



University College of the North

2022-2023
ANNUAL REPORT





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MESSAGE FROM THE CHAIR



Greetings on behalf of the Governing Council! It's my delight to unveil the University College of the North's Annual Report for 2022-2023.

The UCN team never ceases to amaze me with their innovative approaches to teaching and learning. The vision for UCN, as defined by Governing Council, Learning Council, and Council of Elders, transforms the institution into a hub of inclusive learning, intellectual exploration, cultural adventures, and career growth. A hearty shout-out to these dedicated council members who generously give their time to these roles.

Under President Doug Lauvstad's guidance and direction, UCN strives for continuous enhancement in processes and programs, all aimed at staying in sync with the aspirations of northern learners, communities, and industry. Our partners and stakeholders are essential to UCN's triumphs, and I extend my gratitude for your unwavering dedication and active involvement.

Let's not downplay the immense gratitude we feel for UCN's exceptional staff and faculty. Your tireless efforts to uplift your colleagues and students ripple into our communities, weaving a tapestry that enriches lives across the region. Kudos for making our corner of the world a better place!

Becky
Cianflone



ABOUT UCN

University College of the North was established by an Act of the Legislature of Manitoba on July 1, 2004. University College of the North delivers degree, diploma, and certificate programs and courses to a small (85,000+) widely dispersed population spread out over the vast region of northern Manitoba. Approximately 70 per cent of this population is Indigenous.

UCN has its main campus in The Pas, a campus in Thompson, and Workforce Development, Education and Training Centres in:

Bunibonibee (Oxford House)
Chemawawin (Easterville)
Churchill
Flin Flon
Mathias Colomb (Pukatawagan)
Misipawistik (Grand Rapids)
Nisichawayasihk (Nelson House)
Norway House
Opaskwayak
Pimicikamak (Cross Lake)
St. Theresa Point
Swan River
Tataskweyak (Split Lake)

In 2022-23, UCN delivered education and training to 2232 full and part-time students, registered in 47 programs delivered in 40 locations throughout northern Manitoba.

UCN is an institution devoted to community and northern development and reflects the Aboriginal reality and cultural diversity of northern Manitoba.

University College of the North will:

- Provide an integrated college and university approach to offer northern Manitoba greater access to the breadth of post-secondary education
- Provide post-secondary education and training fundamental to the social and economic development of northern Manitoba in a culturally sensitive and collaborative manner

- Provide the learner with community centered education and training characterized by a culture of openness, inclusiveness and tolerance and respectful of Aboriginal and northern values
- Ensure that elders have a unique role in fostering an environment of openness, inclusiveness and tolerance that is respectful of Aboriginal and northern values





2022-2023 FISCAL YEAR IN REVIEW

Over the 2022-2023 fiscal year, UCN saw the impacts of the COVID-19 pandemic begin to lift so that more and more in-person activities occurred on campuses. Faculty, staff and students who had been engaged in remote work, teaching and learning, made the return to more “normal operations”. Always at the forefront of pivoting to in-person work, teaching and learning was the priority to “keep students, faculty, and staff safe, healthy and engaged in education”. Over the 2022/23 year, renewed focus was on recovery and considering UCN’s future post-pandemic. During this year, UCN renewed its commitment to providing educational and training opportunities, engaging with stakeholders including communities and industries, continuing to support research, scholarship and creative work and engaging in Indigenous initiatives and reconciliation.



Notable events in the fiscal year:

- In June 2022, UCN held in-person Convocation ceremonies in The Pas and Thompson. Pandemic protocols were followed so as to keep all participants safe and healthy. These ceremonies are important opportunities to celebrate the achievements of UCN students. The return to in-person gatherings was welcomed by graduates and their families.
- UCN's Learning Council approved a three-year Research Strategic Plan (2022/23 - 2024/25) in June, 2022. The plan was developed over an 18-month period, including a nine-month consultation process with faculty. This plan will strengthen support for research activity.
- In July, 2022, UCN was notified by the Canadian Council on Animal Care (CCAC) that UCN's Animal Care Committee (ACC) was recertified after an 18-month review process. This certification is part of UCN's agreement related to federal granting agencies (i.e. Social Sciences and Humanities Research Council (SSHRC), Natural Sciences and Engineering Research Council (NSERC), and the Canadian Institutes of Health Research (CIHR) which states that UCN must adhere to the standards set by the CCAC. UCN's ACC oversees the use of animals in research and in teaching.
- A second co-hort of the Information Technology Readiness North (InTeRN) certificate program was offered in 2022/23, funded by the Government of Canada, focusing on preparing Indigenous women for careers in the IT industry.
- In 2022/23, UCN began the development of a framework for reconciliation, a formal plan that articulates the actions that UCN will take to advance an agenda for reconciliation. UCN's Truth and Reconciliation Steering Committee is leading the development of this framework and is working closely with UCN's Council of Elders.
- Over this year, UCN worked closely with the Government of Manitoba and other colleges and universities to facilitate access to post-secondary education in Manitoba for refugees from the war in Ukraine. While UCN has yet to host international students from Ukraine, it is important to consider measures to take should this circumstance change.
- In January 2023, UCN announced a new department - Indigenous Initiatives and Reconciliation (IIR). This department, led by an Associate Vice-President, brings together student centres, Campus Elders, the Centre for Aboriginal Languages and Culture (CALC), the Certificate in Teaching Ininimowin, and Indigenous Curriculum Specialists. This new department will focus on activities in CALC, Reconciliation in Motion (cultural connections, curriculum support, outreach); community engagement and partnerships (Manitoba Aboriginal Language Strategy, Manitoba Collaborative Indigenous Education Blueprint), and Indigenous research.
- At the end of the fiscal year, In March 2023, UCN's work in contract training, supporting industry training needs and workforce development, achieved more than \$3.0 million in revenue, surpassing by close to \$600,000 its contract training revenue goals for the year.

