MEDICINE HAT COLLEGE

ANNUAL REPORT

2023-2024

MEDICINE HAT COLLEGE ACKNOWLEDGES AND HONOURS THE TRADITIONAL TERRITORIES OF THE FIRST NATION PEOPLE OF TREATY 7 AND TREATY 4, AND OF THE MÉTIS PEOPLE WHO SHARE A DEEP HISTORY WITH THIS LAND. WE RECOGNIZE AND HONOUR THE LAND, HISTORY, WAYS OF BEING, AND OUR RELATIONSHIP WITH FIRST NATION, MÉTIS, AND INUIT PEOPLE AS WE FORGE TOGETHER TOWARDS A RELATIONSHIP OF RECONCILIATION, RESPECT, UNDERSTANDING, AND HEALING.

Institutional Information

Institution: Medicine Hat College

President: Kevin Shufflebotham

Board Chair: Sarah MacKenzie

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Accountability Statement

The institution's Annual Report for the year ended was prepared under the Board's direction in accordance with the Sustainable Fiscal Planning and Reporting Act and ministerial requirements established pursuant to the Post-Secondary Learning Act. All material economic, environmental, or fiscal implications of which we are aware have been considered in the preparation of this report.

[Original signed by Sarah MacKenzie]
Sarah MacKenzie
Chair, Medicine Hat College Board of Governors
December 10, 2024

Management's Responsibility for Reporting

The institution's management is responsible for the preparation, accuracy, objectivity, and integrity of the information contained in the Annual Report. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Annual Report has been developed under the oversight of the institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the Sustainable Fiscal Planning and Reporting Act and the Post-Secondary Learning Act.

The Auditor General of Alberta, the institution's external auditor appointed under the Post-Secondary Learning Act, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.

[Original signed by Kevin Shufflebotham]
Kevin Shufflebotham, MA
President and CEO
December 10, 2024

Public Interest Disclosure Act

As the Chief Officer under the Public Interest Disclosure Act, the President is responsible for ensuring that all disclosures are investigated in accordance with the Act, College policy and procedures.

For the period of July 1, 2023 to June 30, 2024, there were four disclosures.

- Two of the disclosures related to one incident whereby an alleged discrimination occurred. The alleged incident was handled and concluded through the Respectful Work & Learning policy.

- One disclosure related to a concern over an employee's qualifications. This was reviewed and concluded by Human Resources.

- One disclosure related to a potential ethical violation involving an employee and their alleged behavior involving students. This was investigated and concluded by Human Resources working with the supervisor of the area.

Goals and Performance Measures

A. STUDENT SUPPORTS AND SERVICES AND THEIR RESPONSIVENESS TO THE EVOLVING NEEDS OF STUDENTS (E.G. ACADEMIC, FINANCIAL, MENTAL, AND PHYSICAL WELL BEING ETC.)

Autonomous Degrees

We continue to make progress on meeting the conditions of the CAQC organizational review. Work is currently focused on policies and procedures in alignment with our new policy framework.

Degree Offerings

The Senior Academic Leadership Team (SALT) has made progress on prioritizing our degree offerings over the next five years and plan to consult more widely in the fall term.

Upgrade the Student Information System (SIS)

- The project has been broken up into at least 3 phases, the first phase (Phase 1), will be to initially give current functionality and reporting "as is" on a new Anthology managed Cloud platform. Phase 1 will reduce risk to the college regarding both ongoing support and stability of the student information system. The vendor will no longer support and develop on premise software; we must move from our current SIS. Moving to Anthology's cloud hosted software-as-a-service student system will alleviate the risks and time pressure of being on an end of life software system. MHC has successfully deployed the CampusVue application to the Anthology cloud, with no critical or high issues found during technical and business verification testing. Phase 1 was completed on March 25, 2024.
- The second phase (Phase 2) will be to modify the existing custom code and reports to align with the new platform needs and the fact that MHC will lose write access to the CampusVue cloud instance within 12 months of go-live date; this is currently a major risk. It is estimated at this time Phase 2 will be completed by April 2025.
- The third phase (Phase 3) is to leverage and enhance the overall user experience by redeveloping existing processes and reports and other such functions to take advantage of the new platform features and functionality. This may overlap with phase 2, but it will be dependent on IT resource capacity and Student Services SMEs. Phase 3 will allow MHC to realize advantages by using the enhanced capability of the new system. There is not a timeline for Phase 3 right now, but it would potentially begin Spring 2025.

Implement a five-year pipeline for new program offerings

Four Targeted Enrollment Expansion applications have been submitted to increase the number of seats in our existing Social Work and Child & Youth Care Counselling programs. We also submitted an application for a new diploma program in Addictions Counselling. MHC will be launching a kinesiology diploma for fall 2024 (News release January 30, 2024) and new dual credit programs for MHPSD students (News release May 22, 2024)

Establish a revised ongoing program quality assurance process

The position of Manager, Program Excellence (under Teaching and Learning) has now been filled as of May 2024. This individual will guide, develop, and support quality assurance for new and existing programs and courses.

B. STRATEGIC RESEARCH PRIORITIES (FOR RESEARCH INSTITUTIONS), APPLIED RESEARCH, AND SCHOLARLY ACTIVITIES

With our goal to enhance the breadth and depth of the college's research and scholarly activity, the planned additional structure and support for faculty and staff engaged in research started in January 2024.

We have assembled a Research and Scholarship Development Team that will guide MHC researchers in designing a research project from research question to completion. This team is comprised of internal faculty and staff, as well as external members, and will be led by the Research and Scholarship Development Coordinator. Dr. Elizabeth Pennefather-O'Brien will serve as the Research and Scholarship Development Coordinator from January 1, 2024 to June 30, 2025.

We also established The Research and Scholarship Oversight Committee. This committee will evaluate MHC research needs and provide overall guidance for the Research and Scholarship Development Coordinator. Members include the Vice President, Academic & Provost; Director, Teaching and Learning; Chair, Research Ethics Board; C4i Manager; and Research and Scholarship Development Coordinator.

Highlights

- Partnership with Medicine Hat Police Service: Collaborating on an applied research project using drones for 911 emergency calls.
- CiCan Grant for Soil Study and Sensor Installation: Received funding from CiCan for researching soil conditions for native trees in partnership with the City of Medicine Hat to install soil sensors for data collection.
- Hiring of Student Researchers: Recruited five student researchers over the past year for various projects, including a $100,000 grant from Alberta Innovates to hire student researchers in health related projects.
- Collaboration with Kinetisense: Continuing work and submitted a grant application to expand the motion capture lab.
- Pursuing NSERC, CFI and PrairiesCan Eligibility: Actively working to become eligible for NSERC and to obtain CFI funding, with additional support from PrairiesCan.
- Engaging with the Agriculture Community: Exploring potential projects in the agriculture sector.
- Hosting the Impact Applied Research Symposium (Feb 8-9, 2024): Preparing to host a symposium focusing on collaboration in applied research among community colleges, with attendees from across Western Canada.
- Hosted the Impact Applied Research Symposium (February 8-9): A symposium focusing on collaboration in applied research among community colleges, with attendees from across Western Canada.
- Participated in the Energy Innovation Day hosted by Inside Education (February 6). Presentation on the solar array to 95 grade 7-9 students.
- Hosted the Urban Tree Art Exhibit, artwork created with data and inspiration from the research project. This event included a Lunch & Learn session and an Art reception.
- Initiated an economic analysis of the agriculture industry in Southeast Alberta.
- We initiated three new faculty Research and Scholarship awards (Disciplinary Research, Scholarship, and Teaching & Learning). These awards were presented to ten faculty researchers at the Scholars' Celebration in April 2024.

