



Southern Alberta Institute of Technology

Consolidated Financial Statements

March 31, 2025

Southern Alberta Institute of Technology

Consolidated Financial Statements

March 31, 2025

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Statement of Management Responsibility
For the year ended March 31, 2025

The consolidated financial statements of the Southern Alberta Institute of Technology ("the Institute") have been prepared by management in accordance with 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 Institute, as at March 31, 2025 and the results of its operations, changes in net financial assets, remeasurement gains and losses, 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 the Institute's 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 are 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 Audit Committee. With the exception of the President and CEO, all members of the Audit Committee are not employees of the Institute. The Audit Committee meets with management and the external auditors and internal auditors to discuss the results of audit examinations and financial reporting matters. The external and internal auditors have full access to the 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 signed by Dr. David G. Ross]
President and CEO

[Original signed by Emily Bourassa, CPA CGA]
CFO & VP, Corporate Services

To the Board of Governors of the Southern Alberta Institute of Technology

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Southern Alberta Institute of Technology (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, 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 March 31, 2025, 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 my 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

May 21, 2025
Edmonton, Alberta

Southern Alberta Institute of Technology
Consolidated Statement of Financial Position
As at March 31, 2025
(in thousands)



| | <u>2025</u> | <u>2024</u> |
|---------------------------------------------------------------------------------------|-------------------|-------------------|
| Financial assets excluding portfolio investments restricted for endowments | | |
| Cash and cash equivalents (Note 3) | \$ 231,619 | \$ 239,895 |
| Portfolio investments – non-endowment (Note 4) | 146,533 | 138,407 |
| Investment in government business partnerships (Note 7) | 147 | 316 |
| Accounts receivable | 20,762 | 15,153 |
| | <u>399,061</u> | <u>393,771</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 78,213 | 70,819 |
| Employee future benefit liabilities (Note 8) | 9,440 | 9,610 |
| Debt (Note 9) | 90,627 | 97,235 |
| Deferred revenue (Note 10) | 150,868 | 170,379 |
| Asset retirement obligations (Note 11) | 22,196 | 22,506 |
| | <u>351,344</u> | <u>370,549</u> |
| Net financial assets excluding portfolio investments restricted for endowments | <u>47,717</u> | <u>23,222</u> |
| Portfolio investments – restricted for endowments (Note 4) | 69,032 | 62,641 |
| Net financial assets | <u>116,749</u> | <u>85,863</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 12) | 686,252 | 624,787 |
| Restricted tangible assets (Note 13) | 2,925 | - |
| Prepaid expenses | 7,947 | 7,482 |
| | <u>697,124</u> | <u>632,269</u> |
| Net assets before spent deferred capital contributions | <u>813,873</u> | <u>718,132</u> |
| Spent deferred capital contributions (Note 14) | 399,869 | 358,502 |
| Net assets (Note 15) | <u>\$ 414,004</u> | <u>\$ 359,630</u> |
| Net assets are comprised of: | | |
| Accumulated surplus (Note 15) | 407,921 | 356,234 |
| Accumulated remeasurement gains | 6,083 | 3,396 |
| | <u>\$ 414,004</u> | <u>\$ 359,630</u> |

Contingent assets and contractual rights (Notes 16 and 18)

Contingent liabilities and contractual obligations (Notes 17 and 19)

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

Southern Alberta Institute of Technology
Consolidated Statement of Operations
For the year ended March 31, 2025
(in thousands)



| | Budget (Note 26) | 2025 | 2024 |
|------------------------------------------------------------------|---------------------|-------------------|-------------------|
| Revenues | | | |
| Government of Alberta grants (Note 23) | \$ 172,912 | \$ 176,886 | \$ 171,135 |
| Federal and other government grants (Note 23) | 8,943 | 10,213 | 12,882 |
| Student tuition and fees (Note 24) | 238,404 | 264,980 | 238,422 |
| Sales of services and products (Note 24) | 30,925 | 30,546 | 31,490 |
| Donations and other contributions | 16,029 | 16,413 | 14,876 |
| Investment income | 6,205 | 13,545 | 11,834 |
| | <u>473,418</u> | <u>512,583</u> | <u>480,639</u> |
| Expenses (Note 20) | | | |
| Instructional | 144,524 | 146,771 | 130,922 |
| Operational | 88,103 | 81,762 | 94,373 |
| Academic support | 69,673 | 62,843 | 56,993 |
| Student support | 56,701 | 52,837 | 43,173 |
| Computing and communication | 42,829 | 45,341 | 44,896 |
| Administration | 37,894 | 34,970 | 35,200 |
| Other | 33,694 | 40,432 | 39,210 |
| | <u>473,418</u> | <u>464,956</u> | <u>444,767</u> |
| Annual operating surplus | - | 47,627 | 35,872 |
| Endowment contributions and capitalized investment income | | | |
| Endowment contributions (Note 15) | 250 | 2,369 | 1,634 |
| Endowment capitalized investment income (Note 15) | - | 1,691 | 535 |
| | <u>250</u> | <u>4,060</u> | <u>2,169</u> |
| Annual surplus | 250 | 51,687 | 38,041 |
| Accumulated surplus, beginning of year | <u>356,234</u> | <u>356,234</u> | <u>318,193</u> |
| Accumulated surplus, end of year (Note 15) | <u>\$ 356,484</u> | <u>\$ 407,921</u> | <u>\$ 356,234</u> |

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

Southern Alberta Institute of Technology
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2025
(in thousands)



| | Budget (Note 26) | 2025 | 2024 |
|--------------------------------------------------------------------|---------------------|-------------------|------------------|
| Annual surplus | \$ 250 | \$ 51,687 | \$ 38,041 |
| Acquisition of tangible capital assets (Note 12) | (31,926) | (109,428) | (48,374) |
| Proceeds from sale of tangible capital assets | | 102 | 53 |
| Amortization of tangible capital assets (Note 12) | 47,054 | 41,359 | 45,935 |
| Loss on disposal of tangible capital assets, including write-downs | 100 | 6,502 | 6,821 |
| | <u>15,228</u> | <u>(61,465)</u> | <u>4,435</u> |
| | | | |
| Increase in restricted tangible assets | | (2,925) | - |
| (Increase) decrease in prepaid expenses | | (465) | 1,534 |
| Increase (decrease) in spent deferred capital contributions | | 41,367 | (5,389) |
| Increase in accumulated remeasurement gains | | 2,687 | 3,110 |
| Increase in net financial assets | <u>15,479</u> | <u>30,886</u> | <u>41,731</u> |
| Net financial assets, beginning of year | <u>85,863</u> | <u>85,863</u> | <u>44,132</u> |
| Net financial assets, end of year | <u>\$ 101,342</u> | <u>\$ 116,749</u> | <u>\$ 85,863</u> |

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

Southern Alberta Institute of Technology
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2025
(in thousands)



| | <u>2025</u> | <u>2024</u> |
|-------------------------------------------------------------------|-------------------------------|-------------------------------|
| Accumulated remeasurement gains, beginning of year | \$ 3,396 | \$ 286 |
| Unrealized gains (losses) attributable to: | | |
| Portfolio investments – non-endowment | | |
| Quoted in an active market | 638 | 1,049 |
| Designated at fair value | 3,592 | 3,106 |
| Foreign exchange | - | 19 |
| Amounts reclassified to the consolidated statement of operations: | | |
| Portfolio investments – non-endowment | | |
| Quoted in an active market | (1,601) | (536) |
| Designated at fair value | 77 | (528) |
| Foreign exchange | (19) | - |
| Change in accumulated remeasurement gains | <u>2,687</u> | <u>3,110</u> |
| Accumulated remeasurement gains, end of year | <u><u>\$ 6,083</u></u> | <u><u>\$ 3,396</u></u> |
| Accumulated remeasurement gains comprised of: | | |
| Foreign exchange | - | 19 |
| Portfolio investments - non-endowment | 6,083 | 3,377 |
| | <u><u>\$ 6,083</u></u> | <u><u>\$ 3,396</u></u> |