MISSION, VISION AND STRATEGIC DIRECTIONS

Mission Statement

University College of the North serves Northern communities and people with education, training, teaching, learning and research, while being inclusive and respectful of diverse Indigenous and Northern values.

Vision Statement

Guided by the Seven Sacred Teachings, University College of the North is building better futures for a stronger North.

Support Student Success

UCN will recruit more students, provide them with access to post-secondary opportunities, and support them through to graduation.

UCN will provide relevant and flexible programming leading to good job opportunities.

Advance an Agenda of Reconciliation

Responding to the Calls to Action in the Truth and Reconciliation Commission's report, UCN's curriculum, systems, and processes will support and reflect the strengths of Indigenous peoples in the north.

UCN will create opportunities for self-determined economic and social development by Indigenous communities.

Engage with Communities and with Industries

Recognizing that a strong Manitoba depends on a strong north, UCN will partner with industry and communities in programming, research, and economic development activities, including facilitating participation of northerners in the digital economy.

UCN will play a leading role in steering the north towards greater prosperity and greater resilience in an ever-changing world.

Ensure Responsible Administration

Quality, effectiveness, and efficiency will permeate all that we do.

GOVERNING COUNCIL MEMBERS

WASTESICOOT, April
LGIC Student
Appointment

CIANFLONE, Becky
LGIC Appointment

MARKUS, Linda
LGIC Appointment

HART, Tracey
LGIC Appointment

LINKLATER, Bonnie
LGIC Appointment

MARSDEN, Pamela
LGIC Appointment

MCKENZIE, Glen
LGIC Appointment

MCDONALD, Alfred
LGIC Appointment

NISBET, Donald
Governing Council Appointment

WYATT-ANDERSON, Connie
Governing Council Appointment

NABESS, Roger (Rod)
Non-Faculty Appointment

BOYES, Jerry
College Faculty Appointment

HYDE, Keith
University Faculty
Appointment

LAUVSTAD, Doug
President and
Vice-Chancellor

JEBB, Edwin
Chancellor

JONASSON, Martha
Council of Elders
Appointment

KONG, Ying/STOTT, Greg
Learning Council
Appointment

BIGNELL, Mabel
Opaskwayak Cree Nation

DONOVAN, John
Thompson

HEAD-STEPPAN Margaret
Flin Flon

HUNTER-SPENCE, Jimmy
Nisichawayasihk Cree Nation
(Nelson House)

JONASSON, Martha
Wabowden

LEAHY, Norma
Thompson

MENDEL, Tim
Swan River

NEFF, Stella
Misipawistik Cree Nation
(Grand Rapids)

SPENCE, Martha
Tastaskweyak
Cree Nation (Split Lake)

WEENUSK, Tommy
Bunibonibee Cree Nation
(Oxford House)

SAMATTE, Ernest
The Pas Campus Elder
Resource Member

GUIBOCHE, Gina
Learning Council
Appointment

McLAUHLAN, Alan
Governing Council
Appointment



FINANCIAL STATEMENTS

UNIVERSITY COLLEGE OF THE NORTH

FINANCIAL STATEMENTS

MARCH 31, 2023

**P.O. Box 3000
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UNIVERSITY COLLEGE OF THE NORTH

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MARCH 31, 2023

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STATEMENT OF RESPONSIBILITY

The accompanying financial statements are the responsibility of the management of University College of the North and have been prepared in accordance with Canadian public sector accounting standards, prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Governing Council of University College of the North met with management and external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

MNP LLP as University College of the North's appointed external auditors, have audited the financial statements. The Auditors report is addressed to the Governing Council of the University College of the North and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of University College of the North in accordance with Canadian public sector accounting standards.

Becky Cianflone
Chair, UCN Governing Council

To the Governing Council of University College of the North:

Opinion

We have audited the financial statements of University College of the North (the "Entity"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and the results of its operations, 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

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

Other Information

Management is responsible for the other information. The other information comprises the Entity's annual report. The other information comprises the information included in the Annual report and the financial statements including our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

MNP LLP

True North Square

242 Hargrave Street, Suite 1200, Winnipeg MB, R3C 0T8

1.877.500.0795 T: 204.775.4531 F: 204.783.8329

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Winnipeg, Manitoba

June 15, 2023

MNP LLP

Chartered Professional Accountants

UNIVERSITY COLLEGE OF THE NORTH

STATEMENT 1

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2023	2022 <i>(Restated)</i> <i>(Note 3)</i>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 19,983,811	\$ 21,551,430
Accounts receivable <i>(Note 5)</i>	3,378,441	2,284,732
Due from Province of Manitoba <i>(Note 6)</i>	1,546,089	1,546,089
Inventories for resale	<u>375,331</u>	<u>336,276</u>
	<u>25,283,672</u>	<u>25,718,527</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 7)</i>	3,467,600	3,603,113
Accrued vacation benefits	2,697,458	2,793,999
Accrued severance benefits <i>(Note 8)</i>	4,850,827	4,733,817
Unearned revenue <i>(Note 9)</i>	2,797,451	3,052,517
Long term debt <i>(Note 10)</i>	<u>4,055,649</u>	<u>4,491,536</u>
	<u>17,868,985</u>	<u>18,674,982</u>
Net financial assets excluding portfolio investments endowed	7,414,687	7,043,545
Portfolio investments <i>(Note 11)</i>	<u>1,307,879</u>	<u>1,307,325</u>
Net financial assets	<u>8,722,566</u>	<u>8,350,870</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 12)</i>	19,016,278	18,268,658
Prepaid expenses	<u>901,913</u>	<u>818,823</u>
	<u>19,918,191</u>	<u>19,087,481</u>
Accumulated surplus <i>(Note 16)</i>	<u>\$ 28,640,757</u>	<u>\$ 27,438,351</u>

Approved by the Governing Council

Original document signed
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UNIVERSITY COLLEGE OF THE NORTH

STATEMENT 2

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (Note 22)	2023 (Note 24)	2022 (Note 3, 24) (Restated)
REVENUES			
Grants			
Advanced Education, Immigration and Skills	\$ 37,182,079	\$ 37,218,679	\$ 35,030,998
Other Province of Manitoba	933,494	1,306,186	799,258
Government of Canada	821,100	1,155,469	1,061,362
Ancillary sales	2,051,100	2,071,082	1,907,588
Donations	-	71,932	95,238
Investment income	26,000	738,848	33,819
Contract Training	2,356,610	2,359,743	2,358,396
Tuition & Fees	4,198,300	3,134,975	3,704,378
Other Revenue	859,500	1,560,767	1,212,081
Gain on disposal of tangible capital assets	-	9,000	19,848
	<u>48,428,183</u>	<u>49,626,681</u>	<u>46,222,966</u>
EXPENSES			
Academic	19,706,547	19,120,093	18,283,034
Administration	8,134,582	8,745,717	6,879,840
Ancillary salaries and services	2,829,600	3,031,585	2,764,565
Continuing education	443,300	337,785	331,163
Contract training	2,489,610	2,685,491	2,694,074
Information technology	2,402,100	2,361,778	2,465,977
Library	1,511,994	1,302,108	1,338,855
Plant	5,303,100	5,496,925	5,067,936
Program support	5,607,350	5,286,109	5,227,677
Student awards	-	56,684	56,120
	<u>48,428,183</u>	<u>48,424,275</u>	<u>45,109,241</u>
ANNUAL SURPLUS	<u>-</u>	<u>1,202,406</u>	<u>1,113,725</u>
ACCUMULATED SURPLUS, <i>beginning of year as previously stated</i>	27,542,938	27,542,938	26,418,570
Prior year restatement (Note 3)	<u>(104,587)</u>	<u>(104,587)</u>	<u>(93,944)</u>
ACCUMULATED SURPLUS, <i>beginning of year as restated</i>	<u>27,438,351</u>	<u>27,438,351</u>	<u>26,324,626</u>
ACCUMULATED SURPLUS, <i>end of year as restated</i>	<u>\$ 27,438,351</u>	<u>\$ 28,640,757</u>	<u>\$ 27,438,351</u>

UNIVERSITY COLLEGE OF THE NORTH

STATEMENT 3

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	BUDGET (Note 22)	2023	2022 (Restated) (Note 3)
Annual surplus	\$ -	\$ 1,202,406	\$ 1,113,725
Acquisition of tangible capital assets	-	(2,144,941)	(609,342)
Amortization of tangible capital assets	-	1,397,321	1,378,360
Proceeds from disposal of tangible capital assets	-	9,000	21,973
Gain on disposal of tangible capital assets	-	(9,000)	(19,848)
	-	(747,620)	771,143
Increase (decrease) in prepaid expenses	-	(83,090)	235,822
CHANGE IN NET FINANCIAL ASSETS FOR YEAR	-	371,696	2,120,690
NET FINANCIAL ASSETS, <i>beginning of year as previously stated</i>	8,569,460	8,569,460	6,441,992
Prior year restatement (Note 3)	(218,590)	(218,590)	(211,812)
NET FINANCIAL ASSETS, <i>beginning of year as restated</i>	8,350,870	8,350,870	6,230,180
NET FINANCIAL ASSETS, <i>end of year as restated</i>	\$ 8,350,870	\$ 8,722,566	\$ 8,350,870

UNIVERSITY COLLEGE OF THE NORTH

STATEMENT 4

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2023	2022 <i>(Restated)</i> <i>(Note 3)</i>
CASH FLOW FROM		
OPERATING ACTIVITIES		
Annual surplus	\$ 1,202,406	\$ 1,113,725
Add (deduct) items not affecting cash:		
Gain on disposal of tangible capital assets	(9,000)	(19,848)
Amortization of tangible capital assets	<u>1,397,321</u>	<u>1,378,360</u>
	<u>2,590,727</u>	<u>2,472,237</u>
Add (deduct) change in non-cash working capital:		
Accounts receivable	(1,093,709)	1,326,175
Inventories for resale	(39,055)	(59,539)
Prepaid expenses	(83,090)	235,822
Unearned revenue	(255,066)	(1,306,718)
Accrued vacation benefits	(96,541)	(514,178)
Accrued severance benefits	117,010	287,163
Accounts payable and accrued liabilities	<u>(135,513)</u>	<u>(350,741)</u>
	<u>(1,585,964)</u>	<u>(382,016)</u>
	<u>1,004,763</u>	<u>2,090,221</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,144,941)	(609,342)
Proceeds from disposal of tangible capital assets	<u>9,000</u>	<u>21,973</u>
	<u>(2,135,941)</u>	<u>(587,369)</u>
INVESTING ACTIVITY		
Net purchase of portfolio investments	<u>(554)</u>	<u>(1,639)</u>
FINANCING ACTIVITIES		
Proceeds from long term debt	-	3,662,000
Repayment of long term debt	<u>(435,887)</u>	<u>(67,126)</u>
	<u>(435,887)</u>	<u>3,594,874</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(1,567,619)	5,096,087
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>21,551,430</u>	<u>16,455,343</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 19,983,811</u>	<u>\$ 21,551,430</u>
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest received	\$ 538,748	\$ 25,596
Interest paid	\$ 117,284	\$ 32,479

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

1. NATURE OF OPERATIONS

The University College of the North (UCN) operates under the authority of *The University College of the North Act* Chapter U55 of the *Continuing Consolidation of the Statutes of Manitoba*, which came into force July 1, 2004. This Act provides for the continuation of Keewatin Community College, as established under *The Colleges Act* as a board-governed institution on April 1, 1993.

