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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

NOVA SCOTIA COMMUNITY COLLEGE
Consolidated Statement of Operations and Accumulated Surplus
Year ended March 31

	Budget	2023	2022
Revenues			
Advanced Education - core grant	$ 157,101,908	$ 156,801,644	$ 154,238,920
Advanced Education - retirement health benefits	-	4,856,100	4,548,500
Labour, Skills and Immigration	22,085,181	20,716,616	19,455,272
Tuition and fees	39,083,447	40,290,913	36,572,925
Contract training and service contracts	2,187,175	1,634,338	1,704,572
Other (Note 7)	18,542,165	31,539,556	23,544,155
	238,999,876	255,839,167	240,064,344
Expenditures			
Salaries and benefits	187,271,185	190,674,625	$ 183,155,274
Operating supplies and services	29,543,455	33,662,442	30,152,553
Equipment, rentals and other administration	8,490,705	16,332,837	10,780,326
Utilities and maintenance	10,389,710	11,148,737	10,498,332
Amortization of tangible capital assets	4,750,000	5,158,822	4,938,757
	240,445,055	256,977,463	239,525,242
Annual (deficit) surplus before the undernoted	(1,445,179)	(1,138,296)	539,102
Net revenue from Foundation operations	365,000	216,246	21,748
Annual (deficit) surplus	(1,080,179)	(922,050)	560,850
Accumulated surplus, beginning of year	33,467,034	33,467,034	

NOVA SCOTIA COMMUNITY COLLEGE
Consolidated Statement of Change in Net Financial Assets
Year ended March 31

	Budget	2023	2022
Annual (deficit) surplus	$ (1,080,179)	$ (922,050)	$ 560,850
Change in tangible capital assets			
Purchase of tangible capital assets	(3,000,000)	(4,263,850)	(4,037,904)
Amortization of tangible capital assets	4,750,000	5,158,822	4,938,757
Loss on disposal of tangible capital assets	-	-	111,953
	1,750,000	894,972	1,012,806
Net change in prepaid expenses	-	(390,720)	(239,788)
(Decrease) increase in net financial assets	669,821	(417,798)	1,333,868
Net financial assets (liabilities), beginning of year	908,945	908,945	(424,923)
Net financial assets, end of year	$ 1,578,766	$ 491,147	$ 908,945

See accompanying notes to the consolidated financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and Accumulated Surplus, and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses.

The College

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued obligation for other compensated absences

Certain employees of the College are entitled to sick-pay benefits, which accumulate but do not vest. In accordance with Canadian Public Accounting Standards ("PSAS") for post-employment benefits and compensated absences, the College recognizes the liability for accumulative sick-pay benefits in

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10. PENSION PLANS (continued)

Nova Scotia Public Superannuation Plan

In the first plan, the Nova Scotia Public Service Superannuation Plan, the Public Service Superannuation

11. EMPLOYEE FUTURE BENEFIT OBLIGATIONS

College employees are entitled to several benefits as follows:

	2023	2022
College service award	$ 369,787	$ 396,923
Non-pension retirement benefits - NSGEU and non-union employees	22,101,750	22,533,134
Non-pension retirement benefits - NSTU	31,285,700	30,506,500
Non-pension retirement benefits - NSCCAU	53,011,600	49,884,200
Employee future benefit obligations	$ 106,768,837	$ 103,320,757

Employee future benefit obligations are funded as follows:

	2023	2022
Receivable from the Province of NS	$ 84,297,300	$ 80,390,700
Funded from future operations	22,471,537	22,930,057
	$ 106,768,837	$ 103,320,757

College Service Award

An employee hired on or after August 1, 1998 who retires because of age or mental or physical incapacity will be granted a College service award ("CSA") equal to 1% of the employee's annual salary for each year of continuous service to a maximum of 25 years. Effective April 1, 2015, the CSA was frozen with no further years of service permitted. Adjustments to the benefit related to salary increases remained consistent with the existing agreement. There are no employee contributions in respect of the CSA. There is no distinct fund held in respect of the CSA benefits, but sufficient cash is maintained to cover the obligation, with benefits paid from unrestricted cash. The benefits paid during the year were $34,613 (2022 - $85,456).