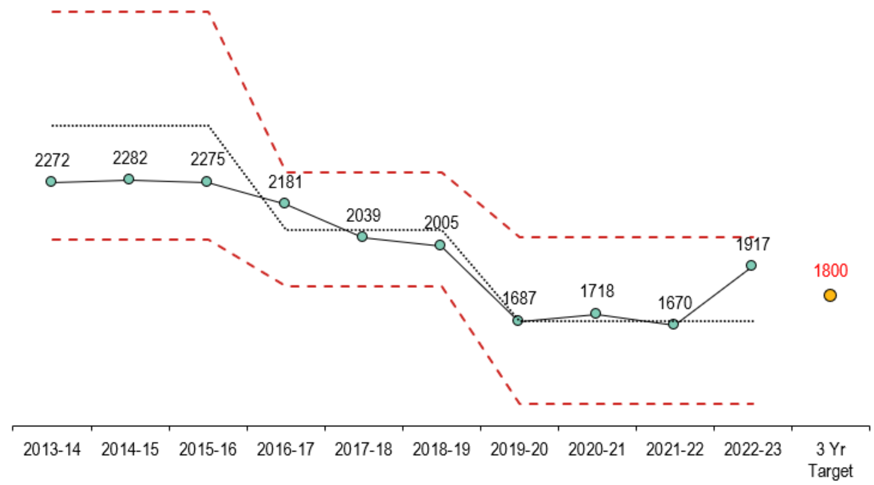
C. COLLABORATIONS WITH OTHER LEARNING PROVIDERS (E.G. PUBLICLY FUNDED POST-SECONDARY INSTITUTIONS, FIRST NATIONS COLLEGES, OR PRIVATE CAREER COLLEGES)

- We renewed degree completion agreements with Lakeland College, Lethbridge College, University of Lethbridge, and University of Saskatchewan supporting multiple learning pathways for the Environmental Biology and Reclamation Technology program. We also secured an agreement for students in the Sustainable Innovation program to have the option to complete their degree in Technology Management with NAIT.
- We actively pursue community engagement and collaboration opportunities within our region that strengthen and solidify our role as a CCC.
- We collected data from a project with Academica -- and eight Alberta CCCs -- to understand public perceptions of “college”, “polytechnic”, and “university” as mandates evolve within the Alberta system.
- We have signed a dual credit agreement with Grasslands School Division for our Health Care Aide program.
- The Southern Alberta School of Trades, in partnership with Prairie Rose School Division, is full for Fall 2024.
- We signed an MoU for dual credit trades with Medicine Hat Public School Division and Grasslands School Division and other dual credit opportunities are being explored.

PERFORMANCE MEASURES

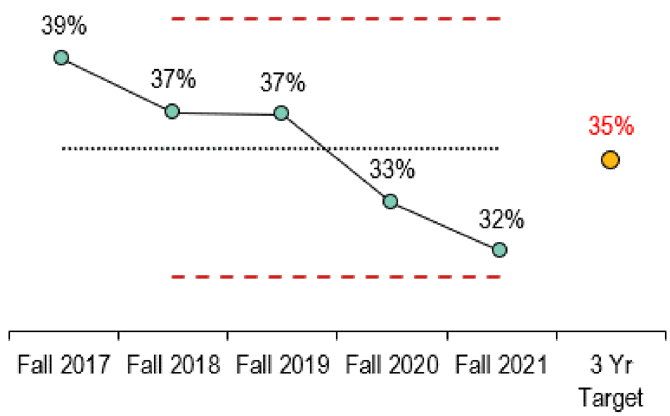
REGIONAL ENROLMENT

The headcount of credit learners at Medicine Hat College from the MHC service region, including apprenticeships.



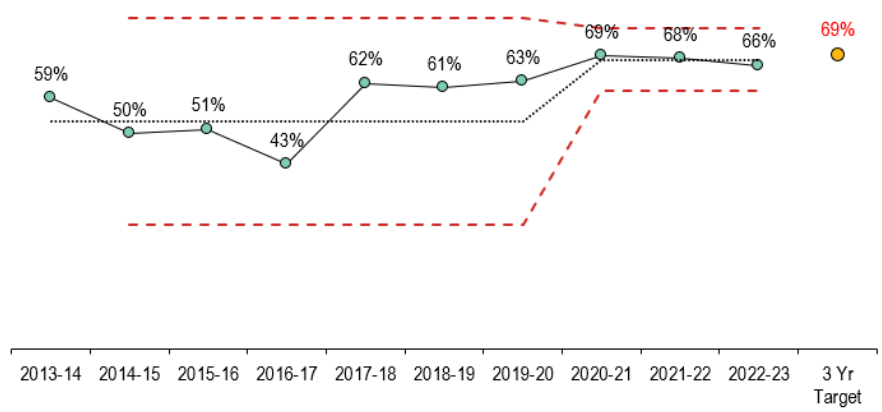
HIGH SCHOOL TRANSITION RATE

The proportion of high school graduates from our service region who transition to the Alberta Post-Secondary education system the following fall.



ACCESS AND CONTINUATION

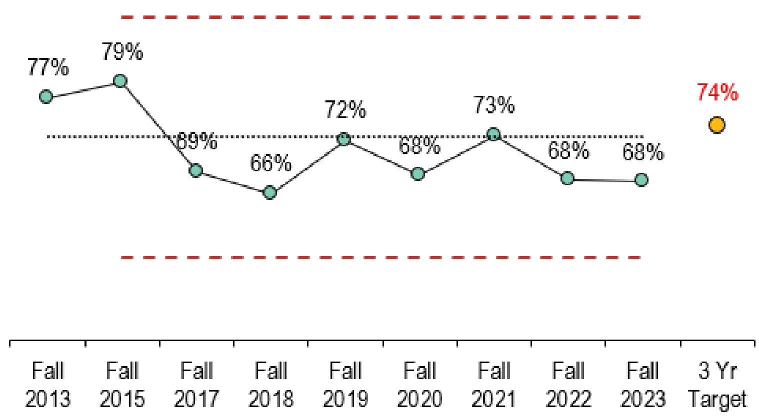
The proportion of learners who enroll at MHC and complete a credential in the Alberta Post-Secondary education system.



PERFORMANCE MEASURES (CONT'D)

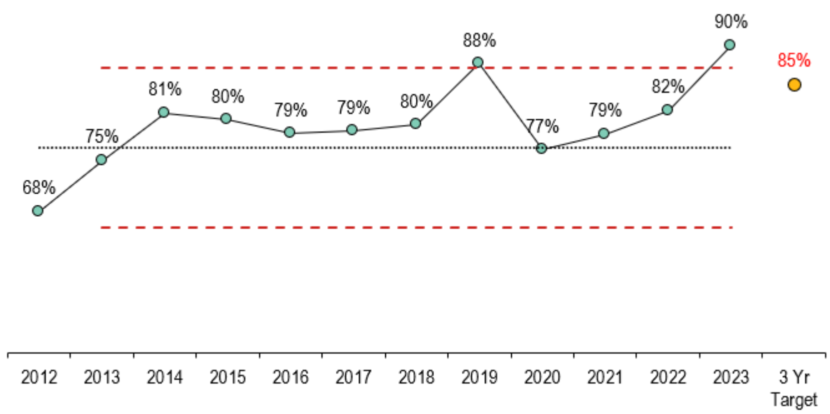
ACADEMIC READINESS

An index of learners' perceptions of their own learning behaviours that lead to academic readiness.



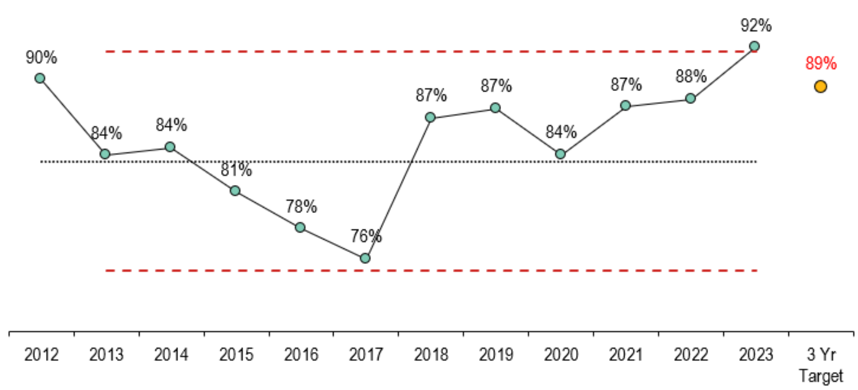
GOAL ACHIEVEMENT

The proportion of former credit learners who report that they achieved their primary goal.



GRADUATE EMPLOYMENT

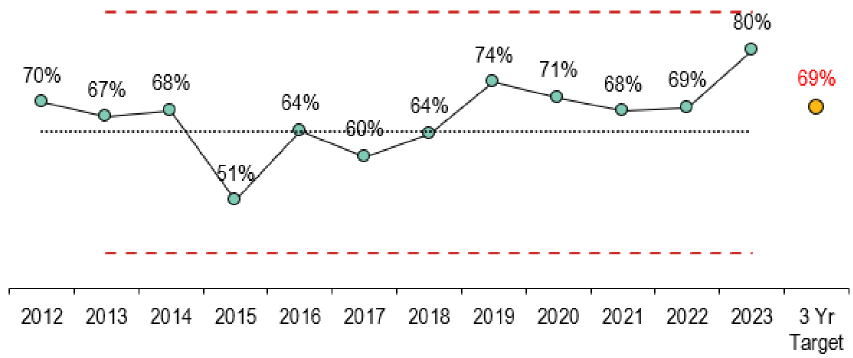
The proportion of employed graduates who state that their job is related to their field of study 6 months after graduation.