The purpose of UCN is to provide post-secondary education in northern Manitoba. It should be learner and community-centred, be characterized by a culture of openness, inclusiveness and tolerance, and be respectful of Aboriginal and northern values and beliefs.

The educational purposes of UCN are to serve the educational needs of Aboriginal and northern Manitobans and to enhance the economic and social well-being of northern Manitoba.

UCN has a tax-exempt status as a registered charity under *The Income Tax Act*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of UCN have been prepared in accordance with Canadian public sector accounting standards (PSAS). Significant accounting policies are as follows:

a) Basis of accounting

The financial statements of UCN have been prepared in accordance with Canadian public sector accounting standards using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of obligation to pay.

b) Basis of reporting

These financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds and operations which are controlled by UCN. This includes the UCN Fund, the Inter-Universities Services (IUS) Fund, the Student Award Fund and the Endowment Fund.

UCN Fund - consists of transactions relating to educational and ancillary activities of UCN.

IUS Fund - consists of transactions related to educational programs of Inter-Universities Services Program which is administered by UCN.

Student Award Fund - consists of transactions related to donations for student scholarships and bursaries.

Endowment Fund - consists of transactions related to endowments for students scholarships and bursaries.

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments with maturity dates of less than 90 days when purchased.

d) Portfolio investments

Portfolio investments are recorded at amortized cost. Investments held for endowment purposes are recorded as financial assets below Net Financial Assets Excluding Portfolio Investments Endowed.

e) Endowments

Endowments consists of externally restricted donations received by UCN, the principal of which is required to be maintained in perpetuity. Investment income earned by the endowments are reinvested to grow the value of the endowments.

f) Inventories for resale

Inventories for resale is recorded at the lower of cost or net realizable value.

g) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

h) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset, and costs associated with asset retirement obligations. Donated assets are recorded at their estimated fair value upon acquisition.

Amortization of capitalized assets is recorded on a straight line basis, using the half year rule, commencing in the year of acquisition over the following periods:

Automotive equipment	5 years
Computer equipment	5 years
Other equipment	10 years
Buildings	40 years
Building Improvements	10 years

Library holdings are valued using the "base stock" method and accordingly are recorded at the value transferred upon governance at April 1, 1993. No amortization is taken on library holdings, and subsequent library acquisitions are expensed in the year of acquisition.

Construction in progress is not amortized until construction is complete.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

i) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for UCN to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset. At each financial reporting date, UCN reviews the carrying amount of the liability. UCN recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. UCN continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

j) Financial instruments

The financial instruments at UCN consist of cash and cash equivalents, short-term investments, accounts receivable, due from Province of Manitoba - vacation and severance benefits, accounts payable and accrued liabilities, accrued vacation benefits and long-term debt.

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

Fair value

These financial instruments are initially and subsequently carried at fair value. Transaction costs are expensed as incurred.

Amortized cost

Financial instruments in this category are initially measured at fair value and are subsequently carried at amortized cost using the effective interest method, less any impairment losses on financial assets. Transaction costs are added to the carrying value of the financial instrument.

If an impairment loss is determined by UCN and there is no realistic prospect of recovery the financial asset(s) are written down to net recoverable value with the writedown being recognized in the statement of operations.

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

k) Revenue recognition

Revenues are recognized as they are earned and measurable.

Tuition and student fees are recognized as revenue in the semester or term earned. Contract training revenues are recognized as the contracted programs and services are delivered.

Government transfers are recognized in the financial statements when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations an equivalent amount of revenue is recognized as the liability is settled.

l) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates included in the financial statements include allowance for doubtful accounts, net realizable value of inventories for resale, amortization, asset retirement obligation and accrued severance benefits costs.

m) Severance benefits

UCN accrues its obligation for employee future benefits relating to severance. The cost of severance benefits earned by employees is actuarially determined using the accrued benefits cost method.

Actuarial gains or losses are amortized on a straight line basis over the expected average remaining service life of the active employees, commencing in the year following the year the respective annual actuarial gains or losses arise.

n) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership or property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

3. ADOPTION OF NEW ACCOUNTING STANDARD

Effective April 1, 2022, UCN has adopted a new accounting policy for its asset retirement obligations associated with tangible capital assets, in order to comply with Public Sector Accounting Standard PS 3280 - Asset Retirement Obligations. This standard became effective for fiscal years starting on or after April 1, 2022.

As a result of this change, the accounting treatment of UCN's asset retirement obligations has been updated to reflect the requirements of the standard. This change in accounting policy has been applied using the modified retroactive application with restatement of prior year figures as follows;

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

3. ADOPTION OF NEW ACCOUNTING STANDARD *(continued)*

<u>March 31, 2022</u>	Balance as previously reported	Change on transition	Balance as restated
Statement of Financial Position			
Liabilities			
Accounts payable and accrued liabilities	\$ <u>3,384,523</u>	\$ <u>218,590</u>	\$ <u>3,603,113</u>
Net financial assets	<u>8,569,460</u>	<u>(218,590)</u>	<u>8,350,870</u>
Non-financial assets			
Tangible capital assets	<u>18,154,655</u>	<u>114,003</u>	<u>18,268,658</u>
Accumulated surplus	\$ <u>27,542,938</u>	\$ <u>(104,587)</u>	\$ <u>27,438,351</u>
Statement of Operations			
Expenses	\$ <u>45,098,598</u>	\$ <u>10,643</u>	\$ <u>45,109,241</u>
Annual surplus	<u>1,124,368</u>	<u>(10,643)</u>	<u>1,113,725</u>
Accumulated surplus, beginning of year	<u>26,418,570</u>	<u>(93,944)</u>	<u>26,324,626</u>
Accumulated surplus, end of year	\$ <u>27,542,938</u>	\$ <u>(104,587)</u>	\$ <u>27,438,351</u>
Statement of Changes in Net Financial Assets			
Annual surplus	\$ <u>1,124,368</u>	\$ <u>(10,643)</u>	\$ <u>1,113,725</u>
Amortization of tangible capital assets	<u>1,374,495</u>	<u>3,865</u>	<u>1,378,360</u>
Change in net financial assets for year	<u>2,127,468</u>	<u>(6,778)</u>	<u>2,120,690</u>
Net financial assets, beginning of year	<u>6,441,992</u>	<u>(211,812)</u>	<u>6,230,180</u>
Net financial assets, end of year	\$ <u>8,569,460</u>	\$ <u>(218,590)</u>	\$ <u>8,350,870</u>

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

4. FINANCIAL INSTRUMENT CLASSIFICATION

Financial instruments are classified as follows:

	Fair Value	2023 Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 19,983,811	\$ 19,983,811
Portfolio investments	-	1,307,879	1,307,879
Accounts receivable	-	3,378,441	3,378,441
Due from Province of Manitoba	-	1,546,089	1,546,089
Accounts payable and accrued liabilities	-	3,242,015	3,242,015
Accrued vacation benefits	-	2,697,458	2,697,458
Long term debt	-	4,055,649	4,055,649
	<u>\$ -</u>	<u>\$ 36,211,342</u>	<u>\$ 36,211,342</u>
	Fair Value	2022 Amortized Cost	Total
Cash and cash equivalents	-	21,551,430	21,551,430
Portfolio investments	-	1,307,325	1,307,325
Accounts receivable	-	2,284,732	2,284,732
Due from Province of Manitoba	-	1,546,089	1,546,089
Accounts payable and accrued liabilities	-	3,384,523	3,384,523
Accrued vacation benefits	-	2,793,999	2,793,999
Long term debt	-	4,491,536	4,491,536
	<u>\$ -</u>	<u>\$ 37,359,634</u>	<u>\$ 37,359,634</u>

Fair Value Hierarchy

PS 3450 – Financial Instruments – requires the disclosure of a three-level hierarchy for the fair value measurements based upon the transparency of inputs to the valuation of financial instruments carried on the Statement of Financial Position at fair value.

The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – Inputs for the asset or liability that are not based on observable market data.

There were no financial instruments measured at fair value on the statement of financial position for the years ending March 31, 2023 and March 31, 2022.

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

5. ACCOUNTS RECEIVABLE

	2023	2022
Students	\$ 1,030,721	\$ 1,261,055
Contract Training	1,227,524	443,419
Due from Post-Secondary Education	133,165	135,079
Due from Adult Learning & Literacy	206,550	123,930
Other	<u>1,130,078</u>	<u>708,577</u>
	3,728,038	2,672,060
Less: Allowance for doubtful accounts	<u>(349,597)</u>	<u>(387,328)</u>
	<u>\$ 3,378,441</u>	<u>\$ 2,284,732</u>

6. DUE FROM PROVINCE OF MANITOBA

The Province of Manitoba has recognized its liability to UCN for the opening balances of accrued employee severance benefits and vacation benefits as at April 1, 1998, when Keewatin Community College (precursor to UCN) assumed responsibility for these expenditures.

The amount recorded as due from Province of Manitoba – vacation benefits was initially based on the estimated value of the corresponding liability as at April 1, 1998. Subsequent to April 1, 1998, the Province has included in its ongoing annual funding to UCN, an amount equal to the current period's expense for vacation pay entitlements.

The amount recorded as due from Province of Manitoba – severance benefits is the value of the corresponding actuarial liability for severance benefits as at April 1, 1998. There has been no change to the value subsequent to April 1, 1998 because the Province has provided, in its ongoing annual funding to UCN, an amount equivalent to the change in the post employment liability including annual interest accretion related to the receivable. The receivable will be paid by the Province when it is determined that the funding is required to discharge the related severance benefits.

	2023	2022
Accrued vacation benefits	\$ 752,589	\$ 752,589
Accrued severance benefits	<u>793,500</u>	<u>793,500</u>
	<u>\$ 1,546,089</u>	<u>\$ 1,546,089</u>

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022 (Restated) (Note 3)
Accrued liabilities	\$ 1,226,691	\$ 1,739,648
Wages and benefits payable	1,014,204	935,323
Asset retirement obligation	225,585	218,590
Trade accounts payable	993,908	692,170
Due to Student Associations	<u>7,212</u>	<u>17,382</u>
	<u>\$ 3,467,600</u>	<u>\$ 3,603,113</u>

UCN is responsible for asset retirement obligations related to the future removal and disposal of asbestos containing materials present in building assets. The estimate of the liability was determined based on asbestos assessment reports completed by an environmental, engineering, building science and health and safety consulting firm. Estimated total undiscounted expenditures are \$544,932 which are anticipated to be incurred in 2052. An inflation rate of 2% and a discount rate of 3.2% have been applied.

A reconciliation of the beginning and ending aggregate carrying amount of the liability is:

	2023	2022
Opening aggregate liability	\$ 218,590	\$ 211,812
Accretion	<u>6,995</u>	<u>6,778</u>
Closing aggregate liability	<u>\$ 225,585</u>	<u>\$ 218,590</u>

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

8. ACCRUED SEVERANCE BENEFITS

	2023	2022
Severance Benefit Liability:		
Balance, beginning of period	\$ 4,050,845	\$ 3,988,633
Actuarial gain	(232,702)	(246,003)
Benefits accrued	230,382	273,323
Interest on accrued benefits	255,048	215,201
Severance paid	<u>(294,025)</u>	<u>(180,309)</u>
Balance, end of period	4,009,548	4,050,845
Net unamortized actuarial gain	<u>841,279</u>	<u>682,972</u>
Severance liability	<u>\$ 4,850,827</u>	<u>\$ 4,733,817</u>
Severance Benefit Expense:		
Interest on accrued benefits	\$ 255,048	\$ 215,201
Employer service cost	230,382	273,323
Amortization of net actuarial gain over EARSL	<u>(78,785)</u>	<u>(21,053)</u>
Total expense related to severance benefit	<u>\$ 406,645</u>	<u>\$ 467,471</u>

An actuarial valuation of the severance obligations as at March 31, 2023 was conducted by Ellement Consulting Group. The key actuarial assumptions were updated as at March 31, 2023 based on information provided by the actuary. The key actuarial assumptions were a rate of return of 4.80% (2022 - 5.75%), 2.0% inflation (2022 - 1.06%), salary rate increases of 3.50% (2022 - 3.50%). The accrued benefit cost method with salary projection was used and the liabilities have been extrapolated to March 31, 2023 using the projection formula provided by the actuary. The expected effective date of the next actuarial valuation will be no later than March 31, 2024.

During the year UCN experienced an actuarial gain of \$232,702 (2022 - actuarial gain of \$246,003). The amortization on the actuarial net gain in 2023 is \$78,785 (UCN gain \$69,191; IUS gain \$9,594) and in 2022 is \$21,053 (UCN gain \$20,533; IUS gain \$520).

9. UNEARNED REVENUE

Unearned revenue represents the unearned portion of grants received where external stipulations outlined by agreement have not been met and other unearned revenue from unearned tuition, student residence charges and other amounts received relating to future fiscal periods.

	2023	2022
Contract training	\$ 1,464,153	\$ 1,324,671
Grants	839,740	1,173,974
Other	<u>493,558</u>	<u>553,872</u>
	<u>\$ 2,797,451</u>	<u>\$ 3,052,517</u>

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

10. LONG TERM DEBT

	2023	2022
Apartment Buildings:		
Promissory note due to the Province of Manitoba bearing interest at 3.75% (2022 - 3.75%), due March 31, 2032, repayable in monthly blended installments of \$8,300 (2022 - \$8,300).	\$ 759,848	\$ 829,536
DPN Expansion:		
Promissory note due to the Province of Manitoba bearing interest at 2.50% (2022 - 2.50%), due March 31, 2032, repayable in monthly installments of \$30,516 plus interest (2022 - \$30,516 plus interest).	<u>3,295,801</u>	<u>3,662,000</u>
	<u>\$ 4,055,649</u>	<u>\$ 4,491,536</u>

Principal repayments in each of the next five years are estimated as follows:

2023	\$ 438,533
2024	441,293
2025	444,158
2026	447,132
2027	450,220
thereafter	<u>1,834,313</u>
	<u>\$ 4,055,649</u>

11. PORTFOLIO INVESTMENTS

Portfolio investments are endowed. The composition of portfolio investments measured at amortized cost is as follows:

	2023	2022
One year fixed term	<u>\$ 1,307,879</u>	<u>\$ 1,307,325</u>

Portfolio investments are held with the Province and mature between June 7, 2023 and February 24, 2024 (2022 - April 4, 2022 and February 10, 2023) and bear interest between 2.95% and 4.71% (2022 - 0.13% and 1.15%).

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

12. TANGIBLE CAPITAL ASSETS

Cost	Automotive equipment	Computer equipment	Other equipment	Buildings and improvements	Construction in progress	Land	Library holdings	2023 Total
Opening balance	\$ 1,028,896	\$ 2,410,813	\$ 5,859,582	\$ 21,318,359	\$ 18,493	\$ 494,667	\$ 714,161	\$ 31,844,971
Additions	29,752	178,188	244,658	21,274	1,671,069	-	-	2,144,941
Disposals	<u>(23,347)</u>	<u>(5,012)</u>	<u>(17,654)</u>	-	-	-	-	<u>(46,013)</u>
Closing balance	1,035,301	2,583,989	6,086,586	21,339,633	1,689,562	494,667	714,161	33,943,899
Accumulated amortization								
Opening balance	758,144	2,091,767	4,459,272	6,267,130	-	-	-	13,576,313
Amortization	72,875	105,451	313,647	905,348	-	-	-	1,397,321
Disposals	<u>(23,347)</u>	<u>(5,012)</u>	<u>(17,654)</u>	-	-	-	-	<u>(46,013)</u>
Closing balance	807,672	2,192,206	4,755,265	7,172,478	-	-	-	14,927,621
Net book value	<u>\$ 227,629</u>	<u>\$ 391,783</u>	<u>\$ 1,331,321</u>	<u>\$ 14,167,155</u>	<u>\$ 1,689,562</u>	<u>\$ 494,667</u>	<u>\$ 714,161</u>	<u>\$ 19,016,278</u>
Cost	Automotive equipment	Computer equipment	Other equipment	Buildings and improvements	Construction in progress	Land	Library holdings	2022 Total <i>(Restated)</i> <i>(Note 3)</i>
Opening balance	\$ 984,450	\$ 2,418,039	\$ 5,822,702	\$ 21,499,050	\$ 150,512	\$ 494,667	\$ 714,161	\$ 32,083,581
Additions	152,001	4,680	307,344	126,824	18,493	-	-	609,342
Transfers	-	-	-	150,512	(150,512)	-	-	-
Disposals	<u>(107,555)</u>	<u>(11,906)</u>	<u>(270,464)</u>	<u>(458,027)</u>	-	-	-	<u>(847,952)</u>
Closing balance	1,028,896	2,410,813	5,859,582	21,318,359	18,493	494,667	714,161	31,844,971
Accumulated amortization								
Opening balance	810,999	1,979,080	4,425,989	5,827,712	-	-	-	13,043,780
Amortization	54,700	124,593	301,621	897,446	-	-	-	1,378,360
Disposals	<u>(107,555)</u>	<u>(11,906)</u>	<u>(268,338)</u>	<u>(458,028)</u>	-	-	-	<u>(845,827)</u>
Closing balance	758,144	2,091,767	4,459,272	6,267,130	-	-	-	13,576,313
Net book value	<u>\$ 270,752</u>	<u>\$ 319,046</u>	<u>\$ 1,400,310</u>	<u>\$ 15,051,229</u>	<u>\$ 18,493</u>	<u>\$ 494,667</u>	<u>\$ 714,161</u>	<u>\$ 18,268,658</u>

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

13. PENSION COSTS AND OBLIGATIONS

UCN's employees are contributing members of the provincially operated Civil Service Superannuation Plan or the Teacher's Retirement Allowances Fund defined benefit pension plans. Until March 31, 2009, the accumulated superannuation liabilities were funded directly by the Province of Manitoba, rather than UCN itself for all employees hired prior to October 1, 2002. Employees hired on or after October 1, 2002 were funded directly by UCN. Commencing April 1, 2009, UCN was required to match all their employees' current pension contributions.

The total contributions for the year ending March 31, 2023 was \$1,761,538 (2022 - \$1,766,074). These contributions represent the total pension obligations of UCN. UCN is not required under present legislation to make any further contributions with respect to any actuarial deficiencies of the plan. As at December 31, 2021, the Civil Service Superannuation Fund had a deficit of \$5.1 billion and the Teacher's Retirement Allowances Fund had a deficit of \$841 million.

14. CONTRACTUAL OBLIGATIONS

UCN has entered into various contracts to rent office equipment, lease facility space, and for services provided by third parties for security, maintenance, and snow removal. Contractual obligations over the next five years are as follows:

2024	\$1,971,300
2025	395,174
2026	216,573
2027	157,888
2028	127,651

15. CONTINGENCIES

UCN is named as a defendant in litigations where legal action has commenced or is anticipated. While the ultimate outcomes of these proceedings cannot be predicted at this time, management and its legal counsel are of the opinion that, either the outcomes will not have a material effect on the financial position of UCN, or the outcomes are not determinable. UCN believes they have made adequate provision in the financial statements in respect of these claims, as of March 31, 2023.

16. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023	2022 (Restated) (Note 3)
Nominal surplus		
- UCN fund	\$ 5,614,059	\$ 5,660,005
- Inter-Universities Services fund	3,189,053	2,810,489
- Student award fund	152,547	131,032
- Endowment fund	1,428,668	1,397,703
Tangible capital assets net of related borrowings		
- UCN fund	<u>18,256,430</u>	<u>17,439,122</u>
	<u>\$ 28,640,757</u>	<u>\$ 27,438,351</u>

17. ECONOMIC DEPENDENCE

UCN receives the majority of its revenue from and consequently is economically dependant on the Province of Manitoba for continued operations.

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

18. RELATED PARTY TRANSACTIONS

UCN is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown Corporations. UCN enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount. The amount of \$2,121,388 (2022 - \$2,121,388) in facility costs was paid to Manitoba Finance for the rental of buildings. Funds available for short-term investments are invested with the Province of Manitoba. At March 31, 2023 \$20,833,518 (2022 - \$18,421,914), included in both cash and cash equivalents and portfolio investments, was invested with the Province of Manitoba.

19. RISK MANAGEMENT

Financial instruments are exposed to risk through the normal course of operations. UCN has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk. These risks are managed through the UCN's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

1. Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The carrying amount of financial assets represents that maximum credit exposure. The maximum exposure to credit risk was:

	Carrying Amount	
	2023	2022
Cash and cash equivalents	\$ 19,983,811	\$ 21,551,430
Portfolio investments	1,307,879	1,307,325
Accounts receivable	3,378,441	2,284,732
Due from Province of Manitoba - vacation and severance benefits	<u>1,546,089</u>	<u>1,546,089</u>
Totals	<u>\$ 26,216,220</u>	<u>\$ 26,689,576</u>

The investments of UCN are purchases made with excess cash intended to be for short periods of time. The investments held by UCN are not exposed to significant credit risk as they are held by the Province of Manitoba.

The credit risk from accounts receivable is relatively low as the majority of receivables are from students, contract training and from government agencies. Credit risk from student receivables is managed through registration cancellation and by maintaining standard collection procedures. Credit risk for contract training is managed through standard collection procedures. Amounts due from the the Province of Manitoba are typically collected when due.

UCN establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, client analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

	0-60 Days	61-120 Days	121-365 Days	365+ Days	Total
Student receivables	\$ 1,054,354	\$ 265,930	\$ 469,904	\$ 468,058	\$ 2,258,246
Government receivables	683,750	-	-	161,984	845,734
Other receivables	<u>624,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624,058</u>
Gross receivables	2,362,162	265,930	469,904	630,042	3,728,038
Less: Allowance for doubtful accounts	<u>(2,214)</u>	<u>(12,290)</u>	<u>(79,813)</u>	<u>(255,280)</u>	<u>(349,597)</u>
Net receivables	<u>\$ 2,359,948</u>	<u>\$ 253,640</u>	<u>\$ 390,091</u>	<u>\$ 374,762</u>	<u>\$ 3,378,441</u>

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

19. RISK MANAGEMENT *(continued)*

Due from Province of Manitoba – vacation benefits are based on the estimated value of the corresponding liability as at April 1, 1998 when Keewatin Community College (precursor to UCN) assumed responsibility for these expenditures.

Due from Province of Manitoba – severance benefits are based on the corresponding actuarial liability for severance benefits as at April 1, 1998. The receivable will be paid by the Province when it is determined that the funding is required to discharge the related vacation and severance benefits.