An actuarial valuation was completed as of March 31, 2023, and the College's obligation relating to these benefits includes:

	2023	2022
College service award accrued benefit obligation	$ 357,000	$ 387,000
Unamortized actuarial gain	12,787	9,923
Benefit obligation - College service award	$ 369,787	$ 396,923

The total expense related to the College service award benefit includes the following compon

	2023	2022
Interest expense	$ 10,130	$ 12,289
Amortization of actuarial gains	(2,653)	(3,799)
Total expense related to the obligation	$ 7,477	$ 8,490

11. EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)

College Service Award (continued)

The significant actuarial assumptions adopted in estimating the College's obligation are as follows:

Future salary increase	3% per annum (2022 - 3% per annum)
Discount rate	2.96% per annum (2022 – 2.74% per annum)
Retirement age	10% at age 59; 20% at age 60; 10% each year from ages 61-64; 50% each year from ages 65-69; 100% at age 70; 20% each year on or after 80 points (age + service) is reached for employees hired before April 6, 2010 (85 points for employees hired on or after April 6, 2010), if greater than age based rate; 40% when 35 years of service is reached if greater than previously described rates.
Expected Average Remaining Service Life (EARSL)	8 years (2022 – 8 years)

Non-pension retirement benefits – NSGEU and non-union employees

In fiscal 2008, the Province required the College to assume the future liability for non-pension retirement benefits for the College's non-teaching staff and non-union employees.

The College maintains sufficient cash and investments to cover the obligations associated with this liability. The amount of cash and investments in this account offsets the liability as noted below and is grouped with cash on the Consolidated Statement of Financial Position. The benefits paid during the year were $279,692 (2022 - $303,422).

An actuarial valuation was completed as of October 31, 2022, and extrapolated to March 31, 2023, and the College's obligation relating to these benefits includes:

		2023		2022
NSGEU and non-union employees accrued benefit obligation	$	8,893,926	$	13,014,249
Unamortized actuarial gain		13,207,824		9,518,885
Benefit obligation - NSGEU and non-union employees	$	22,101,750	$	22,533,134

The total expense related to the NSGEU benefit include the following components:

		2023		2022
Current period benefit costs	$	639,157	$	648,145
Interest expense		361,515		377,874
Amortization of actuarial gain		(1,152,364)		(1,100,694)
Total (surplus) related to the obligation	$	(151,692)	$	(74,675)

11. EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)

Non-pension retirement benefits – NSGEU and non-union employees (continued)

The significant actuarial assumptions adopted in estimating the College's obligation are as follows:

Discount rate	2.96% per annum (2022 – 2.74% per annum)
Retirement age	10% at age 59; 20% at age 60; 10% each year from ages 61-64; 50% each year from ages 65-69; 100% at age 70; 20% at each year on or after 80 points (age + service) is reached for employees hired before April 6, 2010 (85 points for employees hired on or after April 6, 2010), if greater than age based rate; 40% when 35 years of service is reached if greater than previously described rates. Disabled employees are assumed to retire at age 65.
EARSL	12 years (2022 – 11 years)

Non-pension retirement benefits - NSTU

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11. EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)

Non-pension retirement benefits – NSCCAU (continued)

The significant actuarial assumptions provided by the Province are as follows:

Discount rate	2.96% per annum (2022 – 2.74%)
Retirement age	50% at rule of 85, remainder at earlier of 35 years of credited service, age 62 with 10 years of credited service, and age 65 with 2 years of credited service.
EARSL	11 years

13. FINANCIAL INSTRUMENTS

a) Financial risk factors

The College has exposure to credit risk, liquidity risk, and market risk. The College's Board of Governors has overall responsibility for the oversight of these risks and reviews the College's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed.8 (gli)-4.847 6(gl9ou7 (t)-4r)-4.1 (Ml ( )Tj)-4.1 (E13.)Tj0.4.7 :rno17.239]TJ 0 T

13. FINANCIAL INSTRUMENTS (continued)

b) Fair value

The College evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying values of cash, accounts receivable, investments College and accounts payable and accrued liabilities are considered to approximate fair values due to their short term maturity. The carrying value of the Provincial receivable – NSTU/NSCCAU Future Health Benefits approximates fair value based on the actuarial valuation performed on post-pension retirement (Note 11). Investments – Restricted Fund and Endowment Fund are investments in pooled funds. Their fair value is approximated by their respective fund's net asset value, which is determined based on the fair value of the assets held by the fund less any liabilities.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs f