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# Consolidated financial statements of Algonquin College of Applied Arts and Technology

March 31, 2026

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## Management's Letter of Responsibility for Financial Reporting

The consolidated financial statements of the Algonquin College of Applied Arts and Technology (the "College") are the responsibility of management and have been approved by the Board of Governors.

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

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

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

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit and Risk Management Committee.

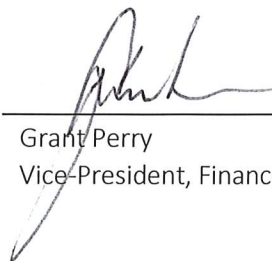
The Audit and Risk Management Committee is appointed by the Board of Governors and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is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

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



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Claude Brulé  
President and CEO



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Grant Perry  
Vice-President, Finance and Administration

June 1, 2026

## Independent Auditor's Report

To the Board of Governors of  
Algonquin College of Applied Arts and Technology

### Opinion

We have audited the consolidated financial statements of Algonquin College of Applied Arts and Technology (the "College"), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the College as at March 31, 2026, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*



Chartered Professional Accountants  
Licensed Public Accountants  
June 1, 2026

**Algonquin College of Applied Arts and Technology**  
**Consolidated statement of financial position**  
As at March 31, 2026

	Notes	2026 \$	2025 \$
<b>Assets</b>			
Current assets			
Cash		<b>75,499,526</b>	60,863,566
Short-term investments	3	<b>39,275,080</b>	83,353,257
Accounts receivable	4	<b>18,584,193</b>	19,943,572
Inventory	5	<b>1,445,995</b>	1,657,061
Prepaid expenses		<b>8,428,038</b>	10,932,508
		<b>143,232,832</b>	176,749,964
Investments	3	<b>47,525,886</b>	48,217,112
Long Term Prepaid - Students' Association		<b>4,995,833</b>	5,105,833
Endowment assets	6(a)	<b>46,191,906</b>	42,860,862
Capital assets	7	<b>339,159,181</b>	334,779,250
		<b>581,105,638</b>	607,713,021
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>41,511,809</b>	51,729,767
Accrued salaries and employee deductions payable		<b>4,232,071</b>	5,106,378
Accrued vacation		<b>12,503,098</b>	12,976,291
Deferred revenue	8	<b>38,986,335</b>	51,502,925
Current portion of long-term debt	10(a)	<b>4,076,548</b>	4,853,249
Current portion of obligations under capital leases	10(b)	<b>2,652,831</b>	2,440,317
		<b>103,962,692</b>	128,608,927
Long-term debt	10(a)	<b>14,988,088</b>	19,064,636
Obligations under capital leases	10(b)	<b>31,360,198</b>	34,013,029
Interest rate swaps	10(c)	<b>267,309</b>	577,575
Sick leave and post-employment benefits	11	<b>10,702,544</b>	9,854,908
Deferred capital contributions	12	<b>135,527,560</b>	136,328,244
Asset retirement obligation	9	<b>1,812,969</b>	1,812,969
		<b>298,621,360</b>	330,260,288
Commitments, guarantees and contingencies	13		
<b>Net assets (deficiency)</b>			
Unrestricted		<b>1,000,000</b>	1,000,000
Investment in capital assets	14	<b>148,740,987</b>	136,266,806
Vacation, sick leave and post-employment benefits	11	<b>(23,205,642)</b>	(22,831,199)
Internally restricted	15	<b>108,730,469</b>	118,230,741
Endowment fund	6(b)	<b>46,191,906</b>	42,860,862
		<b>281,457,720</b>	275,527,210
Accumulated remeasurement gains		<b>1,026,558</b>	1,925,523
		<b>282,484,278</b>	277,452,733
		<b>581,105,638</b>	607,713,021

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Approved by the Board

 \_\_\_\_\_, Chair  
 \_\_\_\_\_, Member

**Algonquin College of Applied Arts and Technology**  
**Consolidated statement of operations**  
Year ended March 31, 2026

	Notes	2026 \$	2025 \$
<b>Revenue (Schedule A)</b>			
Grants and reimbursements		<b>113,726,828</b>	109,376,460
Student tuition fees		<b>176,316,908</b>	234,548,603
Contract educational services		<b>39,335,939</b>	57,278,296
Campus Services (Schedule B)		<b>33,574,916</b>	34,353,469
Other		<b>32,609,680</b>	41,556,502
Amortization of deferred capital contributions	12	<b>8,148,084</b>	7,265,992
		<b>403,712,355</b>	484,379,322
<b>Expenses</b>			
Salaries and benefits		<b>252,060,463</b>	276,847,480
Building maintenance and utilities		<b>22,561,004</b>	24,083,418
Instructional supplies and equipment		<b>8,033,128</b>	9,273,530
Bursaries and other student aid		<b>7,073,718</b>	7,207,976
Interest		<b>2,050,714</b>	2,196,075
Amortization of capital assets		<b>19,988,630</b>	20,512,611
Amortization of long term prepaid - Students' Association		<b>110,000</b>	110,000
Campus Services (Schedule B)		<b>21,429,846</b>	24,368,646
Contract services		<b>30,167,947</b>	51,377,782
Information technology, software and licenses		<b>15,338,242</b>	16,313,388
Other		<b>22,299,197</b>	30,121,510
		<b>401,112,889</b>	462,412,416
<b>Excess of revenue over expenses</b>		<b>2,599,466</b>	21,966,906

The accompanying notes and schedules are an integral part of the consolidated financial statements.

**Algonquin College of Applied Arts and Technology**  
**Consolidated statement of changes in net assets**  
Year ended March 31, 2026

		Unrestricted	Investment in capital assets	Vacation, sick leave and post-employment benefits	Internally restricted	Endowment fund	2026	2025
	Notes	\$	\$	\$	\$	\$	\$	\$
<b>Net assets (deficiency), beginning of year</b>		<b>1,000,000</b>	<b>136,266,806</b>	<b>(22,831,199)</b>	<b>118,230,741</b>	<b>42,860,862</b>	<b>275,527,210</b>	250,610,646
Excess of revenue over expenses		2,599,466	—	—	—	—	2,599,466	21,966,906
Change in vacation, sick leave and post-employment benefits liabilities	11	374,443	—	(374,443)	—	—	—	—
Fund Transfers	15	9,500,272	—	—	(9,500,272)	—	—	—
Net change in investment in capital assets	14	(12,474,181)	12,474,181	—	—	—	—	—
Endowment contributions and investment income	6(b)	—	—	—	—	3,331,044	3,331,044	2,949,658
<b>Net assets (deficiency), end of year</b>		<b>1,000,000</b>	<b>148,740,987</b>	<b>(23,205,642)</b>	<b>108,730,469</b>	<b>46,191,906</b>	<b>281,457,720</b>	275,527,210

The accompanying notes and schedules are an integral part of the consolidated financial statements.

**Algonquin College of Applied Arts and Technology**  
**Consolidated statement of remeasurement gains and losses**  
Year ended March 31, 2026

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	<b>2026</b>	2025
	\$	\$
<b>Accumulated remeasurement gains (losses), beginning of year</b>	<b>1,925,523</b>	(416,292)
Unrealized gains (losses) attributable to		
Fair value change in unrestricted investments	<b>(1,209,231)</b>	2,378,791
Interest rate swaps	<b>310,266</b>	(36,976)
	<b>(898,965)</b>	2,341,815
<b>Accumulated remeasurement gains, end of year</b>	<b>1,026,558</b>	1,925,523

The accompanying notes and schedules are an integral part of the consolidated financial statements.

**Algonquin College of Applied Arts and Technology****Consolidated statement of cash flows**

Year ended March 31, 2026

		2026	2025
	Notes	\$	\$
<b>Operating activities</b>			
Excess of revenue over expenses		<b>2,599,466</b>	21,966,906
Items not affecting cash			
Amortization of long term prepaid - Students' Association		<b>110,000</b>	110,000
Amortization of capital assets		<b>19,988,630</b>	20,512,611
Adjustment to capital assets			974
Amortization of deferred capital contributions	12	<b>(8,148,084)</b>	(7,265,992)
Change in sick leave and post-employment benefits liabilities	11	<b>847,636</b>	1,124,638
		<b>15,397,648</b>	36,449,137
Changes in non-cash operating working capital items	17	<b>(20,007,133)</b>	(22,222,739)
		<b>(4,609,485)</b>	14,226,398
<b>Financing activities</b>			
Principal repayments of long-term debt		<b>(4,853,249)</b>	(4,336,936)
Principal repayments of obligations under capital leases		<b>(2,440,317)</b>	(2,239,643)
Capital contributions received	12	<b>7,249,445</b>	6,365,429
Net contribution to Endowment Fund	6	<b>1,791,753</b>	2,252,889
		<b>1,747,632</b>	2,041,739
<b>Capital activity</b>			
Capital asset additions	14	<b>(24,270,606)</b>	(23,202,246)
<b>Investing activities</b>			
Proceeds on disposal of investments		<b>92,188,281</b>	95,041,051
Purchases of investments		<b>(50,419,862)</b>	(87,422,140)
		<b>41,768,419</b>	7,618,911
Increase in cash and cash equivalents		<b>14,635,960</b>	684,802
Cash and cash equivalents, beginning of year		<b>60,863,566</b>	60,178,764
<b>Cash and cash equivalents, end of year</b>		<b>75,499,526</b>	60,863,566
<b>Interest paid in the year</b>		<b>2,698,279</b>	3,128,638

The accompanying notes and schedules are an integral part of the consolidated financial statements.

# Algonquin College of Applied Arts and Technology

## Notes to the consolidated financial statements

March 31, 2026

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### 1. Description of the College

The Algonquin College of Applied Arts and Technology (the "College") was incorporated as a College in 1966 under the laws of the Province of Ontario. The College is dedicated to providing post-secondary education.

The College is a registered charity and therefore is exempt, under Section 149 of the *Income Tax Act*, from payment of income taxes.

### 2. Significant accounting policies

The consolidated financial statements of the College have been prepared by management in accordance with Canadian public sector accounting standards, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB") and include the following significant accounting policies:

#### (a) Basis of presentation

These consolidated financial statements include the accounts of the College and its controlled for-profit subsidiary, 2364193 Ontario Inc., which is fully consolidated in these consolidated financial statements.

These consolidated financial statements do not reflect the assets, liabilities and results of operations of the various student organizations at the College, as these organizations are not controlled by the College.

#### (b) Revenue

##### *Revenue recognition*

The College uses the deferral method of accounting for contributions for government not-for-profit organizations.

- (i) Unrestricted contributions are recognized as revenue when received or receivable. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the period in which the related expenses are recognized. Contributions to endowment funds are recognized as direct increases in net assets in the period received.

Operating grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued or deferred.

- (ii) Contributions received for capital assets are deferred and amortized into revenue over the same term and on the same basis as the related capital asset. Contributions of land are recognized as direct increases in investment in capital assets in the period received.
- (iii) Student tuition fees are recorded in the accounts based on the academic period of the specific courses. Tuition fees are deferred to the extent that the courses extend beyond the fiscal year of the College.
- (iv) Contract educational services are recorded in the accounts based on the services provided in the College's fiscal year on a percentage-of-completion basis.
- (v) Campus services and other revenues are recognized when products are delivered or services are rendered to the student or client, the sales prices are fixed and determinable, and collection is reasonably assured.
- (vi) Unrestricted investment income is recognized as revenue on an accrual basis. All unrealized gains or losses in the fair value of unrestricted investments are recognized in the consolidated statement of remeasurement gains and losses; once realized, these gains and losses are recognized in the consolidated statement of operations.

## Algonquin College of Applied Arts and Technology

### Notes to the consolidated financial statements

March 31, 2026

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## 2. Significant accounting policies (continued)

### (c) Employee benefit plans

The College accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of retirement ages of employees and expected health care costs.

The College is an employer member of the Colleges of Applied Arts and Technology Pension Plan, which is a multi-employer defined benefit pension plan. The College has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles.

### (d) Financial instruments

All financial instruments reported on the consolidated statement of financial position of the College are classified as follows:

Cash	Amortized cost
Short-term investments	Fair value
Accounts receivable	Amortized cost
Investments	Fair value
Endowment investments	Fair value
Accounts payable and accrued liabilities	Amortized cost
Accrued salaries and employee deductions payable	Amortized cost
Long-term debt	Amortized cost
Interest rate swaps	Fair value

Fair value for investments is determined using quoted market prices. The College has designated its fixed income securities that would otherwise be classified into the amortized cost category at fair value as the College manages and reports the performance on a fair value basis.

### (i) Cash

Cash is comprised of the net amount of cash on hand and short-term investments, if any, which are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days from the date of acquisition.

### (ii) Investments

Purchases of investments are recorded on the settlement date. Transaction costs related to the acquisition of investments are expensed. Short-term investments are fixed-term investments maturing within the next fiscal year.

Unrealized gains or losses on unrestricted investments, including the related foreign exchange gains or losses are recorded in the consolidated statement of remeasurement gains and losses; once realized, they are derecognized from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations.

### (iii) Endowed investments

Realized investment income and unrealized gains or losses from the change in fair value are recorded directly to the endowment fund in the consolidated statement of changes in net assets. Sales and purchases of endowed investments are recorded on the settlement date. Transaction costs related to the acquisition of endowed investments are recorded in expenses on the consolidated statement of operations.

**2. Significant accounting policies (continued)**

*(d) Financial instruments (continued)*

*(iv) Foreign currency*

Investments denominated in foreign currencies are translated using rates of exchange in effect at the consolidated statement of financial position date.

*(v) Interest rate swaps*

The College is party to interest rate swap agreements used to manage the exposure to market risks from changing interest rates. The College's policy is not to utilize derivative financial instruments for trading or speculative purposes.

Unrealized gains or losses on interest rate swaps are recorded in the consolidated statement of remeasurement gains and losses; once realized, they are derecognized from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations.

*(vi) Impairment*

With respect to financial assets measured at amortized cost, the College recognizes an impairment loss, if any, in the consolidated statement of operations when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the consolidated statement of operations in the period the reversal occurs.

*(e) Other financial instruments*

The College records accounts receivable, accounts payable and accrued liabilities, accrued salaries and employee deductions payable and long-term debt at amortized cost using the effective interest method.

*(f) Inventory*

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

*(g) Capital assets*

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When a capital asset no longer contributes to the College's ability to provide services, or the value of the future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

(i) Furniture and library holdings are charged to expenses in the year of acquisition.

(ii) Land originally acquired at the Ottawa campus is recorded at a nominal value of \$1 with subsequent additions recorded at cost. Land is not amortized due to its infinite life.

**2. Significant accounting policies (continued)**

*(g) Capital assets (continued)*

- (iii) Works of Art are recorded based on a fair market value appraisal obtained at or near the time of acquisition. These capital assets are not subject to amortization as it is assumed that they will retain their value over time.
- (iv) Donated capital assets are recorded at the value of the receipt issued to the donor, which reflects estimated fair value of the capital asset at the time of the donation.
- (v) Construction in progress is not amortized until the project is complete and the facilities are available for use.
- (vi) Assets under development are not amortized until the asset is complete and ready for use.

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

Buildings	40 years
Leased capital equipment	20 years
Site improvements	10-20 years
Parking lots	10 years
Computers and equipment	5 years
Automotive equipment	5 years
Software	3-10 years

*(h) Asset retirement obligations*

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

*(i) Expenses*

In the consolidated statement of operations, the College presents its expenses by object, except for Campus Services which are presented by function.

Expenses are recognized in the year incurred and are recorded in the applicable function to which they are directly related. The College does not allocate expenses among functions after initial recognition.

*(j) Contributed services*

Volunteers contribute an indeterminable number of hours per year to assist the College in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these consolidated financial statements.

## Algonquin College of Applied Arts and Technology

### Notes to the consolidated financial statements

March 31, 2026

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## 2. Significant accounting policies (continued)

### (k) Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. The most significant estimates used in preparing these consolidated financial statements include assumptions used in determining the fair value of investments and interest rate swaps, the allowance for doubtful accounts, the amount of certain accrued liabilities, the estimated useful lives of capital assets and the assumptions underlying the post-employment benefit liabilities and asset retirement obligation calculations.

## 3. Investments

Short-term investments of \$39,275,080 (\$83,353,257 in 2025) consist entirely of fixed income securities that will be maturing within a year.

Long-term investments consist of the following:

	2026	2025
	\$	\$
Fixed income securities	<b>47,151,859</b>	47,780,995
Equity investments	<b>374,027</b>	436,117
	<b>47,525,886</b>	48,217,112

The College's fixed income securities have effective interest rates ranging from 0.5% to 5.475% and maturity dates ranging from April 2026 to December 2030 (0.25% to 5.475% and maturity dates ranging from April 2025 to June 2029).

## 4. Accounts receivable

	2026	2025
	\$	\$
Government of Ontario	<b>1,841,284</b>	2,481,979
Harmonized Sales Tax receivable	<b>1,387,052</b>	2,627,683
Trade	<b>5,309,557</b>	3,348,691
Students	<b>11,684,409</b>	10,438,578
Other	<b>3,727,055</b>	5,132,934
Allowance for doubtful accounts	<b>(5,365,164)</b>	(4,086,293)
	<b>18,584,193</b>	19,943,572

# Algonquin College of Applied Arts and Technology

## Notes to the consolidated financial statements

March 31, 2026

### 4. Accounts receivable (continued)

Details on due dates for receivables are as follows:

	0-30 days	31-60 days	61-90 days	Over 90 days	2026 Total
	\$	\$	\$	\$	\$
Government of Ontario	<b>1,841,284</b>	—	—	—	<b>1,841,284</b>
Harmonized Sales Tax receivable	<b>1,387,052</b>	—	—	—	<b>1,387,052</b>
Trade	<b>4,541,834</b>	<b>479,863</b>	<b>64,035</b>	<b>223,825</b>	<b>5,309,557</b>
Students	—	<b>5,320,013</b>	—	<b>6,364,396</b>	<b>11,684,409</b>
Other	<b>3,725,583</b>	—	—	<b>1,472</b>	<b>3,727,055</b>
Allowance for doubtful accounts	—	<b>(957,602)</b>	—	<b>(4,407,562)</b>	<b>(5,365,164)</b>
	<b>11,495,753</b>	<b>4,842,274</b>	<b>64,035</b>	<b>2,182,131</b>	<b>18,584,193</b>

	0-30 days	31-60 days	61-90 days	Over 90 days	2025 Total
	\$	\$	\$	\$	\$
Government of Ontario	2,481,979	—	—	—	2,481,979
Harmonized Sales Tax receivable	1,751,814	657,113	—	218,756	2,627,683
Trade	2,725,187	337,576	226,955	58,973	3,347,691
Students	—	7,675,844	—	2,762,734	10,438,578
Other	5,052,918	—	—	80,016	5,132,934
Allowance for doubtful accounts	—	<b>(1,381,652)</b>	—	<b>(2,704,641)</b>	<b>(4,086,293)</b>
	12,011,898	7,288,881	226,955	415,838	19,943,572

### 5. Inventory

	2026 \$	2025 \$
Bookstore	<b>1,165,722</b>	1,343,024
Food services	<b>238,421</b>	259,928
Publishing centre	<b>25,472</b>	20,387
Hospitality	<b>16,380</b>	33,722
	<b>1,445,995</b>	1,657,061

Included in Campus Services expenses is inventory expensed during the year in the amount of \$7,926,786 (\$9,870,782 in 2025).

## Algonquin College of Applied Arts and Technology

### Notes to the consolidated financial statements

March 31, 2026

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#### 6. Endowment investments

- (a) Endowment investments represent funds held or receivable by the College which have been permanently endowed. The carrying value of endowed investments is recorded at fair value.

The endowment investments consist of the following:

##### *Fair value*

	<b>2026</b>	2025
	\$	\$
Endowed investments		
Cash equivalents	<b>2,353,480</b>	2,318,953
Bonds	<b>16,245,570</b>	15,360,245
Equities	<b>27,592,856</b>	25,181,664
	<b>46,191,906</b>	42,860,862

##### *Cost*

	<b>2026</b>	2025
	\$	\$
Endowed investments		
Cash equivalents	<b>2,344,842</b>	2,301,505
Bonds	<b>17,947,711</b>	16,626,605
Equities	<b>20,480,346</b>	20,053,036
	<b>40,772,899</b>	38,981,146

Endowed investments are managed by investment managers under an investment policy approved by the Board of Governors. The investment policy limits investments to Canadian and foreign equities traded on a public market, Canadian and the United States government bonds, corporate bonds with a minimum credit rating of BBB, and cash equivalents.

The bond amounts are invested in a pooled fixed-income fund.

**Algonquin College of Applied Arts and Technology****Notes to the consolidated financial statements**

March 31, 2026

**6. Endowment investments (continued)**

- (b) Endowed funds consist of external contributions that either the donor or the College has designated as a permanent endowment. The endowed funds cannot be expended by the College. The annual income earned on the endowed funds may be expended only for the externally restricted purpose specified by the donor or the College. The changes during the year in the Endowment Fund / Assets are as follows:

	<b>2026</b>	2025
	\$	\$
Opening balance	<b>42,860,862</b>	39,911,204
Contributions	<b>350,889</b>	578,605
Realized investment income	<b>2,682,066</b>	2,886,556
Distributions	<b>(1,241,202)</b>	(1,212,272)
Net contribution to Endowment Fund	<b>1,791,753</b>	2,252,889
Unrealized gains due to changes in fair value of endowment assets	<b>1,539,291</b>	696,769
Net change in Endowment Fund	<b>3,331,044</b>	2,949,658
Ending balance	<b>46,191,906</b>	42,860,862

The College's endowment policy is to annually distribute investment income equal to 5% of the Endowment Fund's book value at the end of the preceding fiscal year. The policy requires 4% to be distributed as student financial aid and 1% to cover a portion of fundraising expenses. The purpose of this policy is to allow the College to distribute a consistent amount of income from the endowed funds on an annual basis regardless of the investment income actually earned in the fiscal year.

The total value of administrative fees charged by the College, to recover a portion of the costs of fundraising expenses incurred by the College, on behalf of Advancement and Strategy, for the year was \$248,241 (2025 - \$242,454), which is 1% of the Endowment Fund's book value (based on the original donation value) at the end of the previous year.

As at March 31, 2026, the Endowment Fund assets included a balance of \$15,597,968 (\$14,157,104 in 2025) which represents the cumulative realized investment income in excess of amounts distributed. The changes during the year are as follows:

	<b>2026</b>	2025
	\$	\$
Amount available for future distribution, beginning of year	<b>14,157,104</b>	12,482,820
Realized investment income	<b>2,682,066</b>	2,886,556
Amount distributed for bursaries and to cover fundraising expenses	<b>(1,241,202)</b>	(1,212,272)
Amount available for future distribution, end of year	<b>15,597,968</b>	14,157,104

## Algonquin College of Applied Arts and Technology

### Notes to the consolidated financial statements

March 31, 2026

#### 7. Capital assets

	2026		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	5,370,625	—	5,370,625
Buildings	376,312,736	176,625,367	199,687,369
Asset retirement obligation – buildings	1,817,100	1,389,586	427,514
Assets under development	60,332,998	—	60,332,998
Leased capital equipment	57,913,108	23,002,865	34,910,243
Site improvements	69,730,851	45,550,050	24,180,801
Parking lots	926,213	926,213	—
Computers and equipment	43,081,978	37,044,102	6,037,876
Automotive equipment	529,904	458,541	71,363
Software	20,344,521	12,324,296	8,020,225
Works of Art	120,167	—	120,167
	<b>636,480,201</b>	<b>297,321,020</b>	<b>339,159,181</b>

	2025		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	5,370,625	—	5,370,625
Buildings	376,312,736	167,816,162	208,496,574
Asset retirement obligation – buildings	1,817,100	1,354,846	462,254
Assets under development	54,051,237	—	54,051,237
Leased capital equipment	57,913,108	20,107,210	37,805,898
Site improvements	54,522,287	41,850,597	12,671,690
Parking lots	926,213	926,213	—
Computers and equipment	41,061,986	35,840,170	5,221,816
Automotive equipment	515,928	431,311	84,617
Software	20,221,818	9,727,446	10,494,372
Works of Art	120,167	—	120,167
	<b>612,833,205</b>	<b>278,053,955</b>	<b>334,779,250</b>

Assets under development are comprised of construction in progress and software under development.

## Algonquin College of Applied Arts and Technology

### Notes to the consolidated financial statements

March 31, 2026

#### 8. Deferred revenue

Details of the year-end balance are as follows:

	2026	2025
	\$	\$
Student tuition fees	<b>22,546,043</b>	34,954,488
Grants and reimbursements	<b>1,970,882</b>	668,887
Contract education services	<b>484,232</b>	1,198,806
Student aid	<b>3,764,776</b>	3,245,381
Miscellaneous projects	<b>10,220,402</b>	11,435,363
	<b>38,986,335</b>	51,502,925

Student tuition fees are for academic courses which extend beyond the fiscal year of the College.

Grants and reimbursements are unexpended externally restricted grants to be spent on future specific projects, including improvements and investments in the College's campus facilities, equipment and programs.

Contract education services represent prepayments for courses to be held in future years.

Student aid represents the unexpended donations and interest to be spent on student scholarships and bursaries in future years.

Miscellaneous projects include contributions, deposits and prepayments related to small, miscellaneous activities of the College.