PERFORMANCE MEASURES (CONT'D)

GRADUATES IN THE REGION

The proportion of graduates from MHC who report staying in the MHC service region after graduation.



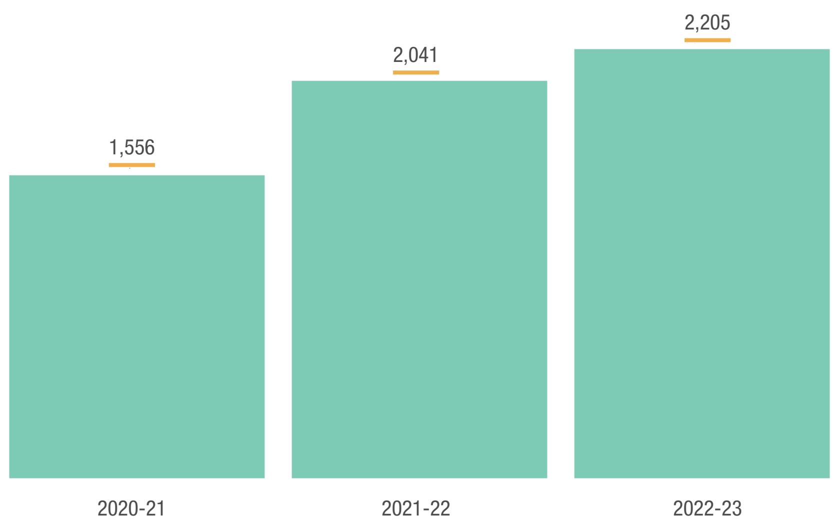
SUCCESSFUL PARTNERSHIPS

Proportion of WIL (Work Integrated Learning), C4i and Corporate training partners who report being satisfied with the outcome of the partnership. This is measure is in development. Data will be available for Fall 2024.

NON-CREDIT REGISTRATIONS

The number of registrations* at Medicine Hat College in non-credit courses

** reflects numbers of registrations, not unique registrants, for the fiscal year (July – June)*



Financial Information *(see page 14 for audited financial statements)*

The budget-to-actual variance analysis of the statement of operations identified key variances in operational expenses. Operational expenses showed a favorable variance of $2.7 million, driven primarily by a $1.4 million adjustment to expected asset retirement obligations and deferred Capital Maintenance Renewal expenditures. Additional savings were realized in supplies, services, and salaries, contributing to the overall favorable variance. Management actively monitors financial risks and performance, ensuring timely preparation and review of monthly reports. Quarterly financial updates are also presented to and reviewed by the Finance and Audit Committee to ensure enhanced oversight.

Self-Generated Revenue

A. TUITION AND MANDATORY FEES		
Revenue	**Description**	**Amount**
Tuition	Credit	$ 7,061,634
Tuition	International	$ 4,536,019
Tuition	Apprenticeship	$ 393,430
Tuition	Non Credit	$ 1,076,767
Miscellaneous Student Fees	Application, administration, non-instructional, material, athletic fees	$ 1,331,644
	Subtotal:	$ 14,399,495

B. AUXILIARY/ANCILLARY SERVICES		
Revenue	**Description**	**Amount**
Ancillary Services	Food Services	$ 917,493
Ancillary Services	Bookstore	$ 898,053
Ancillary Services	Bookstore	$ 1,909,692
Ancillary Services	Parking	$ 333,151
Sales Revenue	Rental Revenue	$ 299,104
Sales Revenue	Ticket Sales Revenue	$ 42,182
	Subtotal:	$ 4,399,676

C. DONATIONS AND INVESTMENT INCOME		
Revenue	**Description**	**Amount**
Investment Income	Investment Income	$ 2,351,210
Donation/Other Grants	Donation/Other Grant (Apex, Community Futures, CiCan, CPA, Workers Comp)	$ 205,056
	Subtotal:	$ 2,556,266

SELF GENERATED REVENUE (CONT'D)

D. RESEARCH GRANTS		
Revenue	**Description**	**Amount**
Federal Grants	IRCC	$ 353,033
Other Government Grant	SSHRC	$ 39,629
Other Government Grant	IRCC	$ 221,991
Other Grant	APEX Clients	$ 27,693
Other Grant	RPAS	$ 77,778
Other Grant	Campus Living Labs	$ 82,964
Other Grant	Campus Living Labs	$ 10,089
Other Grant	Solar Panel	$ 5,081
	Subtotal:	$ 818,258

E. OTHER GRANTS		
Revenue	**Description**	**Amount**
Other Government Grant	CRA	$ 1,388
Other Government Grant	Canadian Mental Health	$ 12,685
Other Government Grant	Official Languages Program	$ 45,037
	Subtotal:	$ 59,110

F. LAND TRUSTS AND FOR-PROFIT VENTURES		
Revenue	**Description**	**Amount**
-	-	-
	Subtotal:	$ 0

G. OTHER		
Revenue	**Description**	**Amount**
Other	Commissions Revenue	$ 4,511
Other	Sponsorship Revenue	$ 39,361
Other	Services Revenue and other General Revenue	$ 84,959
	Subtotal:	$ 128,830
	GRAND TOTAL:	22,361,635

Capital Report

PRIORITY PROJECTS

TYPE	PROJECT DESCRIPTION	TOTAL COST	FUNDING SOURCES	FUNDING RECEIVED TO DATE AND SOURCE	REVISED FUNDING SOURCES
New	**Health Wellness and Athletics Expansion (HWAE) Phase 2** Completion of the Health, Wellness and Athletics Expansion project will address the increasing demand for hands-on, relevant programming in health and human services, sport/recreation space to serve varsity sport and community health and wellness needs within the context of conservation of environmental and fiscal resources and sustainability. The project will provide approximately 5,000 m2 of new and renovated space for laboratories, instruction, sport and wellness.	$40 million	Government of Alberta: 87.5% Other (MHC & Fundraising): 12.5%		Government of Alberta: $15 million MHC: $20 million Private: $5 million
Expansion	**Center Core Renewal & Infill** The Centre Core wing at the Medicine Hat Campus is the oldest wing on campus. It is part of original construction and was the site for the old library. Within the central core, there is an exterior courtyard area that is underutilized space on campus. The project proposes engaging in a large-scale renewal of the Centre Core space and filling in the courtyard area to enhance the utilization of the space as well as allow for improved access to key student services. **Now titled "Student Services Centre Core Renewal"*	$7.5 million	Government of Alberta: 80% Other (Federal, Private) 20%		Revised estimate: $29 million Government of Alberta: $29 million

Maintenance and New	**Server Room Replacement Project** A project to build a new, up to date, server and IT systems environment for the college. There is difficulty to expand or support IT related infrastructure and risk related to power outages. Currently, MHC's IT systems cannot be keep running in the event of an electrical utility interruption. One of the goals of this project would be to create a server room designed with access to outside ambient air allowing for more efficient HVAC control with less GHG use.	$3 million	Government of Alberta: 100%		Revised estimate and funding sources: Government of Alberta: $3.5 million
Maintenance	**Sanitary Sewer Renewal/Replacement** The Medicine Hat Campus was established in the late 1960s and opened in 1971. Some of the original sewer infrastructure remains in place including sections of clay lines and a septic field servicing one building on the northwest end of the campus. This project would enable the College to evaluate and replace portions of aging infrastructure and complete associated restoration work.	$3.75 million	Government of Alberta: 100%	Government of Alberta: $3.15 million	
Maintenance	**Brooks Campus Asphalt Renewal Project** This project would repair aging roadways and parking lots. The asphalt is deteriorating.	$1 million	Government of Alberta: 100%		

Free Speech Reporting

REPORTING MEASURE 1: FREE SPEECH POLICY INFORMATION

Medicine Hat College's free speech policy is available online at:
https://www.mhc.ab.ca/about-mhc/admin-governance/policies-procedures/freedom-of-expression

There have been no amendments made to the free speech policy during the 2023-2024 fiscal year.

REPORTING MEASURE 2: CANCELLED EVENTS

No events cancelled during the 2023-2024 fiscal year.

REPORTING MEASURE 3: FREE SPEECH-RELATED COMPLAINTS

No complaints related to free speech in the 2023-2024 fiscal year.

REPORTING MEASURE 4: ADDITIONAL INFORMATION

No additional information to report.