2. Liquidity Risk

Liquidity risk is the risk that UCN will encounter difficulty in having available sufficient funds to meet its commitments.

The cash flow of operating funds is prepared on a just in time basis. The short term funds of UCN are invested so that maturity dates coincide with cash requirements. Term investments can be withdrawn prior to the maturity date if needed.

The following table sets out the contractual maturities of financial liabilities;

	2023			
	Within 6 Months	6 months to 1 Year	1-5 Years	5 Years +
Accounts payable and accrued liabilities	\$ 3,079,978	\$ 63,504	\$ 137,012	\$ 187,106
Accrued vacation benefits	2,172,674	337,513	187,271	-
Long term debt	<u>218,934</u>	<u>219,612</u>	<u>1,782,858</u>	<u>1,834,245</u>
	<u>\$ 5,471,586</u>	<u>\$ 620,629</u>	<u>\$ 2,107,141</u>	<u>\$ 2,021,351</u>

3. Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect UCN's income or the fair values of its financial instruments.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. UCN is exposed to limited interest rate risk as all investments held are short-term in nature and are held by the Province of Manitoba and the long term debt is fixed rate.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. UCN is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in a foreign currency.

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

20. EXPENSE BY OBJECT

The statement of operations reports expenditures by function. The following reports expenditures by object.

	2023 Budget	2023	2022 (Restated) (Note 3)
Advertising	\$ 267,850	\$ 374,711	\$ 285,690
Amortization of tangible capital assets	1,345,000	1,397,321	1,378,360
Bad debts	100,000	118,411	182,227
Cost of goods sold	1,037,500	945,167	824,103
Facility cost	2,153,500	2,121,388	2,121,388
Equipment and furniture	1,195,207	1,224,802	1,027,531
Insurance	103,100	107,150	108,054
Interest on long term debt	117,365	117,284	32,479
Library acquisitions	200,600	120,033	153,231
Repairs and maintenance	281,100	243,366	302,181
Operational supplies and expenses	5,666,762	6,715,272	5,202,047
Property taxes	538,500	541,751	542,507
Rentals and leases	503,600	416,740	368,170
Salaries	33,477,698	32,306,075	31,502,959
Scholarships and bursaries	-	56,684	56,120
Telephone and data communications	444,500	471,416	458,654
Travel	692,401	765,372	204,614
Utilities	303,500	381,332	358,926
	<u>\$ 48,428,183</u>	<u>\$ 48,424,275</u>	<u>\$ 45,109,241</u>

21. LINE OF CREDIT

UCN has an approved borrowing limit of \$2,000,000 at an interest rate of Royal Bank Prime Rate less 0.30%, 6.40% (2022 - Royal Bank Prime Rate less 0.30%, 2.15%), and is secured by a guarantee from the Province of Manitoba with no fixed terms of repayment. At March 31, 2023 the balance was nil (2022 - nil).

22. BUDGET

UCN's 2023 fiscal year budget was approved by the Governing Council on April 21, 2022.

23. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period.

UNIVERSITY COLLEGE OF THE NORTH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

24. DISCLOSURE OF FUNDS

UCN uses funds to report transactions in accordance with specific activities or objectives. The presentation by fund is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 2. The fund results for the year are as follows:

	UCN Fund <i>(as restated)</i>		IUS Fund		Student Award Fund		Endowment Fund		TOTAL <i>(as restated)</i>	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenues										
Grants										
Post-Secondary Education	\$ 36,220,675	\$ 34,026,998	998,004	1,004,000	\$ -	\$ -	\$ -	\$ -	\$ 37,218,679	\$ 35,030,998
Other Province of Manitoba	1,306,186	799,258	-	-	-	-	-	-	1,306,186	799,258
Government of Canada	1,155,469	1,061,362	-	-	-	-	-	-	1,155,469	1,061,362
Subtotal	38,682,330	35,887,618	998,004	1,004,000	-	-	-	-	39,680,334	36,891,618
Other revenue	9,341,569	8,844,678	495,614	437,693	78,199	45,404	30,965	3,573	9,946,347	9,331,348
Total revenue	48,023,899	44,732,296	1,493,618	1,441,693	78,199	45,404	30,965	3,573	49,626,681	46,222,966
Expenses										
Amortization	1,394,156	1,373,648	3,165	4,712	-	-	-	-	1,397,321	1,378,360
Debt servicing	117,284	32,479	-	-	-	-	-	-	117,284	32,479
Other	13,984,829	11,762,890	562,084	376,433	56,684	56,120	-	-	14,603,597	12,195,443
Salaries and benefits	31,756,268	31,006,365	549,805	496,594	-	-	-	-	32,306,073	31,502,959
Total expenses	47,252,537	44,175,382	1,115,054	877,739	56,684	56,120	-	-	48,424,275	45,109,241
Annual Surplus (Deficit)	771,362	556,914	378,564	563,954	21,515	(10,716)	30,965	3,573	1,202,406	1,113,725
Surplus, beginning of year as previously stated	23,203,714	22,636,157	2,810,489	2,246,535	131,032	141,748	1,397,703	1,394,130	27,542,938	26,418,570
Prior year restatement (Note 3)	(104,587)	(93,944)	-	-	-	-	-	-	(104,587)	(93,944)
Surplus, beginning of year as restated	23,099,127	22,542,213	2,810,489	2,246,535	131,032	141,748	1,397,703	1,394,130	27,438,351	26,324,626
Surplus, end of year as restated	\$ 23,870,489	\$ 23,099,127	\$ 3,189,053	\$ 2,810,489	\$ 152,547	\$ 131,032	\$ 1,428,668	\$ 1,397,703	\$ 28,640,757	\$ 27,438,351

HERE YOU CAN.
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