#### 9. Asset retirement obligation

The College's financial statements include an asset retirement obligation for four buildings on its Ottawa campus which were constructed using building materials containing asbestos. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful life of the buildings. The estimated total future expenditures are \$1,812,969 (\$1,812,969 in 2025). The College will fund from operations any costs needed to remove asbestos before beginning new construction or renovation work in an area known to contain asbestos.

The carrying amount of the liability is as follows:

	2026	2025
	\$	\$
Opening balance	<b>1,812,969</b>	1,812,969
Decrease due to liability settled during the year	—	—
Ending balance	<b>1,812,969</b>	1,812,969

The total amount of the liability may change due to the discovery of additional asset retirement obligations.

**Algonquin College of Applied Arts and Technology****Notes to the consolidated financial statements**

March 31, 2026

**10. Long-term debt and interest rate swaps***(a) Long-term debt*

The College has entered into the following long-term debt agreements to finance the construction of student residences, the Police and Public Safety Institute, and the Student Commons:

	<b>2026</b>	2025
	<b>\$</b>	<b>\$</b>
Residence I building loan, bearing real interest rate of 8.05%, matured in 2025	—	1,221,427
Residence II building loan, bearing real interest rate of 7.70% maturing in 2027, with average monthly payments of \$122,704	<b>2,055,937</b>	3,318,023
Residence III building loan, bearing real interest rate of 6.97% maturing in 2029, with average monthly payments of \$119,560	<b>4,185,180</b>	5,287,100
Police and Public Safety Institute loan, bearing real interest rate of 7.65%, matured in 2025	—	449,850
Student Commons loan, bearing interest at 4.008%, maturing in 2037, with semi-annual payments of \$678,301	<b>12,823,519</b>	13,641,485
	<b>19,064,636</b>	23,917,885
Less: current portion	<b>4,076,548</b>	4,853,249
	<b>14,988,088</b>	19,064,636

Interest is payable on a monthly basis. The principal of the loans is payable as follows:

	\$
2027	4,076,548
2028	2,126,830
2029	2,695,726
2030	958,678
2031	997,487
Thereafter	8,209,367
	<u>19,064,636</u>

## Algonquin College of Applied Arts and Technology

### Notes to the consolidated financial statements

March 31, 2026

#### 10. Long-term debt and interest rate swaps (continued)

##### (b) Obligations under capital leases

The College has entered into the following long-term capital leasing arrangements to finance facility improvement measures installed in multiple buildings at the Ottawa campus:

	2026 \$	2025 \$
Phase 1, bearing an implicit interest rate of 4.44% maturing in 2035, with average monthly payments of \$94,091	<b>9,206,875</b>	9,929,920
Phase 2, bearing an implicit interest rate of 5.26% maturing in 2035, with average monthly payments of \$24,468	<b>2,316,988</b>	2,490,537
Phase 3, bearing an implicit interest rate of 5.17% maturing in 2035, with average monthly payment of \$105,358	<b>10,747,589</b>	11,463,935
Phase 4, bearing an implicit interest rate of 4.35% maturing in 2035, with average monthly payment of \$111,225	<b>11,741,577</b>	12,568,954
	<b>34,013,029</b>	36,453,346
Less: current portion	<b>2,652,831</b>	2,440,317
	<b>31,360,198</b>	34,013,029

Interest is payable on a monthly basis. The lease payments are payable as follows:

	Principal \$	Interest \$
2027	2,652,831	1,468,180
2028	2,877,818	1,345,163
2029	3,115,924	1,211,761
2030	3,367,831	1,067,366
2031	3,634,263	911,340
Thereafter	18,364,362	1,832,905
	<b>34,013,029</b>	<b>7,836,715</b>

##### (c) Interest rate swaps

The College has interest rate swap agreements to manage the volatility of interest rates. The College converted a net notional \$35.65 million (\$59.00 million in 2025) of floating rate long-term debt relating to two phases of the Residence. The fixed rates received under the interest rate swaps range from 6.97% to 7.7% (6.97% to 8.05% in 2025). The maturity dates of the interest rate swaps are the same as the maturity dates of the associated long-term debt, ranging from fiscal 2027 to 2029.

The fair value of the interest rate swaps in favour of the counterparty at March 31, 2026 is \$267,309 (\$577,575 in 2025).

# Algonquin College of Applied Arts and Technology

## Notes to the consolidated financial statements

March 31, 2026

### 11. Sick leave and post-employment benefits

The composition of the sick leave and post-employment net deficiency is as follows:

	<b>2026</b>	2025
	<b>\$</b>	\$
Post-employment benefits	<b>3,290,544</b>	3,290,908
Sick leave	<b>7,412,000</b>	6,564,000
	<b>10,702,544</b>	9,854,908

The following tables outline the components of Algonquin's sick leave and post-employment benefits and the related expenses.

	<b>2026</b>			
	<b>Post- employment benefits</b>	<b>Non-vesting sick leave</b>	<b>Vesting sick leave</b>	<b>Total liability</b>
	\$	\$	\$	\$
Accrued employee future benefits obligations	<b>3,758,544</b>	<b>8,901,000</b>	<b>61,000</b>	<b>12,720,544</b>
Value of plan assets	<b>(585,000)</b>	—	—	<b>(585,000)</b>
Unamortized actuarial gains (losses)	<b>117,000</b>	<b>(1,548,000)</b>	<b>(2,000)</b>	<b>(1,433,000)</b>
Total liability	<b>3,290,544</b>	<b>7,353,000</b>	<b>59,000</b>	<b>10,702,544</b>

	2025			
	Post- employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
	\$	\$	\$	\$
Accrued employee future benefits obligations	3,777,908	9,706,000	117,000	13,600,908
Value of plan assets	(548,000)	—	—	(548,000)
Unamortized actuarial gains (losses)	61,000	(3,225,000)	(34,000)	(3,198,000)
Total liability	3,290,908	6,481,000	83,000	9,854,908

**Algonquin College of Applied Arts and Technology**

**Notes to the consolidated financial statements**

March 31, 2026

**11. Sick leave and post-employment benefits (continued)**

	<b>2026</b>			
	<b>Post- employment benefits</b>	<b>Non-vesting sick leave</b>	<b>Vesting sick leave</b>	<b>Total expense</b>
	\$	\$	\$	\$
Current year benefit cost	<b>28,636</b>	<b>853,000</b>	<b>2,000</b>	<b>883,636</b>
Interest on accrued benefit obligation	<b>6,000</b>	<b>325,000</b>	<b>3,000</b>	<b>334,000</b>
Amortized actuarial (gains) losses	<b>(24,000)</b>	<b>507,000</b>	<b>38,000</b>	<b>521,000</b>
<b>Total expense</b>	<b>10,636</b>	<b>1,685,000</b>	<b>43,000</b>	<b>1,738,636</b>

	<b>2025</b>			
	<b>Post- employment benefits</b>	<b>Non-vesting sick leave</b>	<b>Vesting sick leave</b>	<b>Total expense</b>
	\$	\$	\$	\$
Current year benefit cost	550,000	809,000	3,000	1,362,000
Interest on accrued benefit obligation	6,000	337,000	5,000	348,000
Amortized actuarial (gains) losses	(42,000)	496,000	—	454,000
<b>Total expense</b>	<b>514,000</b>	<b>1,642,000</b>	<b>8,000</b>	<b>2,164,000</b>

The amount of post-employment and sick leave benefits paid to employees during the year was \$1,003,364 (\$1,039,364 in 2025).

*Retirement benefits*

*CAAT Pension Plan*

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with the regulators as at December 31, 2025 indicated an actuarial surplus of \$6.749 billion (\$6.141 billion in 2024).

# Algonquin College of Applied Arts and Technology

## Notes to the consolidated financial statements

March 31, 2026

### 11. Sick leave and post-employment benefits (continued)

The College made contributions to the Plan and its associated retirement compensation arrangement of \$19,395,117 (\$20,248,876 in 2025) and are included in salaries and benefits in the consolidated statement of operations. The College makes contributions to the Plan equal to those of the employees.

#### *Post-employment benefits*

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

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

	<b>2026</b>	2025
	<b>%</b>	%
Discount rate for prior fiscal disclosure and current fiscal benefit cost	<b>3.20</b>	3.50
Discount rate for current fiscal disclosure	<b>3.50</b>	3.20
Expected return on plan assets for disclosure	<b>3.15</b>	3.80
Dental cost and premium increase for post-employment benefits	<b>4.0</b>	4.0
	<b>5.91% in 2025, grading down to 4.0% in 2040</b>	6.04% in 2024, grading down to 4.0% in 2040
Medical premium escalation		

The CAAT pension plan's net investment return for the year ended December 31, 2025 was 8.4% (15.2% in 2024).

#### *Compensated absences*

##### *Non-vesting sick leave*

Algonquin allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements.

Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council. The results are extrapolated from the most recent August 2022 actuarial valuation.

##### *Vesting sick leave*

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

**Algonquin College of Applied Arts and Technology****Notes to the consolidated financial statements**

March 31, 2026

**11. Sick leave and post-employment benefits (continued)**

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

	<b>2026</b>	2025
Wage and salary escalation	<b>2.0% per annum</b>	2.50% per annum
Discount rate	<b>3.5%</b>	3.20%

**12. Deferred capital contributions**

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase and construction of capital assets. Investment income earned on government contributions received is also included in deferred capital contributions. The amortization of the deferred capital contributions is recorded as revenue in the consolidated statement of operations.

The changes in the deferred capital contributions balance are as follows:

	<b>2026</b>	2025
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	<b>136,328,244</b>	136,688,167
Less amortization of deferred capital contributions	<b>8,148,084</b>	7,265,992
	<b>128,180,160</b>	129,422,175
Add capital contributions received		
Government contributions		
Other capital projects	<b>7,002,016</b>	6,055,302
Apprenticeship Capital Grant	<b>247,429</b>	310,127
Contributions received before donated equipment	<b>7,249,445</b>	6,365,429
Donated equipment	<b>97,955</b>	540,640
	<b>7,347,400</b>	6,906,069
Balance, end of year	<b>135,527,560</b>	136,328,244

## Algonquin College of Applied Arts and Technology

### Notes to the consolidated financial statements

March 31, 2026

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#### 13. Commitments, guarantees and contingencies

##### *Commitments*

The College has committed to make the following minimum payments under various vehicle, premises rental, equipment leases and subscription agreements. The anticipated payments in each of the next five years and thereafter in aggregate under current arrangements are as follows:

	\$
2027	5,611,413
2028	3,075,642
2029	1,615,421
2030	1,103,023
2031	946,277
Thereafter	475,076
	<u>12,826,852</u>

##### *Letters of credit*

The College is contingently liable under letters of credit amounting to \$461,465 (\$461,465 in 2025), which have been issued in the normal course of business.

##### *Guarantees*

In the normal course of business, the College has entered into lease agreements for premises and equipment. It is common in such commercial lease transactions for the College, as the lessee, to agree to indemnify the lessor's liabilities that may arise from the use of the leased assets. The maximum amount potentially payable under the foregoing indemnities cannot be reasonably estimated. The College has liability insurance that relates to the indemnifications described above.

##### *Contingencies*

The College is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the College.

**14. Investment in capital assets**

The investment in capital assets consists of the following:

	<b>2026</b>	2025
	<b>\$</b>	\$
Capital assets	<b>339,159,181</b>	334,779,250
Less amounts financed by		
Deferred capital contributions used (Note 12)	<b>(135,527,560)</b>	(136,328,244)
Long-term debt	<b>(19,064,636)</b>	(23,917,885)
Obligation under capital lease	<b>(34,013,029)</b>	(36,453,346)
Asset retirement obligation	<b>(1,812,969)</b>	(1,812,969)
	<b>148,740,987</b>	136,266,806

The net change in investment in capital assets is calculated as follows:

	<b>2026</b>	2025
	<b>\$</b>	\$
Capital asset additions		
Total additions	<b>24,368,561</b>	23,742,886
Less: Donated equipment	<b>(97,955)</b>	(540,640)
Additions net of donated equipment	<b>24,270,606</b>	23,202,246
Less: Other capital assets financed with capital contributions	<b>(7,249,445)</b>	(6,365,429)
Capital assets purchased with College funds	<b>17,021,161</b>	16,836,817
External financing		
Decrease in long-term debt	<b>4,853,249</b>	4,336,936
Decrease in obligation under capital lease	<b>2,440,317</b>	2,239,643
Increase in asset retirement obligation	—	—
Amortization of deferred capital contributions	<b>8,148,084</b>	7,265,992
Amortization of capital assets	<b>(19,988,630)</b>	(20,512,611)
Adjustment of capital assets	—	(974)
Net change in investment in capital assets	<b>12,474,181</b>	10,165,803

**15. Capital disclosures**

*Capital*

The College considers its operating capital to consist of long-term debt including the interest rate swaps, net assets invested in capital assets, internally restricted net assets, and unrestricted net assets. The College's overall objective for its capital is to fund capital assets, future projects, and ongoing operations. The College manages its capital by appropriating amounts to internally restricted net assets for anticipated future projects, contingencies, and other capital requirements as disclosed below.

The College also considers its endowments, as disclosed in Note 6 as part of its capital. The College's objective with regard to endowments is to grow the endowment principal and maximize investment income to increase funding for student aid.

The College may not incur an accumulated deficit without the approval of the Minister of Colleges and Universities of Ontario. The College would be required to eliminate any accumulated deficit within a prescribed period of time.

## Algonquin College of Applied Arts and Technology

### Notes to the consolidated financial statements

March 31, 2026

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#### 15. Capital disclosures (continued)

##### *Capital (continued)*

The College is not subject to any other externally imposed capital requirements and its approach to capital management remains unchanged from the prior year.

##### *Internally restricted net assets*

Internally restricted net assets are funds restricted by the College for future projects to improve and invest in the College's campus facilities, information systems, equipment, programs, student aid, and employee retraining.

Internally restricted net assets consist of the following:

	<b>2026</b>	2025
	<b>\$</b>	\$
Specific reserves		
Other projects and initiatives	<b>32,902,028</b>	41,263,847
Campus Services reserve fund	<b>10,602,913</b>	8,140,177
Contingency reserve fund	<b>11,153,000</b>	13,606,000
Employment stabilization funds	<b>638,187</b>	585,590
Reserve funds		
Future capital expansion	<b>53,434,341</b>	51,851,877
Gain on sale of March Road land	—	2,783,250
Balance, end of year	<b>108,730,469</b>	118,230,741

During the year the Board of Governors approved the net transfer of \$9,500,272 from internally restricted net assets to the unrestricted fund to (net transfer of \$13,469,221 from the unrestricted fund to internally restricted net assets in 2025).

#### 16. Financial instruments

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The College is exposed to interest rate risk with respect to its interest-bearing investments and its long-term debt. The College mitigates interest rate risk on certain long-term debt through derivative interest-rate swap agreements which exchange the variable rate inherent in the loan for a fixed rate (Note 10b). As a result, fluctuations in market interest rates would not impact the future cash flows relating to these loans.

As at March 31, 2026, a 1% increase in nominal interest rates would result in a decline of investments of approximately \$1,117,279 (\$1,148,075 in 2025) and an appreciation of the interest rate swap's fair value of approximately \$79,294 (\$160,329 in 2025). Conversely, a 1% decrease in nominal interest rates would result in an increase of investments of approximately \$1,117,279 (\$1,148,075 in 2025), and a decrease of the interest rate swap's fair value of approximately \$79,294 (\$160,329 in 2025). These amounts do not include other variables such as convexity.

# Algonquin College of Applied Arts and Technology

## Notes to the consolidated financial statements

March 31, 2026

### 16. Financial instruments (continued)

#### *Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The College is exposed to price risk with respect to its investments held in equity instruments.

As at March 31, 2026, a 5% increase in price would result in an increase to endowment assets of approximately \$1,379,642 (\$1,309,491 in 2025).

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The College believes that it is not exposed to significant currency risks arising from its financial instruments.

#### *Credit risk*

Credit risk arises from the potential that a counterparty to an investment will fail to perform its obligations. The College is exposed to credit risk on its accounts receivable and its fixed-income investments. The maximum exposure to credit risk is the carrying value reported in the consolidated statement of financial position. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as government agencies and public companies. The College also enforces approved collection policies for student accounts.

Concentrations of accounts receivable are described in Note 4. Primary credit portfolio concentrations on investments are detailed in Notes 3 and 6.

#### *Liquidity risk*

Liquidity risk is the risk that the College will not be able to meet all cash flow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and cash flow analysis. The College has the following financial liabilities as at March 31, 2026:

	<b>2026</b>			
	<b>Net book value and interest payments</b>	<b>2027</b>	<b>2028</b>	<b>2029 and after</b>
	\$	\$	\$	\$
Accounts payable and accrued liabilities	<b>41,511,809</b>	<b>41,511,809</b>	—	—
Accrued salaries and employee deduction payable	<b>4,232,071</b>	<b>4,232,071</b>	—	—
Accrued vacation	<b>12,503,098</b>	<b>12,503,098</b>	—	—
Long-term debt	<b>22,966,360</b>	<b>4,919,677</b>	<b>2,752,967</b>	<b>15,293,716</b>
Obligations under capital leases	<b>41,849,744</b>	<b>4,121,011</b>	<b>4,222,981</b>	<b>33,505,752</b>
Interest swaps	<b>267,309</b>	<b>55,982</b>	—	<b>211,327</b>
	<b>123,330,391</b>	<b>67,343,648</b>	<b>6,975,948</b>	<b>49,010,795</b>

**Algonquin College of Applied Arts and Technology****Notes to the consolidated financial statements**

March 31, 2026

**16. Financial instruments (continued)***Liquidity risk (continued)*

	2025			
	Net book value and interest payments	2026	2027	2028 and after
	\$	\$	\$	\$
Accounts payable and accrued liabilities	51,729,767	51,729,767	—	—
Accrued salaries and employee deduction payable	5,106,378	5,106,378	—	—
Accrued vacation	12,976,291	12,976,291	—	—
Long-term debt	28,936,497	5,970,138	4,919,677	18,046,682
Obligations under capital leases	45,871,051	4,021,699	4,121,009	37,728,343
Interest swaps	577,575	—	—	577,575
	<u>145,197,559</u>	<u>79,804,273</u>	<u>9,040,686</u>	<u>56,352,600</u>

*Fair values*

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, accrued salaries and employee deductions payable, approximate their fair value due to the relatively short periods to maturity of the instruments.

The carrying value of long-term debt including the interest rate swaps approximates fair value.

*Fair value hierarchy*

Financial instruments are grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- 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 within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

## Algonquin College of Applied Arts and Technology

### Notes to the consolidated financial statements

March 31, 2026

#### 16. Financial instruments (continued)

*Fair value hierarchy (continued)*

The following table presents the financial instruments recorded at fair value in the consolidated statement of financial position, classified using the fair value hierarchy described above:

	Level 1	Level 2	Level 3	2026 Total
	\$	\$	\$	\$
Short-term investments	39,275,080	—	—	39,275,080
Long-term investments	46,380,297	1,145,589	—	47,525,886
Endowment assets	16,809,662	29,382,244	—	46,191,906
Interest rate swaps	—	267,309	—	267,309
Total	102,465,039	30,795,142	—	133,260,181

	Level 1	Level 2	Level 3	2025 Total
	\$	\$	\$	\$
Short-term investments	83,353,257	—	—	83,353,257
Long-term investments	47,056,924	1,160,188	—	48,217,112
Endowment assets	15,575,354	27,285,508	—	42,860,862
Interest rate swaps	—	577,575	—	577,575
Total	145,985,535	29,023,271	—	175,008,806

#### 17. Changes in non-cash operating working capital items

	2026 \$	2025 \$
Accounts receivable	1,359,379	6,922,456
Inventory	211,066	37,811
Prepaid expenses	2,504,470	(431,280)
Accounts payable and accrued liabilities	(10,217,958)	(3,200,988)
Accrued salaries and employee deductions payable	(874,307)	666,270
Accrued vacation	(473,193)	543,480
Deferred revenue	(12,516,590)	(26,760,488)
	(20,007,133)	(22,222,739)

#### 18. Comparative figures

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

**19. Intake cap on international student permit applications**

On January 22, 2024, Immigration, Refugees and Citizenship Canada announced an intake cap on international student permit applications, which was subsequently extended. In addition, changes to post graduation work permit eligibility and related provincial policy directives have affected international student enrolment across Ontario colleges.

During the year ended March 31, 2026, the College experienced a significant decline in international student enrolment compared to the prior year. As international student tuition represents a significant source of revenue, this decline contributed to lower tuition revenues and a corresponding reduction in instructional and support costs during the year. Cost containment measures implemented by the College included the exit from its Corporate Training facility, the closure of the Perth Campus, and the suspension of certain academic programs.

In response to enrolment pressures across the postsecondary sector, the Government of Ontario announced additional operating and program funding through the 2026 Budget, including investments targeted toward domestic enrolment growth in priority programs. While this funding will provide partial support over the next four years, it does not fully offset the reduction in international tuition revenues.

**Algonquin College of Applied Arts and Technology**  
**Schedule A – Supplementary information - Revenue**  
Year ended March 31, 2026

	Notes	2026 \$	2025 \$
Grants and reimbursements			
Post secondary activity		<b>104,295,987</b>	99,676,445
Apprentice programs		<b>7,466,343</b>	7,665,636
Special bursaries		<b>1,964,498</b>	2,034,379
		<b>113,726,828</b>	109,376,460
Student tuition fees			
Full-time post secondary		<b>152,925,308</b>	209,655,854
Full-time non-funded		<b>374,768</b>	715,066
Part-time		<b>13,211,520</b>	12,835,557
Adult training		<b>1,398,142</b>	1,554,106
Student information technology fees		<b>8,407,170</b>	9,788,020
		<b>176,316,908</b>	234,548,603
Contract educational services			
Provincially funded programs		<b>10,921,757</b>	12,107,620
Public college private partnership		<b>4,990,969</b>	18,736,645
International programs		<b>688,709</b>	1,131,005
Corporate and other programs		<b>22,734,504</b>	25,303,026
		<b>39,335,939</b>	57,278,296
Campus Services (Schedule B)		<b>33,574,916</b>	34,353,469
Other			
Early Learning Centre		<b>1,363,508</b>	1,270,967
Student ancillary fees		<b>6,684,303</b>	7,661,894
Investment income		<b>6,042,391</b>	7,869,652
Miscellaneous		<b>18,519,478</b>	24,753,989
		<b>32,609,680</b>	41,556,502
Amortization of deferred capital contributions	12	<b>8,148,084</b>	7,265,992
		<b>403,712,355</b>	484,379,322

**Algonquin College of Applied Arts and Technology**

**Schedule B – Supplementary information - Campus Services operations summary**

Year ended March 31, 2026

	<b>Gross revenue</b>	<b>Internal revenue</b>	<b>Net revenue</b>	<b>Expenses</b>	<b>Internal expenses</b>	<b>Net expenses</b>	<b>Contribution including internal transactions</b>	<b>Contribution net of internal transactions</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Food services	8,370,600	(173,814)	8,196,786	8,480,847	(173,814)	8,307,033	(110,247)	(110,247)
Bookstore	8,651,862	(3,061,797)	5,590,065	8,595,932	(3,042,004)	5,553,928	55,930	36,137
Parking and lockers	6,057,617	(42,825)	6,014,792	1,988,251	(14,056)	1,974,195	4,069,366	4,040,597
Publishing centre	1,673,223	(962,214)	711,009	1,004,292	(577,534)	426,758	668,931	284,251
Residence	12,902,523	—	12,902,523	6,329,962	—	6,329,962	6,572,561	6,572,561
Director's office	159,741	—	159,741	1,200,039	—	1,200,039	(1,040,298)	(1,040,298)
Overhead allocation	—	—	—	—	(2,362,069)	(2,362,069)	—	2,362,069
	<b>37,815,566</b>	<b>(4,240,650)</b>	<b>33,574,916</b>	<b>27,599,323</b>	<b>(6,169,477)</b>	<b>21,429,846</b>	<b>10,216,243</b>	<b>12,145,070</b>

	<b>Gross revenue</b>	<b>Internal revenue</b>	<b>Net revenue</b>	<b>Expenses</b>	<b>Internal expenses</b>	<b>Net expenses</b>	<b>Contribution including internal transactions</b>	<b>Contribution net of internal transactions</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Food services	9,945,642	(324,931)	9,620,711	10,176,399	(324,931)	9,851,468	(230,757)	(230,757)
Bookstore	9,691,573	(3,150,185)	6,541,388	9,516,045	(3,093,130)	6,422,915	175,528	118,473
Parking and lockers	5,365,408	(53,300)	5,312,108	1,986,725	(19,736)	1,966,989	3,378,683	3,345,119
Publishing centre	1,866,152	(1,607,695)	258,457	1,136,095	(978,749)	157,346	730,057	101,111
Residence	12,449,370	—	12,449,370	6,459,391	—	6,459,391	5,989,979	5,989,979
Director's office	171,435	—	171,435	1,352,927	—	1,352,927	(1,181,492)	(1,181,492)
Overhead allocation	—	—	—	—	(1,842,390)	(1,842,390)	—	1,842,390
	<b>39,489,580</b>	<b>(5,136,111)</b>	<b>34,353,469</b>	<b>30,627,582</b>	<b>(6,258,936)</b>	<b>24,368,646</b>	<b>8,861,998</b>	<b>9,984,823</b>