Board of Governors Training on For-profit Ventures

MHC has no profit ventures; therefore, no training has been provided.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

MEDICINE HAT COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

MEDICINE HAT COLLEGE

STATEMENT OF MANAGEMENT RESPONSIBILITY

YEAR ENDED JUNE 30, 2024

The consolidated financial statements of the Medicine Hat College have been prepared by management in accordance with the Canadian public sector accounting standards as described in note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of the College as at June 30, 2024, and the results of its operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that College assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

The Board of Governors is responsible for reviewing and approving the consolidated financial statements, and overseeing management's performance of its financial reporting responsibilities.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Finance and Audit Committee. With the exception of the President and CEO and Vice-President, Administration and Finance (both are non-voting members), all members of the Finance and Audit Committee are not employees of the College. The Finance and Audit Committee meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Finance and Audit Committee, with and without the presence of management.

These consolidated financial statements have been reported on by the Auditor General of Alberta, the auditor appointed under the *Post-secondary Learning Act.* The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the fairness of presentation of the information in the consolidated financial statements.

Original copy signed

Kevin Shufflebotham,
President and Chief Executive Officer

Original copy signed

Wayne Resch,
Vice-President, Administration and Finance

Independent Auditor's Report

Auditor General OF ALBERTA

To the Board of Governors of Medicine Hat College

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of Medicine Hat College (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2024, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 Group'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 Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. I remain solely responsible for our audit opinion.

I 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 I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

October 15, 2024
Edmonton, Alberta

MEDICINE HAT COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	2024	2023
Financial assets excluding portfolio investments restricted for endowments		
Cash and cash equivalents (Note 4)	$ 16,253,724	$ 11,017,516
Portfolio investments - non-endowment (Note 5)	23,164,641	21,235,118
Accounts receivable	1,369,904	2,921,452
Inventories held for sale	315,436	404,094
	41,103,705	35,578,180
Liabilities		
Accounts payable and accrued liabilities	3,996,373	3,337,891
Employee future benefit liabilities (Note 7)	27,439	17,643
Debt (Note 8)	852,430	1,103,820
Deferred revenue (Note 9)	18,593,858	16,426,828
Asset retirement obligations (Note 12)	489,996	1,839,059
	23,960,096	22,725,241
Net financial assets excluding portfolio investments restricted for endowments	17,143,609	12,852,939
Portfolio investments - restricted for endowments (Note 5)	11,504,871	10,772,068
NET FINANCIAL ASSETS	$ 28,648,480	$ 23,625,007
Non-financial assets		
Tangible capital assets (Note 11)	63,463,985	65,901,247
Prepaid expenses	1,182,236	1,125,429
	64,646,221	67,026,676
Net assets before spent deferred capital contributions	93,294,701	90,651,683
Spent deferred capital contributions (Note 10)	39,907,578	41,830,045
NET ASSETS (Note 13)	$ 53,387,123	$ 48,821,638
Net assets are comprised of:		
Accumulated surplus	52,011,225	47,891,650
Accumulated remeasurement gains	1,375,898	929,988
	$ 53,387,123	$ 48,821,638

Contractual rights (Note 15)
Contingent liabilities and contractual obligations (Note 14 and 16)
Approved by the Board of Governors (Note 23)

The accompanying notes are an integral part of these consolidated financial statements.

MEDICINE HAT COLLEGE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2024

	2024		2023
	Budget (Note 22)	Actual	Actual (Schedule 1)
Revenues			
Government of Alberta grants (Note 20)	$ 39,769,750	$ 39,401,395	$ 36,348,599
Federal and other government grants (Note 20)	658,000	673,763	682,951
Sales of services and products	4,357,450	4,528,506	4,443,783
Student tuition and fees	13,542,400	14,399,495	12,268,788
Donations and other grants	661,750	408,662	762,996
Investment income	1,734,000	2,351,210	1,209,749
	60,723,350	61,763,031	55,716,866
Expenses (Note 17)			
Instruction general	21,044,750	21,246,046	19,400,252
Academic support	5,207,450	4,957,800	4,697,157
Student support	5,696,550	5,918,115	5,321,246
Administration	5,735,950	4,740,619	4,767,192
Operational	13,185,400	10,392,413	9,686,846
Ancillary services	3,684,700	3,551,650	3,370,534
Computing	4,659,950	4,085,150	3,570,176
Restricted and endowment activities	2,567,000	2,815,580	2,876,136
Sponsored research	434,400	576,782	319,890
	62,216,150	58,284,155	54,009,429
Annual operating (deficit) surplus	$ (1,492,800)	$ 3,478,876	$ 1,707,437
Endowment contributions and capitalized investment income			
Endowment contributions (Note 13)		605,161	493,712
Endowment capitalized investment income (Note 13)		35,538	37,204
Annual (deficit) surplus	(1,492,800)	4,119,575	2,238,353
Accumulated surplus at beginning of year	47,891,650	47,891,650	45,653,297
Accumulated surplus at end of year	$ 46,398,850	$ 52,011,225	$ 47,891,650

The accompanying notes are an integral part of these consolidated financial statements.

	2024		2023
	Budget (Note 22)	Actual	Actual
Annual (deficit) surplus	$ (1,492,800)	$ 4,119,575	$ 2,238,353
Acquisition of tangible capital assets	1,980,100	(805,917)	(2,499,825)
Proceeds from sale of tangible capital assets		-	11,295
Amortization of tangible capital assets	4,911,200	3,262,633	4,291,713
(Gain) loss on disposal of tangible capital assets	50,000	(19,454)	77,532
(Increase) in prepaid expenses		(56,807)	(29,447)
Decrease in spent deferred capital contributions		(1,922,467)	(717,672)
Increase in accumulated remeasurement gains (losses)		445,910	1,304,273
Increase in net financial assets	5,448,500	5,023,473	4,676,222
Net financial assets, beginning of year		23,625,007	18,948,785
Net financial assets, end of year		$ 28,648,480	$ 23,625,007

The accompanying notes are an integral part of these consolidated financial statements.

MEDICINE HAT COLLEGE
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED JUNE 30, 2024

	2024	2023
Accumulated remeasurement gains (losses), beginning of year	$ 929,988	$ (374,285)
Unrealized gains attributable to:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	893,156	1,331,944
Amounts reclassified to consolidated statement of operations:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	(447,246)	(27,671)
Accumulated remeasurement gains, end of year	$ 1,375,898	$ 929,988
Accumulated remeasurement gains is comprised of:		
Portfolio investments - non-endowment	$ 1,375,898	929,988
	$ 1,375,898	929,988

The accompanying notes are an integral part of these consolidated financial statements.

MEDICINE HAT COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

	2024	2023
Operating transactions		
Annual surplus	$ 4,119,575	$ 2,238,353
Add (deduct) non-cash items:		
Amortization of tangible capital assets	3,262,633	4,291,713
(Gain) on disposal of portfolio investments	(447,246)	(27,671)
(Gain) loss on disposal of tangible capital assets	(19,454)	77,532
Expended capital contributions recognized as revenue	(2,171,454)	(2,212,433)
Increase in employee future benefit liabilities	9,796	8,673
Change in non-cash items	634,275	2,137,814
Decrease (increase) in accounts receivable	1,551,548	(2,228,971)
Decrease (increase) in inventories held for sale	88,658	(80,644)
Increase (decrease) in accounts payable and accrued liabilities	658,482	(1,449,044)
Increase in deferred revenue	1,780,616	5,799,606
(Increase) in prepaid expenses	(56,807)	(29,447)
Cash provided by operating transactions	8,776,347	6,387,668
Capital transactions		
Acquisition of tangible capital assets	(2,154,980)	(2,499,825)
Proceeds on sale of tangible capital assets	-	11,295
Cash applied to capital transactions	(2,154,980)	(2,488,530)
Investing transactions		
Purchase of portfolio investments	(9,834,497)	(7,575,314)
Proceeds on sale of portfolio investments	8,451,741	6,831,541
Cash applied to investing transactions	(1,382,756)	(743,773)
Financing transactions		
Repayment of debt	(251,390)	(236,602)
Increase in spent deferred capital contributions, less expended capital contributions recognized as revenue	248,987	1,494,761
Cash (applied to) provided by financing transactions	(2,403)	1,258,159
Increase in cash and cash equivalents	5,236,208	4,413,524
Cash and cash equivalents at beginning of year	11,017,516	6,603,992
Cash and cash equivalents at end of year (Note 4)	$ 16,253,724	$ 11,017,516

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 Authority and purpose

The Board of Governors of Medicine Hat College is a corporation which manages and operates Medicine Hat College ("the College") under the *Post-secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the President, who is an ex officio member. Under the *Post-secondary Learning Act*, the College is a comprehensive community institution offering diploma and certificate programs as well as a full range of continuing education programs and activities. The College is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from payment of income tax.

Note 2 Summary of significant accounting policies and reporting practices

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the College are as follows:

a) Use of estimates

The measurement of certain assets, liabilities, revenues and expenses are contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. The College's management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets, asset retirement obligations, and the revenue recognition for expended capital are the most significant items based on estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements.

b) Valuation of financial assets and liabilities

The College's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Cost
Portfolio investments	Fair value and amortized cost
Inventories held for resale	Lower of cost or net realizable value
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Asset retirement obligations	Cost
Debt	Amortized cost

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in the consolidated statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations. A write-down of a portfolio investment to reflect a loss in value that is other than temporary is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

The College does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

c) Revenue recognition

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government grants, non-government grants, and donations

Government transfers are referred to as government grants.

Restricted grants and donations are recognized as deferred revenue if the terms for use, or the terms along with the College’s actions and communications as to the use, create a liability. These grants and donations are recognized as revenue as the terms are met. If the grants and donations are used to acquire or construct tangible capital assets, revenue will be recognized over the useful life of the tangible capital asset.

Government grants without terms for the use of the grant are recorded as revenue when the College is eligible to receive the funds. Unrestricted non-government grants and donations are recognized as revenue in the year received or in the year the funds are committed to the College if the amount can be reasonably estimated, and collection is reasonably assured.

In-kind donations of services, materials and tangible capital assets are recognized at fair value when such value can be reasonably determined. Transfers of tangible capital assets from related parties are recorded at the carrying value.

Grants and donations related to land

Grants and donations for the purchase of land are recognized as deferred revenue when received and recognized as revenue when the land is purchased.

The College recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When the College cannot determine the fair value, it records such in-kind contributions at nominal value.

Sales of services and products

Sales of services and products represent revenues from non-tuition related services and/or products such as parking fees, locker rental fees, conferences, recreation program registration fees, membership fees, food services and related commissions, vending revenue, gift certificates, book sales, rental income, fine and surcharges, non-refundable application fees, interest revenue, sponsorship revenue and other administrative charges.

These revenues, with the exception of parking fines and surcharges, non-refundable application fees, cancellation fees and some administrative fees are considered revenues arising from exchange transactions. Revenue from these transactions is recognized when or as the College fulfils its performance obligation(s) and transfers control of the promised goods and services to the payor. If the performance obligation is outstanding at year end, the remaining revenue is deferred.

Revenue without performance obligations is a non-exchange transaction with a payor and is recognized when the College has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset.

Student tuition and fees

Student tuition and fees are charged for the programs offered by the College such as program registration and application fees, course delivery fees, student ID fees and laboratory fees.

These fees are considered revenue arising from exchange transactions with performance obligations. The College recognizes revenue from program registration and application fees when received as the performance obligations of registering the student are met when paid. Revenue from course delivery and laboratory fees are recognized at the start of each academic period/semester. If the performance obligation is outstanding at year end, the remaining revenue is deferred. Revenue from student ID fees is recognized when the performance obligation to provide the student ID cards to the student has been met.

Endowment contributions

Endowment contributions are recognized as revenue in the consolidated statement of operations in the year in which they are received, and are required by donors to be maintained in perpetuity.

Investment income (loss)

Investment income includes dividends, interest income and realized gains or losses on the sale of portfolio investments. Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability, and is recognized as investment income when the terms of the grant or donation are met.

The endowment spending allocation portion of investment income earned by endowments is recognized as deferred revenue when the terms for the use by the endowment create a liability. Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the statement of operations.

d) Endowments

Endowments consist of externally restricted donations received by the College and internal allocations by the College's Board of Governors, the principal of which is required to be maintained intact in perpetuity.

Investment income earned (excluding unrealized income) on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors as well as College policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

Under the *Post-secondary Learning Act*, the College has the authority to alter the terms and conditions of endowments to enable:

- Income earned by the endowments to be withheld from distribution to avoid fluctuations in the amounts distributed, generally to regulate the distribution of income earned by the endowments.
- Encroachment on the capital of the endowments to avoid fluctuations in the amounts distributed and generally to regulate the distribution of investment income earned by the endowments if, in the opinion of the Board of Governors, the encroachment benefits the College and does not impair the long-term value of the fund.

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the accumulated capitalized investment income. However, for individual endowments without sufficient accumulated capitalized income, endowment principle is used in that year and is expected to be recovered by future investment income.

e) Inventories held for sale

Inventories held for sale are valued at the lower of cost and expected net realizable value and are determined using the weighted average method.

f) Tangible capital assets

Tangible capital assets are recognized at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets and costs associated with asset retirement obligations. Cost includes overhead directly attributable to construction and development. Work in progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

Buildings and renovations	40 years
Site improvements	25 years
Furniture and equipment	4 to 25 years
Systems planning and development	10 years
Library acquisitions	10 years

Tangible capital asset write-downs are recognized when conditions indicate they no longer contribute to the College's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are recognized as expenses.

Works of art, historical treasures and collections are expensed when acquired and not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

g) Purchased intangibles

Purchased intangibles are recorded at cost less accumulated amortization. The cost, less any residual value, of purchased intangibles with a finite life is amortized on a straight-line basis over its useful life in a manner appropriate to its nature and use, which is normally the shortest of the technological, commercial, and legal life. Purchased intangibles with an indefinite life are not amortized.

Write-downs are recognized for finite and indefinite life intangibles when conditions indicate they no longer contribute to the College's ability to provide services, or when the value of future economic benefits associated with the purchased intangibles are less than their net book value. Net write-downs are recognized as expenses.

h) Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the consolidated statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses.

i) Employee future benefits

Pension

The College participates with other employers in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pensions for the College's participating employees based on years of service and earnings.

The College does not have sufficient plan information on the LAPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the LAPP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

Supplementary retirement plans (SRP)
The College provides a non-contributory supplementary pension plan for the President/CEO. The expense for this plan is actuarially determined using the accrued benefit method. Actuarial gains or losses on the accrued benefit obligation are recognized in full in the year in which the gains or losses occur.

Long-term disability
The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the College's long-term disability plans is charged to expense in full when the event occurs which obligates the College to provide the benefits. The cost of these benefits is actuarially determined using the accumulated benefit method, a market interest rate, administration's best estimate of the retirement ages of employees, expected health care costs and the period of employee disability. Actuarial gains or losses on the accrued benefit obligation are amortized over the average expected period the benefits will be paid. As of June 30, 2024, there were four employees participating in this program (2023 – seven).

Leave plan
The College has a leave plan available to any eligible employee called the Deferred Salary Leave Program. As of June 30, 2024, there were no employees participating in this program (2023 – none).

j) Basis of consolidation

The financial statements are prepared on a line-by-line consolidated basis and include the results of the controlled entity, Medicine Hat College Foundation. The Medicine Hat College Foundation began dissolution in the 2022 fiscal year. Dissolution is expected to be completed in 2025.

k) Asset retirement obligations (ARO)

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital assets. The tangible capital assets include but are not limited to assets in productive use and assets no longer in productive use. Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

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

a) there is a 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.

When a liability for asset retirement obligations is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

The asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability.

l) Expense by function

The College uses the following categories of functions on its consolidated statement of operations.

Instruction general
Expenses relating to the delivery of programming within the College, whether for credit or non-credit programming.

Academic support
Expenses relating to activities that directly support the College's primary function of providing instruction, and course and curriculum development. This function includes expenses incurred by faculties for their scholarly and non-sponsored research activities.

Student support
Expenses relating to activities that support the student experience and that are not program specific. Student supports include admissions and registry functions and activities that support the student body, or provide services to individual students or student groups.

Administration
Expenses relating to centralized College-wide administration including executive management, Corporate Finance, Human Resources, legal expenses and professional services.

Operational
Expenses relating to maintenance and renewal of facilities that house the teaching, research, and administrative activities within the College. These include utilities, facilities administration, building maintenance, custodial services, landscaping, grounds keeping, as well as major repairs and renovations.

Ancillary services
Expenses relating to services and products provided to the College community and to external individuals and organizations. Services include the College bookstore, parking services, food services, and student residences.

Computing
Expenses relating to services and products provided to the College community in relation to information technology services.

Restricted and endowment activities
Expenses relating to student awards, bursaries, costs associated with restricted grants, fundraising costs, business development and advancement departments, public relations and alumni relations.

Sponsored research
Expenses for all sponsored research activities specifically funded by restricted grants and donations.

m) Funds and reserves
Certain amounts, as approved by the College's Board of Governors, are set aside in accumulated operating surplus for future operating and capital purposes. Transfers to / from funds and reserves are an adjustment to the respective fund when approved.

n) Future changes in accounting standards

The College will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

- Effective April 1, 2026, *The Conceptual Framework for Financial Reporting in the Public Sector*. The Conceptual Framework is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.
- Effective April 1, 2026, PS 1202 *Financial Statement Presentation*. Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

The College is currently assessing the impact of the new conceptual framework and standard, and the extent of the impact of their adoption on the consolidated financial statements has not yet been determined.

Note 3 Adoption of new accounting policies and guidelines

PS 3400: Revenue
Effective July 1, 2023, the College adopted the new accounting standard PS 3400, *Revenue*, a standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer.

This standard applies to the College's student tuition and fees and sales of services and products. There was no impact to revenue and deferred revenue as a result of the adoption of this standard.

The College adopted this standard on a prospective basis and as a result, 2023 comparatives are not restated.

PSG-8: Purchased Intangibles

Effective July 1, 2023, the College adopted the principles in the new guideline PSG-8, *Purchased intangibles*. The guideline provides direction on accounting for and reporting on purchased intangibles. It provides clarity on the recognition criteria, along with instances of assets that would not meet this definition.

The College adopted this standard prospectively and as a result 2023 comparatives are not restated. The College did not have any significant purchases of intangibles in the year so there was no impact on the consolidated financial statements as a result of the adoption of this standard.

Note 4 Cash and cash equivalents

	2024	2023
Cash on hand	$ 3,800	$ 8,150
Bank balances	16,249,924	11,009,366
	$ 16,253,724	$ 11,017,516

Note 5 Portfolio investments

	2024	2023
Portfolio investments - non-endowment	$ 23,164,641	$ 21,235,118
Portfolio investments - restricted for endowments	11,504,871	10,772,068
	$ 34,669,512	$ 32,007,186

The composition of portfolio investments is as follows:

	2024			
	Level 1	Level 2	Level 3	Total
Portfolio investments at fair value				
Canadian equities	$ 9,282,387	$ -	$ -	$ 9,282,387
Foreign equities and foreign equity pooled investment funds	13,217,933	-	-	13,217,933
Bonds	10,853,469	-	-	10,853,469
Portfolio investments at cost or amortized cost				
Bank balances	77,111	$ -	$ -	$ 77,111
Money market	1,238,612	-	-	1,238,612
	$ 34,669,512	$ -	$ -	$ 34,669,512
	100%	0%	0%	100%

	2023			
	Level 1	Level 2	Level 3	Total
Portfolio investments at fair value				
Canadian equities	$ 9,144,735	$ -	$ -	$ 9,144,735
Foreign equities and foreign equity pooled investment funds	12,176,697	-	-	12,176,697
Bonds	10,018,692	-	-	10,018,692
Portfolio investments at cost or amortized cost				
Bank balances	116,554	$ -	$ -	$ 116,554
Money market	550,508	-	-	550,508
	$ 32,007,186	$ -	$ -	$ 32,007,186
	100%	0%	0%	100%

The effective annual rate of earnings on portfolio investments at June 30, 2024, was 6.46% (2023 – 3.79%) determined on a weighted average basis.

The fair value measurements are those derived from:

Level 1 – Quoted prices in active markets for identical assets;

Level 2 – Fair value measurements are those derived from inputs other than quoted prices included in level 1 that are observable for the assets, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

Note 6 Financial risk management

The College is exposed to a variety of financial risks, including market risks (price risk, currency risk and interest rate risk), credit risk, and liquidity risk. To manage these risks, the College invests in a diversified portfolio of investments that is guided by established investment policies that outline risk and return objectives. The long-term objective of the College's investment policies is to achieve a long-term real rate of return in excess of fees and expenses and maintain the real value of the fund.

The College is exposed to the following risks:

Market price risk
Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, the College has established an investment policy with a target asset mix that is diversified by asset class with individual issuer limits and is designed to achieve a long-term rate of return that in real terms equals or exceeds total endowment expenditures with an acceptable level of risk.

The College assesses its portfolio sensitivity to a percentage increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total fund as determined by the investment advisor. At June 30, 2024, if market prices had a 1% (2023 – 1%) increase or decrease, with all other variables held constant, the increase or decrease in the market value of the investment portfolio for the year would have been a total of $320,734 (2023 - $302,552).

Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The College is exposed to foreign exchange risk on investments that are denominated in foreign currencies. The College does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. The College's exposure to foreign exchange risk is very low due to minimal business activities conducted in a foreign currency.

Credit risk
Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honor its financial obligations with the College. The College is exposed to credit risk on investments and has established an investment policy with required minimum credit quality standards and issuer limits to manage this risk. The credit risk from accounts

receivable is relatively low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition is managed through restricted enrolment activities for students with delinquent balances and maintaining standard collection procedures.

The credit risk on investments held are as follows:

	2024		2023	
	Money Market	Bond Fund	Money Market	Bond Fund
Credit rating				
AAA	0.0%	35.8%	0.0%	28.2%
AA	6.1%	20.3%	0.0%	19.3%
A	93.9%	34.8%	100.0%	42.9%
BBB	0.0%	9.1%	0.0%	9.6%
	100.0%	100.0%	100.0%	100.0%

Liquidity risk

Liquidity risk is the risk that the College will encounter difficulty in meeting obligations associated with its financial liabilities. The College maintains a short-term line of credit to ensure that funds are available to meet current and forecasted financial requirements in the most cost-effective manner. As of June 30, 2024, the balance in the line of credit was $0 (2023 - $0).

Interest rate risk

Interest rate risk is the risk to the College's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the College holds. Interest risk on the College's debt is managed through fixed-risk agreements with the Department of Treasury Board and Finance (Note 8).

The maturity and effective market yield of interest-bearing investments are as follows:

	Less than 1 year	1 to 5 years	Greater than 5 years	Average effective market yield
Money market	100.00%	0.00%	0.00%	5.18%
Money market (USD)	100.00%	0.00%	0.00%	5.54%
Fixed income securities	3.00%	32.40%	64.60%	4.21%

Note 7 Employee future benefit liabilities

Leave Plan

The College has a leave plan available to any eligible employee called the Deferred Salary Leave Program (DSLP). The DSLP allows an employee to defer a specified monthly amount, or an annual percentage of annual regular gross salary up to a maximum of 33 1/3 percent. The total period of the deferral cannot exceed a maximum of six years.

Multi-Employer Pension Plans

The Local Authority Pension Plan (LAPP) is a multi-employer contributory defined benefit pension plan for support staff members and is accounted for on a defined contribution basis. At December 31, 2023, the LAPP reported an actuarial surplus of $15,050,000,000 (2022 - $12,671,000,000). An actuarial valuation of the LAPP was carried out as at December 31, 2022, and was then extrapolated to December 31, 2023. The pension expense recorded in these consolidated financial statements is $2,269,971 (2023 - $2,117,066).

Supplementary Retirement Plan (SRP)

The College provides a non-contributory defined benefit supplementary retirement benefit to the President/CEO. An actuarial valuation of these benefits was carried out as at June 30, 2024.

The expense and financial position of the SRP is as follows:

	2024	2023
Expense		
Current service cost	$ 7,427	$ 5,714
Interest Cost	889	408
Amortization of net actuarial loss	1,480	2,551
Amortization of past service cost	-	-
Recognition of unamortized net actuarial loss	-	-
Total expense	$ 9,796	$ 8,673
Financial Position		
Accrued benefit obligation:		
Balance, beginning of year	$ 17,643	$ 8,970
Current service cost	7,427	5,714
Interest Cost	889	408
Recognition of past service	-	-
Benefits paid	-	-
Actuarial loss	1,480	2,551
Balance, end of year	27,439	17,643
Plan asset	-	-
Plan deficiency	27,439	17,643
Unamortized net actuarial gain (loss)	-	-
Unamortized past service cost	-	-
Accrued benefit liability	$ 27,439	$ 17,643

The significant actuarial assumptions used to measure the accrued benefit obligation for the SRP are as follows:

	June 30, 2024	June 30, 2023
Discount rate and investment return on Supplemental Plan account balances	4.87%	5.05%
Salary increases	0.00%	1.50%
Price inflation	2.00%	2.00%
Average wage inflation	2.75%	2.75%
Maximum pension under *Income Tax Act (Canada)*	$3,610.00	$3,506.67
Yearly Maximum Pensionable Earnings ("YMPE")	$68,500	$66,600
Allocation percentage	22.70%	22.70%
Retirement / withdrawal age	End of remaining contract tern	End of remaining contract tern

The College plans to use its working capital to finance these future obligations.