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

Southern Alberta Institute of Technology
Consolidated Statement of Cash Flows
For the year ended March 31, 2025
(in thousands)



| | 2025 | 2024 |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|
| Operating transactions | | |
| Annual surplus | \$ 51,687 | \$ 38,041 |
| Add (deduct) non-cash items: | | |
| Amortization of tangible capital assets | 41,359 | 45,935 |
| Amortization of bond premium | 358 | 490 |
| Gain on sale of portfolio investments | (1,524) | (1,064) |
| Loss on disposal of tangible capital assets, including write-downs | 6,502 | 6,821 |
| Expended capital contributions recognized as revenue | (22,038) | (23,454) |
| Decrease in investment in government business partnerships | 169 | 152 |
| Change in employee future benefit liabilities | (170) | 473 |
| Change in non-cash items | 24,656 | 29,353 |
| (Increase) decrease in accounts receivable | (5,628) | 595 |
| Increase in accounts payable and accrued liabilities | 7,394 | 14,200 |
| (Decrease) increase in deferred revenue, excluding change in restricted unrealized gain | (23,541) | 21,327 |
| Decrease in asset retirement obligations | (310) | (1,082) |
| Increase in restricted tangible assets | (2,925) | - |
| (Increase) decrease in prepaid expenses | (465) | 1,534 |
| Cash provided by operating transactions | 50,868 | 103,968 |
| Capital transactions | | |
| Acquisition of tangible capital assets, less in-kind donations, asset retirement additions, and proceeds on sale | (108,550) | (46,241) |
| Cash applied to capital transactions | (108,550) | (46,241) |
| Investing transactions | | |
| Purchase of portfolio investments | (37,619) | (37,551) |
| Proceeds on sale of portfolio investments | 31,004 | 45,240 |
| Cash (applied to) provided by investing transactions | (6,615) | 7,689 |
| Financing transactions | | |
| Debt – repayment | (6,608) | (6,293) |
| Increase in spent deferred capital contributions, less expended capital contributions recognized as revenue, less in-kind donations | 62,629 | 17,551 |
| Cash provided by financing transactions | 56,021 | 11,258 |
| (Decrease) increase in cash and cash equivalents | (8,276) | 76,674 |
| Cash and cash equivalents, beginning of year | 239,895 | 163,221 |
| Cash and cash equivalents, end of year (Note 3) | \$ 231,619 | 239,895 |

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

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 1. Authority and purpose

The Board of Governors of the Southern Alberta Institute of Technology is a corporation which manages and operates the Southern Alberta Institute of Technology (the "Institute") 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 Institute offers degree, diploma, and certificate programs as well as a full range of continuing education programs and activities. The Institute is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the 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 Institute are as follows:

A. Basis of consolidation

The consolidated financial statements include the financial results of Individual Learning Module (ILM).

Proportionate consolidation is used to recognize the Institute's proportionate share of ILM. This is a joint venture with NAIT to commercialize individual self-contained learning modules. SAIT's interest in the joint venture partnership is 50%. The funds related to the partnership are held by NAIT.

The accounts for consolidated entities, except those designated as Government business enterprises (GBEs), are consolidated using the line-by-line method.

All partnership inter-entity accounts and transactions between these organizations are eliminated upon consolidation.

This partnership is not material to the Institute's consolidated financial statements, and therefore, separate condensed financial information is not presented.

B. Use of estimates

The measurement of certain assets and liabilities, revenues and expenses is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. The Institute's management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets, amortization of purchased intangibles, asset retirement obligations, valuation of investments, and the recognition of revenue 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.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 2. Summary of significant accounting policies and reporting practices (*continued*)

C. Valuation of financial assets and liabilities

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

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the Institute's normal purchase, sale, or usage requirements are not recognized as financial assets or financial liabilities.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 2. Summary of significant accounting policies and reporting practices (*continued*)

D. Revenue recognition

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

i. 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 the use, or the terms along with the Institute's actions and communications as to the use thereof, 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 assets.

Government grants without terms for the use of the grant are recognized as revenue when the Institute 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 Institute 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 reasonably be determined. Transfers of tangible capital assets from related parties are recognized at the carrying value.

ii. 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 Institute 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 Institute cannot determine the fair value, such in-kind contributions are recognized at nominal value.

iii. Sales of services and products

Sales of services and products represent revenues from non-tuition related services and/or products such as parking fees, corporate customized training costs, applied research and innovation services, retail food sales, residence income, bookstore commissions, student services & testing services, conferences, recreation program registration fees, membership fees, food services and related commissions, vending revenue, gift certificates, copyright licensing, fine and surcharges, interest revenue, sponsorship revenue, and other administrative charges.

These revenues, with the exception of parking fines, library 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 Institute 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 Institute 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.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 2. Summary of significant accounting policies and reporting practices (*continued*)

D. Revenue recognition (*continued*)

iv. Student tuition and fees

Student tuition and fees are charged for the programs offered by the Institute such as program registration fees, campus recreation fees, laundry fees, student technology and student support fees and application fees, course delivery fees, and apprentice laboratory fees.

These fees are considered revenue arising from exchange transactions with performance obligations. The Institute 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, campus recreation fees, student technology fees, student support fees and laboratory fees are recognized over the course of each academic period/semester as the Institute fulfils its performance obligations by delivering the courses. If the performance obligation is outstanding at year end, the remaining revenue is deferred.

v. 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 intact in perpetuity.

vi. 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 income when the terms of the grant or donation are met.

The spending allocation portion of investment income earned by endowment contributions are recognized as deferred revenue when the terms for the use by the endowment contribution creates a liability. Realized investment income allocated for the preservation of endowment capital purchasing power is recognized in the consolidated statement of operations.

E. Endowments

Endowment contributions consist of externally restricted donations received by the Institute and internal allocations by the Institute's Board of Governors, the principal of which is required to be maintained intact in perpetuity. Realized investment income earned up to 5% of the principal each year is allocated for spending.

Realized investment income earned by the endowments in excess of the of the amount required for the spending allocation is allocated equally between a reserve for future spending and capitalization to maintain and grow the principal value of the endowments. Investment income earned on endowment contributions must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors, as well as Institute policy, stipulate the economic value of the endowment contributions must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

In any year, if the investment income earned is insufficient to fund the spending allocation, the spending allocation can be funded from the reserve established for such purpose.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 2. Summary of significant accounting policies and reporting practices (*continued*)

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, and betterment of the assets and costs associated with asset retirement obligations. Cost includes overhead directly attributable to construction and development, as well as interest costs directly attributable to the acquisition or construction of the asset. 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. Assets or disposal groups classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell.

All leases are recorded in the consolidated financial statements as either a capital or operating lease. Any lease which transfers substantially all the benefits and risks of ownership associated with the leased asset are accounted for as leased tangible capital assets. Capital lease assets and liabilities are recognized at the lesser of the present value of the future minimum lease payments and the asset's fair market value at the inception of the lease, excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Institute's rate for incremental borrowing or the interest rate implicit in the lease.

Significant assets that have separately identifiable components with materially different useful lives are amortized according to the components' useful lives when determinable and reasonable estimates can be made of the lives of separate components.

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 site improvements | 10 - 50 years |
| Furnishings and equipment | 5 - 10 years |
| Computer hardware and software | 3 - 7 years |
| Vehicles | 5 years |
| Purchased intangibles | Contract term |

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

Works of art, historical property and 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.

In accordance with PSAS, the Institute reviews on a regular basis the useful lives of the remaining unamortized portion of tangible capital assets.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 2. Summary of significant accounting policies and reporting practices (*continued*)

G. 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.

In the year of settlement, foreign exchange gains and losses are reclassified to the consolidated statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the consolidated statement of remeasurement gains and losses.

H. Employee future benefits

i. Pension

The Institute 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 Institute's participating employees based on years of service and earnings.

The Institute 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. For employees who do not qualify for LAPP, the Institute offers Defined Contribution Registered Pension Plan (DCRPP). The pension expense for DCRPP is the employer's current year contribution to the plan as calculated in accordance with the plan rules.

ii. Supplementary retirement plans

The Institute maintains two supplementary pension plans for its senior management:

- a. The pension expense for the defined benefit Supplementary Executive Retirement Plan (SERP) is actuarially determined using the projected benefit method prorated on service. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life. Effective January 2020, the Notional Defined Contribution Supplemental Pension Plan has replaced the SERP for accumulation of ongoing service cost.
- b. The Notional Defined Contribution Supplemental Pension Plan (NDCSP) liability is determined using market valuation of the contributions to the plan pursuant to members' plan preferences.

iii. Long-term disability

The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the Institute's long-term disability plans is charged to expense in full when the event occurs which obligates the Institute to provide the benefits. The cost of these benefits is actuarially determined using the accumulated benefit method, a market interest rate and management's best estimate of the retirement ages of employees, expected health care costs and the year of employee disability. Actuarial gains or losses on the accrued benefit obligation are recognized immediately.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 2. Summary of significant accounting policies and reporting practices (*continued*)

H. Employee future benefits (*continued*)

iv. Deferred salary plan

The Institute provides employee future benefits in the form of compensated absences. Costs for these benefits are estimated using reasonable assumptions of discount rates and are included in these consolidated financial statements.

I. Investment in government business partnerships

The consolidated financial statements use the modified equity method to record the Institute's investment in PanGlobal Training Systems Limited. This is a joint venture with two other polytechnic institutions to produce and market Power Engineering multimedia learning products where the Institute has 33% interest.

The consolidated financial statements also include the Institute's investment in the ILM Partnership which is further discussed in Note 2A – Basis of Consolidation.

J. Liability for contaminated sites

Contaminated sites are a result of contamination of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard, being introduced into the soil, water, or sediment. It does not include airborne contaminants. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Institute is directly responsible or accepts responsibility for the contamination;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

A liability for a contaminated site may arise from operations that are either considered in productive use or no longer in productive use when environmental standards are exceeded. It will also arise when an unexpected event occurs resulting in contamination that exceeds an environmental standard.

Where an environmental standard does not exist or contamination does not exceed an environmental standard, a liability for remediation of a site is recognized by the Institute when the following criteria have been met:

- the Institute has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- the duty or responsibility to others entails settlement by future transfer or use of assets, or a provision of services at a specified or determinable date, or on demand; and
- the transaction or events obligating the Institute have already occurred.

These liabilities reflect the Institute's best estimate, as of March 31, of the amount required to remediate the sites where the contamination has exceeded an environmental standard. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites.

The Institute does not currently have any liabilities for contaminated sites.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 2. Summary of significant accounting policies and reporting practices (*continued*)

K. Asset retirement obligation (ARO)

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital assets (TCA). The tangible capital assets include but not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets. 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 obligation 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.

There is measurement uncertainty related to asset retirement obligations as it involves estimates in determining settlement amount. Changes to any of these estimates may result in change to the obligation.

L. Expense by function

The Institute uses the following categories of functions in its consolidated statement of operations:

Instructional

Instruction is the purposeful direction of the learning process and is one of the major teacher class activities along with planning and management of existing curriculum. This is the primary function of the Institute and includes all activities, salaries and benefits and materials and supplies that provide learning to the students.

Operational

Costs related to the physical facilities of the Institute and those costs required to manage the property. This includes costs associated with facilities, land, equipment, furnishings and keeping the facilities running (utilities). This also includes all repairs, maintenance, renovations and equipment rentals. Specific facilities and equipment that are used for instruction are excluded.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 2. Summary of significant accounting policies and reporting practices (*continued*)

L. Expense by function (*continued*)

Academic support

Activities that directly support the Institute's primary function of providing instruction. This includes services and activities that store, preserve, and provide access to materials, objects and information that directly support academic functions, course and curriculum development activities for new programs that are not yet offered.

Student support

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

Computing and communications

Costs related to central Institute wide Information Technology (IT) services. These costs can be either in-house or services provided by a third party. Program specific IT costs are to be included under Instructional.

Administration

The focus is on the business side of operating at the Institute. This includes activities connected with organizing and administering the way the Institute is functioning. This includes any institution-wide administrative services.

Other

Costs related to research activity, alumni relations, and advancement activities (does not include student awards), and other activities not included in the categories above.

M. Funds and reserves

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

N. Future changes in accounting standards

The Institute 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 Institute 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.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 3. Cash and cash equivalents

| | 2025 | 2024 |
|----------------------------------------------------------|-------------------|-------------------|
| Cash | \$ 231,608 | \$ 239,887 |
| Money market funds, short-term notes, and treasury bills | 11 | 8 |
| Total cash and cash equivalents | <u>\$ 231,619</u> | <u>\$ 239,895</u> |

Cash equivalents include short-term investments with a short maturity less than three months from the date of acquisition.

Note 4. Portfolio investments

| | 2025 | 2024 |
|---------------------------------------------------|-------------------|-------------------|
| Portfolio investments - non-endowment | \$ 146,533 | \$ 138,407 |
| Portfolio investments - restricted for endowments | 69,032 | 62,641 |
| Total portfolio investments | <u>\$ 215,565</u> | <u>\$ 201,048</u> |

Investments by measurement category are as follows:

| | 2025 | 2024 |
|---------------------------------------------------|-------------------|-------------------|
| Portfolio investments - carried at amortized cost | \$ 49,287 | \$ 67,721 |
| Portfolio investments - carried at fair value | 166,278 | 133,327 |
| Total portfolio investments | <u>\$ 215,565</u> | <u>\$ 201,048</u> |

Included in the portfolio investments - non-endowment is a segregated investment fund with a fair market value of \$2,556 (2024 - \$2,322), that is being used to fund the Notional Defined Contribution Supplemental Pension Plan (NDCSP) liability (Note 8).

Portfolio investments - carried at amortized cost consist of a corporate bond portfolio with staggered maturities ranging from 2025 to 2034. SAIT has both the intention and the ability to hold these investments until maturity.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 4. Portfolio investments (continued)

The composition of portfolio investments measured at fair value is as follows:

| | 2025 | | | |
|------------------------------------------|-----------|------------|-----------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Bonds | | | | |
| Pooled investment funds | \$ - | \$ 45,147 | \$ - | \$ 45,147 |
| Equities | | | | |
| Foreign equities | 15,533 | - | - | 15,533 |
| Pooled investment funds | - | 46,676 | - | 46,676 |
| Other | | | | |
| Cash and money market | 1,014 | 21 | - | 1,035 |
| Pooled investment funds – multi-strategy | - | 9,150 | - | 9,150 |
| Pooled public and private credit | - | 5,274 | 8,286 | 13,560 |
| Pooled private real estate | - | - | 6,043 | 6,043 |
| Structured notes | - | 29,134 | - | 29,134 |
| | \$ 16,547 | \$ 135,402 | \$ 14,329 | \$ 166,278 |
| Total portfolio investments | 10% | 81% | 9% | 100% |
| | | | | |
| | 2024 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Bonds | | | | |
| Pooled investment funds | \$ - | \$ 46,376 | \$ - | \$ 46,376 |
| Equities | | | | |
| Foreign equities | 13,365 | - | - | 13,365 |
| Pooled investment funds | - | 42,353 | - | 42,353 |
| Other | | | | |
| Cash and money market | 659 | 122 | - | 781 |
| Pooled investment funds – multi-strategy | - | 8,632 | - | 8,632 |
| Pooled public and private credit | - | - | 7,186 | 7,186 |
| Pooled private real estate | - | - | 5,796 | 5,796 |
| Structured notes | - | 8,838 | - | 8,838 |
| | \$ 14,024 | \$ 106,321 | \$ 12,982 | \$ 133,327 |
| Total portfolio investments | 11% | 80% | 10% | 100% |

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 4. Portfolio investments (continued)

The above tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 and 2 based on the degree to which the fair value is observable:

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 with 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 derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

The Institute has reclassified certain comparative figures in the fair value hierarchy to align with the current year's presentation. During the year, structured notes with embedded derivatives were designated at fair value, and prior year comparatives were adjusted accordingly. In addition, Level 1 pooled funds were reclassified to Level 2, as current market information indicates the units are not quoted on an exchange but are valued using net asset values determined by the fund manager based on observable market data.

As at March 31, 2025, the Institute assessed its portfolio investments for impairment by evaluating whether any had experienced an other-than-temporary decline in value. It was determined that the Fiera investments had such a decline, as their market value remained below book value for over three years. As a result, the Institute recorded an impairment loss of \$756 on the endowment portfolio, reflected in deferred revenue.

The changes in fair value of level 3 portfolio investments are as follows:

| | 2025 | 2024 |
|-----------------------------------|------------------|------------------|
| Balance, beginning of year | \$ 12,982 | \$ 10,253 |
| Purchases | - | 1,900 |
| Investment income net of fees | 291 | 305 |
| Unrealized gains | 1,056 | 524 |
| | \$ 14,329 | \$ 12,982 |

The Institute holds level 3 pooled investments in private credit and private real estate. Investments in private real estate are subject to a two-quarter reporting lag, impacting investment valuation. In collaboration with its investment advisor and manager, the Institute conducted an analysis of the fair value of these investments between the last reporting date and the end of the fiscal year. This analysis involved a thorough review of valuation inputs and changes in economic factors such as inflation and interest rates. It was determined that there were no material differences in the fair value of investments between the reporting date and the end of the fiscal year.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 5. Derivatives

The institute holds commodity agreements with embedded forward contracts to manage exposure to commodity prices. All outstanding agreements have a remaining term to maturity of 27 months. As at March 31, 2025, the Institute held fixed-price commodity agreements with a remaining contract amount of \$9,417 (2024 - \$1,034). These agreements are used to buy commodities for normal operations and usage requirements. The embedded forward contract is closely related to the host contract and is therefore measured at cost as expenses are incurred.

The Institute also holds fixed income instruments that contain embedded options linked to market indexes. As at March 31, 2025, the Institute held structured notes with a market value of \$29,134 (2024 - \$8,838). The embedded options have been valued at fair value, together with the respective host contracts as part of Portfolio Investments.

Note 6. Financial risk management

The Institute 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 Institute invests in a diversified portfolio of investments that is guided by established investment policies that outline risk and return objectives. The long-term objectives of the Institute's investment policies are to achieve a long-term real rate of return in excess of fees and expenses and maintain the real value of the fund.

The Institute is exposed to the following risks:

Market price risk

The Institute is exposed to market price risk - 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 Institute has established an investment policy with a target mix that is diversified by asset class and sets individual issuer limits. The objective is to achieve a long-term rate of return that exceeds the rate of inflation and meets expenditure requirements.

The Institute assesses its portfolio sensitivity to a percentage increase or decrease in market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total portfolio investment pool over a four-year period as determined by a consulting report. At March 31, 2025, if market prices had a 8.9% (2024 - 9.8%) increase or decrease, with all other variables held constant, the increase or decrease in remeasurement gains and losses, portfolio investments, and deferred revenue for the year would have been \$14,322 (2024 - \$11,830). ^{(1) (2)}

(1) Excludes the Franklin Bissett Canadian Dividend Fund.

(2) Excludes NDCSP Pooled Investment Fund.

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 Institute is exposed to foreign exchange risk on investments denominated in foreign currencies. If the Canadian dollar had strengthened by between 5% and 10% as compared to major foreign currencies, at March 31, 2025, with all other variables held constant, the approximate decrease in the market value of portfolio investments would have been between \$2,771 and \$5,542, respectively (2024 - \$2,459 and \$4,919, respectively) ⁽¹⁾. The Institute's exposure to foreign exchange risk is very low due to minimal business activities conducted in a foreign currency.

(1) Excludes the Franklin Bissett Canadian Dividend Fund.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 6. Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk to the Institute's earnings arising 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 the Institute holds. If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the Institute would be approximately 2.6% of total portfolio investments (2024 – 2.1%). Interest risk on the Institute's debt is managed through fixed-rate agreements with the Department of Treasury Board and Finance (Note 9).

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

| | < 1 year | 1 – 5 years | > 5 years | Average effective market yield |
|-----------------------------------------|----------|-------------|-----------|--------------------------------|
| Cash and Money Market | 100.0% | - % | - % | 2.8% |
| Fixed Income Canadian Bond Fund | 15.3% | 31.4% | 53.2% | 3.9% |
| Other Fixed Income Funds ⁽¹⁾ | 4.9% | 45.7% | 49.4% | 4.3% |

(1) Excludes NDCSP Pooled Investment Fund.

Credit risk

Counterparty credit risk is the risk of loss arising from failure of a counterparty to fully honor its financial obligations with the Institute. The Institute 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 low as the majority of balances are due from government agencies and corporate sponsors. Credit risk is managed through credit assessments, maintaining standard collection procedures, and restricted enrollment activities for students.

The credit risk on investments held as a percentage of total bond portfolio are as follows:

| | 2025 ⁽¹⁾ | 2025 ⁽²⁾ | 2024 ⁽¹⁾ | 2024 ⁽²⁾ |
|----------------|---------------------|---------------------|---------------------|---------------------|
| Credit Rating: | | | | |
| AAA | - % | 27.0% | - % | 22.6 % |
| AA | 61.2% | 17.8% | 36.3 % | 16.4 % |
| A | 38.8% | 21.4% | 63.7 % | 23.9 % |
| BBB | - % | 17.9% | - % | 23.6 % |
| Below BBB | - % | 11.5% | - % | 7.3 % |
| Unrated | - % | 4.4% | - % | 6.2 % |
| | 100% | 100% | 100 % | 100 % |

(1) Fixed Income Canadian Bond Fund.

(2) Other Fixed Income Funds excluding NDCSP Pooled Investment Fund.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 6. Financial risk management (*continued*)

Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in meeting obligations associated with its financial liabilities. The Institute maintains a short-term line of credit designed to ensure funds are available to meet current and forecasted financial requirements in the most cost-effective manner. At March 31, 2025, the Institute had committed borrowing facilities of \$20,000 (2024 - \$20,000), none of which have been drawn (2024 - \$Nil).

Note 7. Investment in Government Business Partnership

SAIT holds a 33.33% interest in a limited company (PanGlobal Training Systems Ltd.), with the Northern Alberta Institute of Technology and the British Columbia Institute of Technology. As at March 31, 2025, the Institute's investment in PanGlobal Training Systems Ltd. was \$147 (2024 - \$316).

An amount of \$75 (2024 - \$220) is due from PanGlobal Training Systems Ltd. at March 31, 2025. This amount is included in accounts receivable and is net of an accumulated impairment loss of \$400, recognized in both years.

During the fiscal year ended March 31, 2025, PanGlobal Training Systems Ltd. announced plans to wind down its operations. The wind-down, expected to be completed in the following fiscal year, will include cessation of operating activities, orderly settlement of obligations, and the liquidation or transfer of remaining assets. Upon completion, the partnership will be formally dissolved.

Note 8. Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

| | 2025 | 2024 |
|-----------------------------------------------------------------|-----------------|-----------------|
| Long Term Disability (LTD) | \$ 5,643 | \$ 5,777 |
| Supplementary Executive Retirement Plan (SERP) | 105 | 369 |
| Notional Defined Contribution Supplemental Pension Plan (NDCSP) | 2,473 | 2,219 |
| Deferred Salary Plan (DSP) | 637 | 740 |
| Senior Executive Administrative Leave (SEAL) | 582 | 505 |
| Total employee future benefit liabilities | <u>\$ 9,440</u> | <u>\$ 9,610</u> |

A. Defined benefit accounted for on a defined benefit basis

Long Term Disability (LTD)

The Institute provides long-term disability defined benefits to its employees (academic and support staff). The most recent actuarial valuation for these benefits was done as at March 31, 2024.

The long-term disability plans provide pension and non-pension benefits to employees while on disability leave but before the employee's normal retirement date. The impact on the consolidated statement of operations is an expense of \$134 (2024 - \$419 expense).

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 8. Employee future benefit liabilities (*continued*)

Deferred Salary Plan (DSP)

The Institute provides compensated absences for its employees under a special leave plan (Deferred Salary Plan). Under this plan, employees contribute 15% of their gross monthly earnings for a contributory period of four years. For the fifth year, employees receive 85% of their gross salary as of the last day of their contributory period. The Institute funds the shortfall between contributed funds, including interest earned, and the gross salary to be paid in the fifth year. There are 13 (2024 - 21) active members participating in the plan.

Senior Executive Administrative Leave (SEAL) (Note 25)

The Institute provides for certain senior executives to accrue a paid leave of absence at the end of their administrative appointment. Upon completing their term of service, the individual's salary and benefits in effect at the end of the service are paid for the duration of the leave.

Supplementary Executive Retirement Plan (SERP)

In January 2020, a new Notional Defined Contribution Supplemental Pension Plan (NDCSP) was implemented. Beginning January 1, 2020, all service is attributed to the NDCSP, and no further service costs are accumulating in the SERP. There is one member who chose to keep their accumulated benefits in the SERP plan without accumulating any further service cost. Remaining members have transferred their accumulated benefits to the new plan. An accounting valuation of these benefits was carried out as at March 31, 2025.

B. Notional Defined Contribution Supplemental Pension Plan (NDCSP)

The Institute provides non-contributory retirement benefits under a notional defined contribution supplemental pension plan to senior management employees. The Institute's expense related to the plan was \$191 (2024 - \$183).

The Institute has segregated investment funds related to the NDCSP Future Pension liability of \$2,473 (2024 - \$2,219) and is fully funded with a portfolio of investments (Note 4).

C. Defined benefit plan accounted for on a defined contribution basis, multi-employer pension plans

The LAPP is a multi-employer contributory defined benefit pension plan for staff members and is accounted for on a defined contribution basis. At December 31, 2024, the LAPP reported an actuarial surplus of \$19.6 billion (2023 - \$15.1 billion). An actuarial valuation of the LAPP was carried out as at December 31, 2023 and was then extrapolated to December 31, 2024. The pension expense recorded in these consolidated financial statements is \$18,388 (2024 - \$17,942). Other than the requirement to make additional contributions, the Institute does not bear any risk related to the LAPP deficit.

D. Defined contribution

Defined Contribution Registered Pension Plan (DCRPP)

The Institute provides non-contributory retirement benefits under a defined contribution plan to eligible employees. The Institute's total defined contribution plan expense was \$12 (2024 - \$46).

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 9. Debt

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

| | Maturity | Interest rate | 2025 | 2024 |
|---------------------------------------------------------------------|---------------|---------------|------------------|------------------|
| Debentures payable to Ministry of Treasury Board and Finance | | | | |
| East Hall Residence | June 2025 | 6.50% | \$ 1,655 | \$ 3,209 |
| Tower Residence | December 2035 | 4.62% | 28,055 | 29,974 |
| Parking Garage | March 2039 | 4.80% | 60,747 | 63,732 |
| Other Debt | | | | |
| Liabilities under capital leases | | | 170 | 320 |
| | | | \$ 90,627 | \$ 97,235 |

Principal and interest repayments are as follows:

| | Principal | Interest | Total |
|------------|------------------|------------------|-------------------|
| 2026 | \$ 6,923 | \$ 4,261 | \$ 11,184 |
| 2027 | 5,425 | 3,908 | 9,333 |
| 2028 | 5,642 | 3,650 | 9,292 |
| 2029 | 5,912 | 3,380 | 9,292 |
| 2030 | 6,195 | 3,097 | 9,292 |
| Thereafter | 60,530 | 13,254 | 73,784 |
| | \$ 90,627 | \$ 31,550 | \$ 122,177 |

Interest expense on debt is \$4,486 (2024 - \$4,812) and is included in the consolidated statement of operations.

All debentures payable to Ministry of Treasury Board and Finance are collateralized by a pledge of all future cash flows generated from the respective facilities.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 10. Deferred revenue

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

| | 2025 | | | 2024 | |
|----------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------|------------|------------|--|
| | Unspent externally restricted grants and donations | Student tuition, fees and other revenue | Total | Total | |
| Balance, beginning of year | \$ 109,005 | \$ 61,374 | \$ 170,379 | \$ 144,212 | |
| Grants, tuition, and other donations | 91,926 | 51,604 | 143,530 | 137,666 | |
| Investment income | 9,665 | - | 9,665 | 7,606 | |
| Capitalized to endowments (Note 15) | (1,691) | - | (1,691) | (535) | |
| Unrealized gains | 1,217 | - | 1,217 | 2,749 | |
| Transfers to spent deferred capital contributions (Note 14) | (62,605) | (24) | (62,629) | (17,550) | |
| Recognized as revenue | (49,911) | (60,818) | (110,729) | (104,585) | |
| Other | - | 1,126 | 1,126 | 816 | |
| Balance, end of year | \$ 97,606 | \$ 53,262 | \$ 150,868 | \$ 170,379 | |

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 11. Asset retirement obligations

| | 2025 | 2024 |
|-------------------------------------------|-----------|-----------|
| Balance, beginning of year | \$ 22,506 | \$ 22,022 |
| Liability incurred | - | 1,566 |
| Liability settled (Note 15) | (310) | (1,082) |
| Decrease in asset retirement obligations | \$ (310) | \$ (484) |
| Asset retirement obligations, end of year | \$ 22,196 | \$ 22,506 |

The Institute's building class is the only asset with ARO. The Institute has an ARO to remove hazardous asbestos fibre containing materials from various buildings under its control. Regulations require the Institute 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 Institute to remove the asbestos when asset retirement activities occur.

AROs are initially measured as of the date the legal obligation was incurred, based on the Institute's previous experience, and management's professional judgement on the best estimate of the amount required to retire tangible capital assets. AROs may be subsequently remeasured 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 third party expert assessments.

The extent of the liability is limited to costs directly attributable to the removal of hazardous asbestos fibre containing materials from various buildings under the Institute's control in accordance with legislation establishing the liability. The Institute estimated the nature and extent of hazardous materials in its buildings based on the potential square feet affected and the average costs per square foot to remove and dispose of the hazardous materials.

Included in the ARO estimates is \$22,196 (2024 - \$22,506) measured at its current estimated cost to settle or otherwise extinguish the liability. The Institute has measured AROs related to hazardous asbestos fibre containing materials at its current value due to the uncertainty about when the hazardous materials would be removed.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 12. Tangible capital assets

| | 2025 | | | | | | 2024 |
|---------------------------------------------|------------------|---------------------------------|---------------------------|--------------------------------|---------------|------------------|--------------|
| | Land | Buildings and site improvements | Furnishings and equipment | Computer hardware and software | Vehicles | Total | Total |
| Cost ⁽¹⁾ | | | | | | | |
| Balance, beginning of year | \$ 23,627 | \$ 1,059,287 | \$ 183,643 | \$ 85,355 | \$ 4,670 | 1,356,582 | \$ 1,318,079 |
| Acquisitions ⁽²⁾ | - | 90,273 | 18,059 | 848 | 248 | 109,428 | 48,374 |
| Reclassifications | - | (224) | (795) | 1,019 | - | - | - |
| Disposals, including write-downs | - | (25,738) | (9,791) | (10,318) | (204) | (46,051) | (9,871) |
| | 23,627 | 1,123,598 | 191,116 | 76,904 | 4,714 | 1,419,959 | 1,356,582 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | - | 514,361 | 130,381 | 83,176 | 3,877 | 731,795 | 688,857 |
| Amortization expense | - | 31,197 | 8,605 | 1,374 | 183 | 41,359 | 45,935 |
| Reclassifications | - | (1,048) | 974 | 74 | - | - | - |
| Effects on disposals, including write-downs | - | (20,052) | (8,065) | (11,126) | (204) | (39,447) | (2,997) |
| | - | 524,458 | 131,895 | 73,498 | 3,856 | 733,707 | 731,795 |
| Net book value at March 31, 2025 | \$ 23,627 | \$ 599,140 | \$ 59,221 | \$ 3,406 | \$ 858 | 686,252 | |
| Net book value at March 31, 2024 | \$ 23,627 | \$ 544,926 | \$ 53,262 | \$ 2,179 | 793 | | \$ 624,787 |

⁽¹⁾ Historic cost includes work-in-progress of:

| Year | Buildings and site improvements | Equipment | Computer hardware and software | Vehicles | Total |
|------|---------------------------------|-----------|--------------------------------|----------|-----------|
| 2025 | \$ 78,917 | \$ 10,191 | \$ 355 | \$ - | \$ 89,463 |
| 2024 | \$ 11,473 | \$ 4,913 | \$ 33 | \$ - | \$ 16,419 |

⁽²⁾ Acquisitions during the year include in-kind donations in the amount of \$776 (2024 - \$515).

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 13. Restricted tangible assets

At December 30, 2024, the Institute received a donation of a luxury condominium in downtown Calgary, valued at \$2.9 million. The donation agreement imposes explicit stipulations requiring the property to be sold to a third party upon transfer, with the net proceeds allocated for specific purposes, as stipulated in the donor agreement.

Following a strategic review by management, the asset was recognized at its appraised value and classified as restricted tangible assets under non-financial assets. It will remain in this category until the condominium is listed for sale, at which point it will be reclassified as an asset held for sale.

The donated condominium has been recorded as deferred revenue under the liabilities section of the Statement of Financial Position. This accounting treatment reflects donor-imposed stipulations concerning the sale of the asset and the designated use of the proceeds. The amount will be recognized as revenue once the donor's conditions have been satisfied.

Note 14. Spent deferred capital contributions

Spent deferred capital contributions are comprised of externally restricted grants and donations spent on tangible capital acquisitions that have not yet been recognized in revenue.

| | 2025 | 2024 |
|-----------------------------------------------------------------------------|------------|------------|
| Balance, beginning of year | \$ 358,502 | \$ 363,891 |
| Transfers from unspent externally restricted grants and donations (Note 10) | 62,629 | 17,550 |
| Expended capital contributions recognized as revenue | (22,038) | (23,454) |
| Contributed equipment - gift in kind | 776 | 515 |
| Balance, end of year | \$ 399,869 | \$ 358,502 |

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 15. Net assets

| | Accumulated surplus | Investment in tangible capital assets ⁽¹⁾ | Internally restricted net assets | Endowments | Total |
|--------------------------------------------------------------------|---------------------|------------------------------------------------------|----------------------------------|------------|------------|
| Net assets, as at March 31, 2023 | \$ 76,958 | \$ 139,783 | \$ 45,681 | \$ 56,057 | \$ 318,479 |
| Annual operating surplus | 35,872 | - | - | - | 35,872 |
| Endowments | | | | | |
| New donations | - | - | - | 1,634 | 1,634 |
| Capitalized endowment interest (Note 10) | - | - | - | 535 | 535 |
| Tangible capital assets | | | | | |
| Amortization of tangible capital assets | 22,481 | (22,481) | - | - | - |
| Acquisition of tangible capital assets | (20,228) | 30,520 | (8,726) | - | 1,566 |
| Debt – repayment | (6,293) | 6,293 | - | - | - |
| Increase in asset retirement obligations | - | (1,566) | - | - | (1,566) |
| Asset retirement obligation settled (Note 11) | (1,082) | 1,082 | - | - | - |
| Net book value of TCA disposals, including write-downs | 6,874 | (6,874) | - | - | - |
| Internal loan repayment | - | (210) | 210 | - | - |
| Net Board appropriation to internally restricted net assets | (74,002) | - | 74,002 | - | - |
| Change in accumulated remeasurement gains | 3,110 | - | - | - | 3,110 |
| Net assets, beginning of year – April 1, 2024 | \$ 43,690 | \$ 146,547 | \$ 111,167 | \$ 58,226 | \$ 359,630 |
| Annual operating surplus | 47,627 | - | - | - | 47,627 |
| Endowments | | | | | |
| New donations | - | - | - | 2,369 | 2,369 |
| Capitalized endowment interest (Note 10) | - | - | - | 1,691 | 1,691 |
| Tangible capital assets | | | | | |
| Amortization of tangible capital assets | 20,397 | (20,397) | - | - | - |
| Acquisition of tangible capital assets | (14,689) | 46,023 | (31,334) | - | - |
| Debt – repayment | (6,608) | 6,608 | - | - | - |
| Decrease in asset retirement obligations (Note 11) | (310) | 310 | - | - | - |
| Net book value of TCA disposals, including write-downs | 5,529 | (5,529) | - | - | - |
| Net Board appropriation to internally restricted net assets | (37,700) | - | 37,700 | - | - |
| Change in accumulated remeasurement gains | 2,687 | - | - | - | 2,687 |
| Net assets, end of year as at March 31, 2025 | \$ 60,623 | \$ 173,562 | \$ 117,533 | \$ 62,286 | \$ 414,004 |
| Net assets are comprised of: | | | | | |
| Accumulated surplus | \$ 54,540 | \$ 173,562 | \$ 117,533 | \$ 62,286 | \$ 407,921 |
| Accumulated remeasurement gains | 6,083 | - | - | - | 6,083 |
| Net assets, end of year as at March 31, 2025 | \$ 60,623 | \$ 173,562 | \$ 117,533 | \$ 62,286 | \$ 414,004 |

