022-\$585,507).

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

The estimated principal portion of long-term debt payments are as follows:

2024	\$2,489,183
2025	2,559,830
2026	2,632,579
2027	2,707,495
2028	2,150,151
Thereafter	6,463,448
Total	<u>\$19,002,686</u>

7. DEFERRED CONTRIBUTIONS

Deferred contributions reported in the Restricted Fund relate to donations received for student bursaries and interest earned on related endowed and unspent funds, to the extent they are unspent. Changes in the deferred contributions balance in the Restricted Fund are as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$2,891,581	\$2,407,974
Add: donations and grant received during year	998,422	2,091,018
Add: net interest on endowed and unspent funds	970,134	230,877
Less: amounts recognized as revenue in the year	<u>(1,422,010)</u>	<u>(1,838,288)</u>
Ending balance	<u>\$3,438,127</u>	<u>\$2,891,581</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

Contributions restricted for the purpose of capital purchases are deferred and then amortized over the life of the asset at the corresponding rate of amortization.

	<u>Ministry Funded Grants</u>	<u>Other</u>	<u>2023 Total</u>	<u>2022 Total</u>
Opening balance	\$111,129,732	\$32,785,130	\$143,914,862	\$146,400,885
Deferred	4,483,024	3,097,194	7,580,218	6,457,396
Amortization	<u>(7,392,335)</u>	<u>(2,602,102)</u>	<u>(9,994,437)</u>	<u>(8,943,419)</u>
Ending balance	<u>\$108,220,421</u>	<u>\$33,280,222</u>	<u>\$141,500,643</u>	<u>\$143,914,862</u>

The majority of Other Deferred Capital Contributions include funding received from federal funding agencies, municipal agencies, corporate entities, etc.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

9. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

The following tables outline the components of Conestoga's post-employment benefits and compensated absences liabilities and the related expenses.

				<u>2023</u>
	Post- employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$2,198,000	\$9,107,000	-	\$11,305,000
Value of plan assets	(537,000)	-	-	(537,000)
Unamortized actuarial gains (losses)	4,000	(3,530,000)	-	(3,526,000)
Total liability	\$1,665,000	\$5,577,000	-	\$7,242,000

				<u>2022</u>
	Post- employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$1,837,000	\$6,636,000	\$62,000	\$8,535,000
Value of plan assets	(502,000)	-	-	(502,000)
Unamortized actuarial gains (losses)	-	(1,494,000)	(8,000)	(1,502,000)
Total liability	\$1,335,000	\$5,142,000	\$54,000	\$6,531,000

				<u>2023</u>
	Post- employment benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$333,000	\$816,000	\$5,000	\$1,154,000
Interest on accrued benefit obligation	4,000	206,000	2,000	212,000
Amortized actuarial (gains) losses	-	80,000	(50,000)	30,000
Total expense	\$337,000	\$1,102,000	\$(43,000)	\$1,396,000

				<u>2022</u>
	Post- employment benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$7,000	\$597,000	\$5,000	\$609,000
Interest on accrued benefit obligation	2,000	130,000	2,000	134,000
Amortized actuarial (gains) losses	(\$46,000)	178,000	37,000	169,000
Total expense	(\$37,000)	\$905,000	\$44,000	\$912,000

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

Above amounts exclude pension contributions to the Colleges of Applied Arts and Technology (“CAAT”) pension plan, a multi-employer plan, described below.

Retirement Benefits

CAAT Pension Plan

All full-time employees of the College, and any part-time employees who opt to participate, are members of the Colleges of Applied Arts and Technology Pension Plan (the “Plan”), a multi-employer jointly sponsored defined benefit plan for public colleges in Ontario and other employers. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan’s governors to ensure the long-term viability of the Plan. Since the Plan is a multi-employer plan, the College’s contributions are accounted for as if the plan were a defined contribution plan with the College’s contributions being expensed in the period they come due.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan’s pension surplus or deficit as insufficient information is available to identify the College’s share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with the regulators as at January 1, 2023 indicated an actuarial surplus of \$4.7 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of \$21,400,245 (2022-\$17,601,214), which has been included in the consolidated statement of revenue and expenditures.

Post- Employment Benefits

Conestoga extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. Conestoga recognizes these benefits as they are earned during the employees’ tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council. The results are extrapolated from the most recent February 2023 actuarial valuation.

The major actuarial assumptions employed for the valuations are as follows:

a) Discount rate

The present value as at March 31, 2023 of the future benefits is determined using a discount rate of 3.4% (2022-2.9%).

b) Medical premiums

Medical premiums are assumed to increase 6.16% per annum in 2023 (2022-6.29%), grading down to 4.0% per annum by 2040.

c) Dental costs

Dental costs are assumed to increase at 4.0% per annum in 2023 (2022-4.0%).

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2023

Compensated Absences

Non-Vesting Sick Leave

Conestoga allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council. The results are extrapolated from the most recent August 2022 actuarial valuation.

Vesting Sick Leave

Conestoga has provided for vesting sick leave benefits during the year. Eligible employees after 10 years of service are entitled to receive 50% of their accumulated sick leave credits on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council. The results are extrapolated from the most recent March 2023 actuarial valuation.

The assumptions used in the valuation of vesting and non-vesting sick leave are the College's best estimated of expected rates of:

	<u>2023</u>	<u>2022</u>
Wage and salary escalation	1.0-2.0%	1.0-2.0%
Discount rate	3.4%	2.9%

10. ASSET RETIREMENT OBLIGATIONS

Conestoga has several buildings containing asbestos requiring remediation upon decommissioning. The *Canadian Environmental Protection Act* (CEPA) governs the protection of the environment and human health with respect the hazardous waste such as asbestos. There are regulations specifically regarding the handling of asbestos, such as the "Prohibition of Asbestos and Products Containing Asbestos Regulations" which are published under the authority of CEPA. In addition, the Canada Occupational Health and Safety Regulations (10.26.1 Schedule, Division II – Hazardous Substances Other than Hazardous Products) outlines requirements for asbestos exposure control plans, as well as requirements on disposal of asbestos and decontamination.

The liability is the estimated maximum costs provided by an independent consultant to settle the asset retirement obligations. The total undiscounted future cash flows are estimated at \$4,306,322.

11. ENDOWED AND RESTRICTED FUND BALANCES

Internally Restricted Fund Balance

The Internally restricted fund includes funds restricted by the College for approved future capital projects. The balance at March 31, 2023 is \$112,000,000 (2022-\$62,000,000).

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Externally Restricted Fund Balance

The Union Employment Stability Fund is required under the terms of the collective agreements for academic and support staff and is to be used to enhance employment stability. Under the agreements Conestoga makes annual contributions on a per capita basis. Disbursements must be authorized by a joint Union/College Committee.

	Student Bursary/ Scholarship/ Loan	Union Employment Stability	<u>2023</u> Total	<u>2022</u> Total
Externally Restricted Fund Balance	\$37,883	\$491,468	\$529,351	\$480,360

Endowment and Restricted Fund

Included in cash, cash equivalents, and investments are amounts restricted for endowments, bursaries, scholarships, and restricted funds. Endowed assets represent funds held by Conestoga which have been permanently endowed. The annual income earned on the endowed funds may be used only for the externally restricted purpose specified by the donor. Restricted funds may be expended only for the purpose specified by the donor. The changes during the year in endowed and restricted fund assets are noted below:

	Endowment Fund	Externally Restricted Fund	<u>2023</u> Total	<u>2022</u> Total
Opening balance included in cash and cash equivalents and investments	\$5,688,827	\$3,371,941	\$9,060,768	\$8,649,252
Unrealized investment losses	(377,496)	-	(377,496)	(119,245)
Transfer to operations	-	-	-	(185,240)
Contributions	1,627,508	3,351,985	4,979,493	2,299,667
Bursary and scholarship activity	-	(2,756,448)	(2,756,448)	(1,583,666)
Ending balance included in cash and cash equivalents and investments	\$6,938,839	\$3,967,478	\$10,906,317	9,060,768
Deferred contributions and accumulated unrealized investment losses	398,314	(3,438,127)	(3,039,813)	(2,870,763)
Ending fund balance	\$7,337,153	\$529,351	\$7,866,504	\$6,190,005

12. CONTINGENCIES AND COMMITMENTS

As of March 31, 2023, outstanding capital asset commitments approximate \$30,550,000 primarily related to the construction and expansion of Conestoga's facilities. The internally restricted net assets and unrestricted net assets will be used to fund these future commitments.

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Effective June 2019, the Province of Ontario enacted Bill 124 “Protecting a Sustainable Public Sector for future Generations Act, 2019”. This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be “void and of no effect”. On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. The impact, if any, to the organization because of the Ontario Superior Court decision is not determinable at this time. As such, no provision has been made in the financial statements.

Conestoga has entered into various agreements to lease premises. The minimum payments required to the maturity dates of existing leases are as follows:

2024	\$5,383,413
2025	3,778,671
2026	710,093
2027	529,899
2028	479,299
Thereafter	450,845

13. FINANCIAL INSTRUMENTS RISK MANAGEMENT

CREDIT RISK

Accounts receivable and certain long-term pledges receivable are ultimately due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. Students with funds owing to Conestoga are not able to receive marks, a T2202a tax form or register for the next term. Continuing education students are required to pay in advance before they can be registered in a course.

	Total	Current	Past Due 31-60 days	Past Due 61-90 days	Past Due Over 90
Grants receivables	\$6,523,510	\$6,523,510	-	-	-
Pledges receivable	7,342,787	7,342,787	-	-	-
Student receivables	3,132,130	269,240	185,588	62,474	2,614,828
Other receivables	10,065,956	8,506,315	333,329	25,225	1,201,087
Less: bad debt allowance	(2,756,800)	-	-	-	(2,756,800)
Net receivables	<u>\$24,307,583</u>	<u>\$22,641,852</u>	<u>\$518,917</u>	<u>\$87,699</u>	<u>\$1,059,115</u>

Conestoga estimates its aggregate exposure to credit risk as the sum of its reported balances owing from third parties recorded on the Consolidated Statement of Financial Position.

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.

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INTEREST RATE RISK

From time to time, Conestoga enters interest rate swap contracts as part of its risk management strategy to minimize exposure to interest rate fluctuations related to floating rate loans and mortgages. Conestoga has fixed the interest rate on \$19,002,686 of long-term debt and therefore is not exposed to any interest rate risk on these financial instruments.

CURRENCY RISK

Conestoga does not have any material transactions or financial instruments denominated in foreign currencies.

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 arises through an excess of financial obligations over available financial assets at any point in time. Conestoga's objective in managing liquidity risk is to maintain sufficient readily available resources in order to meet its financial obligations as they fall due. Management monitors rolling forecasts of Conestoga's liquidity reserve (comprises undrawn borrowing facility, cash and cash equivalents) on the basis of expected cash flow. Conestoga currently settles its financial obligations out of cash. The following table sets out the contractual maturities at the fiscal year end (representing undiscounted contractual cash-flows of financial liabilities).

	<u>Up to 1 year</u>	<u>1-5 years</u>	<u>>5 years</u>
Accounts payable	\$34,881,808	-	-
Long-term debt	2,489,183	\$11,611,554	\$4,901,949

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.

14. SUBSEQUENT EVENTS

On April 12, 2023, Conestoga finalized the purchase of a property in Guelph for \$27,000,000. Conestoga plans to use this property as a new full-service campus as early as September 2025.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.