Note 8 Debt

Debt is measured at amortized cost and is comprised of the following:

	Maturity	Interest Rate	2024 Amortized Cost	2023 Amortized Cost
Debentures payable to the Department of Treasury Board and Finance:				
Student residences	May 2027	6.25%	$ 852,430	$ 1,103,820

Principal and interest repayments in each of the next three years are as follows:

	Principal	Interest	Total
2025	$ 267,102	53,276	$ 320,378
2026	283,795	36,583	320,378
2027	301,533	18,845	320,378
	$ 852,430	$ 108,704	$ 961,134

Collateral for all long-term debt is the title to student residence land and buildings. The net book value of land and building used as collateral is $3,632,621 (2023 - $3,891,692).

Interest expense on debt is $66,406 (2023 - $81,346) and is included in the consolidated statement of operations.

Note 9 Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation, or agreement.

	2024			2023
	Unspent externally restricted grants and donations	Student tuition, fees and other revenue	Total	Total
Balance, beginning of year	$ 13,115,356	$ 3,311,472	$ 16,426,828	$ 9,614,570
Grants, tuition, donations received	8,147,801	18,740,008	26,887,809	27,303,494
Restricted investment income	768,331	-	768,331	416,856
Transfers	-	-	-	-
Unrealized gains on restricted grants and donations	386,414	-	386,414	1,012,652
Transferred to endowments	(23,085)	-	(23,085)	(23,493)
Transferred to spent deferred capital contributions	(248,987)	-	(248,987)	(1,494,761)
Recognized as revenue	(7,892,485)	(17,710,967)	(25,603,452)	(20,402,490)
Balance, end of year	$ 14,253,345	$ 4,340,513	$ 18,593,858	$ 16,426,828

Note 10 Spent deferred capital contributions

Spent deferred capital contributions is comprised of externally restricted grants and donations spent on tangible capital acquisitions (not yet recognized as revenue).

	2024	2023
Spent deferred capital contributions, beginning of year	$ 41,830,045	$ 42,547,717
Transfers from unspent externally restricted grants and donations	248,987	1,494,761
Expended capital contributions recognized as revenue	(2,171,454)	(2,212,433)
Spent deferred capital contributions, end of year	$ 39,907,578	$ 41,830,045

Note 11 Tangible capital assets

	2024							2023
	Land	Buildings	Site improvements	Furniture and Equipment	Systems	Library acquisitions	Total	Total
Cost								
Beginning of year	$ 1,553,000	$ 123,037,243	$ 17,181,009	$ 23,148,114	$ 1,895,537	$ 6,446,886	$ 173,261,789	$ 171,460,608
Revision in ARO estimate	-	(1,349,063)	-	-	-	-	(1,349,063)	-
Additions	-	58,800	-	2,025,155	-	71,025	2,154,980	14,591,473
Disposals, including write-downs and transfers	-	-	-	(2,683,210)	-	(26,681)	(2,709,891)	(12,790,292)
	1,553,000	121,746,980	17,181,009	22,490,059	1,895,537	6,491,230	171,357,815	173,261,789
Accumulated Amortization								
Beginning of year	-	69,737,681	11,940,130	17,965,041	1,658,686	6,059,004	107,360,542	103,678,646
Revision in ARO estimate	-	(1,060,210)	-	-	-	-	(1,060,210)	-
Amortization expense	-	2,223,946	395,838	1,556,375	46,654	100,030	4,322,843	4,291,713
Effects on disposals, including write-downs and transfers	-	-	-	(2,702,664)	-	(26,681)	(2,729,345)	(609,817)
	-	70,901,417	12,335,968	16,818,752	1,705,340	6,132,353	107,893,830	107,360,542
Net book value at June 30, 2024	$ 1,553,000	$ 50,845,563	$ 4,845,041	$ 5,671,307	$ 190,197	$ 358,877	$ 63,463,985	$ 65,901,247
Net book value at June 30, 2023	$ 1,553,000	$ 53,299,562	$ 5,240,879	$ 5,183,073	$ 236,851	$ 387,882	$ 65,901,247	

No interest was capitalized by the College in 2024 (2023 – nil).

Included in buildings and renovations is $196,228 (2023 - $137,428) recorded as construction in progress which is not amortized as the assets are not in service.

Note 12 Asset Retirement Obligations

	2024	2023
Liability incurred	-	-
Liability settled	-	-
Revision in estimates	(1,349,063)	-
Decrease in asset retirement obligations	(1,349,063)	-
Asset retirement obligations, beginning of year	1,839,059	1,839,059
Asset retirement obligations, end of year	$ 489,996	$ 1,839,059

Tangible capital assets with associated retirement obligations include buildings only.

The College has asset retirement obligations to remove hazardous asbestos fiber containing materials from various buildings under its control. Regulations require the College to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although timing of the asbestos removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the College to remove the asbestos when asset retirement activities occur.

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and may be subsequently re-measured at each financial reporting date taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on studies completed by third party experts, previous experience, legislation, and professional judgement.

The asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. Asset retirement obligations are expected to be settled over the next 10 to 20 years.

For the year ended June 30, 2024, the estimated recoveries are nil.

Note 13 Net assets

Investment in tangible capital assets represents the amount of the College’s accumulated operating surplus that has been invested in the College’s tangible capital assets.

Internally restricted surplus represents amounts set aside by the College’s Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them.

	Accumulated surplus (deficit) from operations	Internally restricted surplus	Investment in tangible capital assets	Endowments	Total
Net assets, at June 30, 2022	$ 5,439,105	$ 8,022,000	$ 22,054,765	$ 9,763,142	$ 45,279,012
Annual operating surplus	1,707,437	-	-	-	1,707,437
Endowments					
Transfer to endowments	-	-	-	37,204	37,204
Gifts of endowment principal	-	-	-	493,712	493,712
Tangible capital assets					
Amortization of internally funded tangible capital assets	2,079,280	-	(2,079,280)	-	-
Net book value of asset disposals	88,828	-	(88,828)	-	-
Debt - repayment	(236,602)	-	236,602	-	-
Acquisition of tangible capital assets	(1,005,064)	-	1,005,064	-	-
Net transfers	659,000	(659,000)	-	-	-
Change in accumulated remeasurement gains	1,304,273	-	-	-	1,304,273
Net assets, at June 30, 2023	$ 10,036,257	$ 7,363,000	$ 21,128,323	$ 10,294,058	$ 48,821,638
Annual operating surplus	3,478,876	-	-	-	3,478,876
Endowments					
Transfer to endowments	-	-	-	35,538	35,538
Gifts of endowment principal	-	-	-	605,161	605,161
Tangible capital assets					
Amortization of internally funded tangible capital assets	2,151,390	-	(2,151,390)	-	-
Net book value of asset disposals	(19,454)	-	19,454	-	-
Debt - repayment	(251,390)	-	251,390	-	-
Acquisition of tangible capital assets	(1,905,993)	-	1,905,993	-	-
Decrease in asset retirement obligations	(1,060,211)	-	1,060,211	-	-
Net transfers	796,800	(796,800)	-	-	-
Change in accumulated remeasurement gains	445,910	-	-	-	445,910
Net assets, at June 30, 2024	$ 13,672,185	$ 6,566,200	$ 22,213,981	$ 10,934,757	$ 53,387,123
Net assets is comprised of:					
Accumulated surplus	12,296,287	6,566,200	22,213,981	10,934,757	52,011,225
Accumulated remeasurement gains	1,375,898	-	-	-	1,375,898
	$ 13,672,185	$ 6,566,200	$ 22,213,981	$ 10,934,757	$ 53,387,123

The College’s closing net assets invested in tangible capital assets have been reduced by the College’s asset retirement obligations of $489,996 (2023 - $1,839,059). A funding source has not been determined.

Internally restricted net assets with significant balances include:

	2024	**2023**
Non-Capital:		
Contingency	$ 2,500,000	$ 2,500,000
	2,500,000	2,500,000
Capital:		
Generations	2,332,000	2,332,000
Enterprise Resource Planning Software	1,251,200	2,000,000
Degree Completion	250,000	298,000
Ancillary services - student residence	116,000	116,000
Ancillary services - parking	117,000	117,000
	4,066,200	4,863,000
	$ 6,566,200	$ 7,363,000

Note 14 Contingent liabilities

The College continues to review environmental objectives and liabilities for its activities and properties as well as any potential remediation obligations.

The College's ongoing efforts to assess environmental liabilities may result in additional environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the environmental liabilities will be accrued in the year in which they are assessed as likely and measurable.

Note 15 Contractual rights

Contractual rights are rights of the College to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Estimated amounts that will be received or receivable for each of the next two years are as follows:

	Operating Leases	Total
2025	$ 77,350	$ 77,350
2026	18,540	18,540
Total at June 30, 2024	$ 95,890	$ 95,890
Total at June 30, 2023	$ 191,171	$ 191,171

Note 16 Contractual obligations

The College has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met. The estimated aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Service Contracts	Capital Contracts	Total
2025	$ 3,730,349	$ 2,876,549	$ 6,606,898
2026	1,924,850	-	1,924,850
2027	1,285,813	-	1,285,813
2028	314,690	-	314,690
2029	86,845	-	86,845
Total at June 30, 2024	$ 7,342,547	$ 2,876,549	$ 10,219,096
Total at June 30, 2023	$ 5,801,842	$ 3,676,663	$ 9,478,505

Note 17 Expense by object

The following is a summary of expenses by object.

	2024		2023
	Budget (Note 22)	Actual	Actual
Salaries and benefits	$ 37,897,200	$ 36,611,176	$ 34,126,831
Supplies and services	10,857,500	9,919,787	9,426,631
Maintenance and repairs	5,801,900	5,543,099	2,443,367
Utilities	1,265,100	1,129,841	1,805,938
Scholarships and bursaries	628,850	779,297	793,428
Interest on long-term liabilities	70,650	66,406	81,346
Cost of goods sold	733,750	991,370	962,642
Amortization of tangible capital assets	4,911,200	3,262,633	4,291,714
Loss (gain) on disposal of tangible capital asset	50,000	(19,454)	77,532
	$ 62,216,150	$ 58,284,155	$ 54,009,429

Note 18 Funds held on behalf of others

The College holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

	2024	2023
Further Education Council	$ 30,107	$ 34,715
Students' Association	(30)	-
Skills Canada Alberta	21,723	20,659
Alberta Services for Students' Conference	29,794	-
	$ 81,594	$ 55,374

Note 19 Related parties

The College is a related party with organizations within the Government of Alberta reporting entity. Key management personnel of the College and their close family members are also considered related parties. The College may enter into transactions with these entities and individuals in the normal course of operations and on normal terms.

During the year, the College's key management personnel and their close family members did not have any material transactions with either Medicine Hat College, the Medicine Hat College Foundation, or other Government of Alberta reporting entities that occurred at a value that was different from that which would have been arrived at if the parties were unrelated.

During the year, the College conducted business transactions with related parties, including Ministries of the Province of Alberta and other Alberta post-secondary institutions. The revenues and expenses incurred for these have been included in the consolidated statement of operations but have not been separately quantified. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair market value.

The College has long-term liabilities with the Department of Treasury Board and Finance as described in Note 8.

Note 20 Government transfers

	2024	2023
Grants from Government of Alberta		
Advanced Education:		
Operating	$ 33,509,841	$ 34,131,084
Capital	3,655,022	6,212,763
Total Advanced Education	37,164,863	40,343,847
Other Post-secondary Institutions	630,970	609,425
Other Government of Alberta departments and agencies:		
Jobs, Economy and Trade	93,803	-
Agriculture and Irrigation	7,560	-
Total other Government of Alberta departments and agencies	101,363	-
Total contributions received	37,897,196	40,953,272
Add: restricted expended capital recognized as revenue	2,057,180	2,098,301
(Less): deferred contributions	(552,981)	(6,702,974)
	$ 39,401,395	$ 36,348,599
Federal and other government grants:		
Contributions received	640,214	694,741
Add: restricted expended capital recognized as revenue	45,915	46,967
(Less): deferred contributions	(12,366)	(58,757)
	$ 673,763	$ 682,951

Note 21 Salary and employee benefits

	2024				2023
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total
Goverance [4]					
Board Chair	$ -	$ 3,600	$ 89	$ 3,689	$ 3,687
Board (10 members)	-	18,300	577	18,877	17,028
Executive/Management					
President/CEO	234,474	6,000	42,019	282,493	273,673
Vice Presidents:					
Vice-President, Academic & Provost	191,972	-	32,991	224,963	168,631
Vice-President, Administration & Finance	191,972	-	33,268	225,240	221,163
Executive Director, Corporate Finance [5]	164,851	120	29,611	194,582	168,101
Executive Director, Facilities & IT Services	147,111	480	28,023	175,614	177,524
Dean, Arts, Science, & Education	147,111	-	27,272	174,383	174,587
Dean, Health & Community Services	147,111	200	28,636	175,947	131,340
Dean, Student Services	147,111	-	28,646	175,757	173,709
Executive Director, Advancement & Community Relations	147,111	-	26,658	173,769	172,218
Dean, Business & Continuing Studies [7]	128,677	420	23,689	152,786	195,967
Dean, Trades & Technology [6][7]	128,091	8,046	23,695	159,832	174,581

1) Base Salary includes pensionable base pay.
2) Other Cash Benefits include vacation payouts, car allowances, honoraria where applicable and other lump sum payments, including severances. There were no bonuses paid in 2024 or 2023.
3) Other Non-cash Benefits include the employer's share of all other employee benefits and contributions, or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental, group life insurance, employment insurance and remission of tuition fees.
4) The chair and members of the Board of Governors receive no remuneration for participation on the board. Other cash benefits consist only of honorariums.
5) Two individuals occupied this position in the current fiscal year. The Acting Executive Director, Corporate Finance occupied the position from October 26, 2023 until June 30, 2024.
6) Two individuals occupied this position in the current fiscal year. The position was vacant from March 28, 2024 until April 1, 2024.
7) From April 1, 2024 until June 30, 2024 the same individual was Dean, Business & Continuing Studies and Dean, Trades & Technology. The salary was shared between each School for this time period.

Under the terms of the supplemental retirement plan SRP, the President/CEO will receive supplemental payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide a payment at termination of employment with the College. The cost of these benefits is actuarially determined using the accrued benefit method. The College accrues an expense annually for the SRP based on the President/CEO's salary and the notional growth in account balance. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The supplementary retirement plans current service cost and accrued obligation under the SRP is outlined in the following table.

	Accrued Obligation June 30, 2023	Payments	Current Serice Costs	Accrued Obligation June 30, 2024
President/CEO	$ 17,643	$ -	$ 9,796	$ 27,439
	$ 17,643	$ -	$ 9,796	$ 27,439

The significant actuarial assumptions for the SRP are disclosed in Note 7.

Note 22 Budget figures

The College's 2023-24 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.

Note 23 Approval of financial statements

The consolidated financial statements were approved by the Board of Governors of Medicine Hat College.

Note 24 Comparative figures

Certain comparative figures have been reclassified to conform to current year presentation.

Prior year restricted and endowment activities have been reclassified to be consistent with budget and current year presentation (Schedule 1).

Schedule 1 - Schedule of Reclassified June 30, 2023 Consolidated Statement of Operations

	June 30, 2023 As previously recorded	Adjustments	June 30, 2023 Reclassified
Revenue			
Government of Alberta grants	$ 36,348,599	$ -	$ 36,348,599
Federal and other government grants	682,951	-	682,951
Sales of service and products	4,443,783	-	4,443,783
Student tuition and fees	12,268,788	-	12,268,788
Donations and other grants	762,996	-	762,996
Investment income	1,209,749	-	1,209,749
	55,716,866	-	55,716,866
Expense			
Instruction general	19,416,702	(16,450)	19,400,252
Academic support	4,876,158	(179,001)	4,697,157
Student services	6,290,389	(969,143)	5,321,246
Administration	6,217,682	(1,450,490)	4,767,192
Operational	9,669,127	17,719	9,686,846
Ancillary services	3,370,534	0	3,370,534
Computing and communication	3,573,911	(3,735)	3,570,176
Restricted and endowment activity	-	2,876,136	2,876,136
Sponsored research	594,926	(275,036)	319,890
	54,009,429	-	54,009,429
Annual operating surplus	$ 1,707,437		$ 1,707,437
Endowment contributions	530,916		530,916
Annual surplus	2,238,353		2,238,353
Accumulated surplus at beginning of year	45,653,297		45,653,297
Accumulated surplus at end of year	$ 47,891,650		$ 47,891,650

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