⁽¹⁾ The Institute's closing net assets invested in tangible capital assets have been reduced by the Institute's asset retirement obligation of \$22,196 (2024 - \$22,506) (see Note 11). A funding source for this obligation has not been determined.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 15. Net assets (continued)

A. Endowments

Total value of endowments is comprised of:

| | 2025 | 2024 |
|------------------------------------------------------|-----------|-----------|
| Endowment donations component of accumulated surplus | \$ 42,882 | \$ 40,513 |
| Opening capitalized investment income | 17,713 | 17,178 |
| Current year capitalized investment income | 1,691 | 535 |
| Closing capitalized investment income | 19,404 | 17,713 |
| | \$ 62,286 | \$ 58,226 |

B. Investment in tangible capital assets

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

C. Internally restricted net assets

Internally restricted net assets represent amounts set aside by the Institute's Board of Governors for specific purposes. These amounts are not available for other purposes without the approval of the Board. Internally restricted net assets with significant balances include:

| | 2025 | 2024 |
|-----------------|------------|------------|
| Capital Reserve | \$ 117,459 | \$ 111,093 |
| Other | 74 | 74 |
| | \$ 117,533 | \$ 111,167 |

Note 16. Contingent assets

The Institute has initiated legal matters and insurance claims where possible assets are being sought. These matters give rise to contingent assets. The outcomes from these matters may result in recognition of assets.

For the year ended March 31, 2025, the Institute has no outstanding insurance claims (2024 - NIL).

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 17. Contingent liabilities

As of March 31, 2025, the Institute was named as defendant in nine (2024 - two) specific legal actions. The total claimed in one specific legal action approximates \$38 (2024 - \$55). For the other claims, no specified amount has yet been claimed; the amount of these claims will be determined at trial. The resulting loss from these claims, if any, cannot be determined.

The Institute continues to review environmental objectives and liabilities for its activities and properties as well as any potential remediation obligations. There may be contaminated sites that the Institute has identified that have the potential to result in remediation obligations. A liability has not been recorded for these sites because either the likelihood of the Institute becoming responsible for the site is not determinable, the amount of the liability cannot be estimated, or both.

The Institute'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. At March 31, 2025, the estimated environmental liabilities is NIL (2024 - NIL).

Note 18. Contractual rights

Contractual rights are rights of the Institute 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 five years and thereafter are as follows:

| | Operating Leases | Other Contracts ⁽¹⁾ | Total |
|--------------------------------|---------------------|-----------------------------------|------------------|
| 2026 | \$ 3,304 | \$ 24,325 | \$ 27,629 |
| 2027 | 1,054 | 7,176 | 8,230 |
| 2028 | 164 | 2,199 | 2,363 |
| 2029 | 64 | 586 | 650 |
| 2030 | 21 | 200 | 221 |
| Total at March 31, 2025 | \$ 4,607 | \$ 34,486 | \$ 39,093 |
| Total at March 31, 2024 | \$ 7,570 | \$ 37,333 | \$ 44,903 |

⁽¹⁾ Other contracts consist mainly of grant agreements and sales contracts.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 19. Contractual obligations

The Institute 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 ⁽¹⁾ | Capital projects ⁽²⁾ | Information systems and technology ⁽³⁾ | Operating leases ⁽⁴⁾ | Total |
|--------------------------------|-------------------------------------|------------------------------------|---------------------------------------------------------|------------------------------------|-------------------|
| 2026 | \$ 26,590 | \$ 125,486 | \$ 1,791 | \$ 2,036 | \$ 155,903 |
| 2027 | 24,499 | 83,907 | 1,244 | 2,037 | 111,687 |
| 2028 | 20,310 | - | 588 | 2,194 | 23,092 |
| 2029 | 18,756 | - | 564 | 2,329 | 21,649 |
| 2030 | 3 | - | 143 | 2,332 | 2,478 |
| Thereafter | - | - | - | 10,907 | 10,907 |
| Total at March 31, 2025 | \$ 90,158 | \$ 209,393 | \$ 4,330 | \$ 21,835 | \$ 325,716 |
| Total at March 31, 2024 | \$ 96,390 | \$ 24,147 | \$ 4,896 | \$ 23,646 | \$ 149,079 |

⁽¹⁾ Service contracts totaling \$90,158 primarily consist of facility maintenance services, campus utilities, consultant and advisory services.

⁽²⁾ The institute has several capital projects totaling \$209,393 including a John Ware Revitalization , the Taylor Family Campus Centre and Elevator Modernization project in addition to regular infrastructure maintenance and technology refresh contracts.

⁽³⁾ Enhancements to the Institute's service management system, digital solution subscription, and IT resourcing solutions in addition to the regular maintenance contracts represent the majority of the \$4,330 commitment for information systems and technology.

⁽⁴⁾ The operating lease commitments of \$21,835 are comprised of leases for the facility for the Crane and Hoisting Equipment Operator program, the Advanced Digital Technology campus, the Art Smith Aero Centre, and the Culinary Campus.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 20. Expense by object

The following is a summary of expense by object:

| | 2025 | | 2024 | |
|-----------------------------------------------------------------------|---------------------|------------|------------|--|
| | Budget (Note 26) | Actual | Actual | |
| Salaries | \$ 241,382 | \$ 230,764 | \$ 203,673 | |
| Employee benefits | 46,963 | 46,242 | 41,692 | |
| Materials, supplies, and services | 89,486 | 96,604 | 96,124 | |
| Maintenance and repairs | 24,625 | 22,994 | 28,564 | |
| Scholarships, bursaries, and awards | 6,237 | 6,099 | 4,952 | |
| Utilities | 13,076 | 9,906 | 12,194 | |
| Interest expense | 4,495 | 4,486 | 4,812 | |
| Amortization of tangible capital assets | 47,054 | 41,359 | 45,935 | |
| Loss on disposal of tangible capital assets, including write-downs | 100 | 6,502 | 6,821 | |
| | \$ 473,418 | \$ 464,956 | \$ 444,767 | |

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements
For the year ended March 31, 2025
(in thousands)

Note 21. Funds held on behalf of others

The Institute holds the following funds on behalf of other organizations over which the Board has no power of appropriation; accordingly, these funds are not included in the consolidated financial statements.

| | 2025 | 2024 |
|-----------------------------------------------------------------------------|-----------------|-----------------|
| Alberta Post-Secondary Application System (APAS) | \$ 6,950 | \$ 7,355 |
| Alberta Post-Secondary Network (APSN) | 1,209 | 1,096 |
| Alberta Bureau of International Education (ABIE) | 89 | - |
| Phi Theta Kappa (PTK) | 50 | 50 |
| Alberta Association in Higher Education for Information Technology (AAHEIT) | - | 6 |
| | <u>\$ 8,298</u> | <u>\$ 8,507</u> |

Note 22. Related parties

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

The Institute has debt with the Ministry of Treasury Board and Finance as described in Note 9.

The Institute's amount due from NAIT for the ILM partnership as at March 31, 2025 is \$1,074 (2024 - \$1,288). This amount is combined with Accounts receivable.

The Institute has paid fees of \$228 and charged \$40 for services provided to Alberta Post-Secondary Application System.

The Institute has charged \$43 for services provided to Alberta Bureau for International Education.

During the year, the Institute provided and received the following services at nominal or reduced amounts:

- The Institute owns the land and building currently being used by the Alberta University of the Arts (AUArts). This use is granted through a facility rental agreement in place between the Institute and AUArts at nominal value. The term of the rental is specified through renewable contractual agreement between the two parties determined at the discretion of the Minister of Advanced Education.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 23. Government transfers

The Institute operates under the authority and statutes of the Province of Alberta. Transactions and balances between the Institute and the Government of Alberta (GOA) are measured at the exchange amount and summarized below.

| | 2025 | 2024 |
|-------------------------------------------------------------|-------------------|-------------------|
| Grants from Government of Alberta | | |
| Advanced Education: | | |
| Operating grants | \$ 130,621 | \$ 130,621 |
| Apprentice Technical Training grants | 28,259 | 19,166 |
| Maintenance Program grant | 7,226 | 8,265 |
| Other | 22,331 | 24,135 |
| Total Advanced Education | 188,437 | 182,187 |
| Other Government of Alberta departments and agencies | | |
| Ministry of Technology and Innovation | 2,624 | 1,446 |
| Ministry of Jobs, Economy and Trade | 1,401 | 1,350 |
| Minister of Environment and Parks | 237 | - |
| Ministry of Skilled Trade and Professions | 334 | 274 |
| Ministry of Seniors, Community and Social Services | 10 | 173 |
| Ministry of Environment and Protected Areas | 9 | 35 |
| Ministry of Arts, Culture and Status of Women | 18 | 11 |
| Other | 159 | 314 |
| Total contributions received | 193,229 | 185,790 |
| Expended capital contributions recognized as revenue | 16,448 | 16,182 |
| Deferred revenue | (32,791) | (30,837) |
| | <u>\$ 176,886</u> | <u>\$ 171,135</u> |
| Federal and other government grants | | |
| Contributions received | \$ 12,312 | \$ 17,512 |
| Expended capital contributions recognized as revenue | 1,311 | 1,514 |
| Deferred revenue | (3,410) | (6,144) |
| | <u>\$ 10,213</u> | <u>\$ 12,882</u> |

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 24. Revenue

As discussed in Note 2D, the Institute recognizes revenue as it meets its performance obligations. The following breakdown delineates tuition fees and other fees, as well as sales of services and products:

| | 2025 | 2024 |
|--------------------------------------------------------|-------------------|-------------------|
| Student tuition and fees | | |
| Domestic tuition – credit and non-credit programs | \$ 87,770 | \$ 78,157 |
| International tuition – credit and non-credit programs | 145,424 | 131,972 |
| Apprenticeship tuition | 8,219 | 7,013 |
| Apprenticeship lab and supplies fees | 685 | 585 |
| Other student fees | 22,882 | 20,695 |
| Total student tuition and fees | \$ 264,980 | \$ 238,422 |
| Sales of services and products | | |
| Student residence | 8,461 | 7,282 |
| Corporate customized training revenue | 4,069 | 7,020 |
| Food and beverage sales | 5,355 | 5,253 |
| Parking revenue | 5,422 | 4,615 |
| Sales of instruction modules | 1,720 | 2,337 |
| Non-government applied research services | 1,131 | 1,349 |
| Facility rental | 507 | 464 |
| Bookstore | 451 | 429 |
| Conferences and vending revenue | 331 | 320 |
| Recreation program registration fees | 126 | 118 |
| Other | 2,973 | 2,303 |
| Total sales of services and products | \$ 30,546 | \$ 31,490 |

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 25. Salary and employee benefits

| | Base salary (1) | Other Cash Benefits (2) | Other non- cash benefits (3,4) | 2025 Total | 2024 Total |
|------------------------------------------------------------------------------------|--------------------|-------------------------------|-----------------------------------------|---------------|---------------|
| Governance: | | | | | |
| Chair of the Board of Governors | \$ - | \$ - | \$ - | \$ - | \$ - |
| Members of the Board of Governors | - | 10 | - | 10 | 10 |
| Executives: | | | | | |
| President and Chief Executive Officer | \$ 378 | \$ - | \$ 179 | \$ 557 | \$ 531 |
| Chief Financial Officer and Vice President, Corporate Services | 273 | 10 | 56 | 339 | 267 |
| Vice President, Academic | 272 | 10 | 120 | 402 | 382 |
| Vice President, Corporate Development, Applied Research and International | 273 | 10 | 55 | 338 | 326 |
| Vice President, External Relations | 273 | - | 55 | 328 | 310 |
| Vice President, People and Culture ⁽⁵⁾ | 272 | 10 | 46 | 328 | - |

⁽¹⁾ Base salary includes pensionable base pay.

⁽²⁾ Other cash benefits for governance include honoraria for the Board of Governors. Some Board members do not accept honoraria. Other cash benefits for executives include auto allowances.

⁽³⁾ Other non-cash benefits include the Institute's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships, administrative leave accruals where applicable, and contributions to the Notional Defined Contribution Supplemental Pension Plan (NDCSP). When an automobile is provided to an executive, no dollar amount is included in the above.

⁽⁴⁾ Under the terms of the NDCSP, the Institute contributes a defined amount to the plan. The value of the accrued obligation will fluctuate based on members' investment instructions.

⁽⁵⁾ The Vice President, People and Culture occupied the position as of April 1, 2024.

Southern Alberta Institute of Technology

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

(in thousands)

Note 25. Salary and employee benefits (*continued*)

The current service cost and accrued obligation for each executive under the NDCSP is outlined in the following table:

| NDCSP | Accrued obligation 2024 | Service cost | Investment returns | Accrued obligation 2025 |
|------------------------------------------------------------------------------------|-------------------------------|-----------------|-----------------------|-------------------------------|
| President and Chief Executive Officer | \$ 990 | \$ 39 | \$ 94 | \$ 1,123 |
| Vice Presidents: | | | | |
| Chief Financial Officer and Vice President, Corporate Services | 55 | 16 | 7 | 78 |
| Vice President, Academic | 17 | 16 | 2 | 35 |
| Vice President, Corporate Development, Applied Research and International | 66 | 16 | 8 | 90 |
| Vice President, External Relations | 188 | 16 | 20 | 224 |
| Vice President, People and Culture | - | 15 | 1 | 16 |

Note 26. Budget Figures

The Institute's 2024/25 budget was approved by the Institute's Board of Governors and was presented to the Minister of Advanced Education as part of the Institute's submission of its 2024/2025 Budget and Capital Plan.

Note 27. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved on May 21, 2025 by the Board of Governors of Southern Alberta Institute of Technology.

Note 28. Comparative Figures

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