

Higher Education  
Quality Council  
of Ontario



*An agency of the Government of Ontario*

Conseil ontarien  
de la qualité de  
l'enseignement supérieur

*Un organisme du gouvernement de l'Ontario*

# Higher Education Quality Council of Ontario

## 2020–21 Annual Report



## Mandate

“To assist the Ministry of Colleges and Universities in improving all aspects of the postsecondary education sector, including improving the quality of education provided in the sector, access to postsecondary education and accountability of postsecondary educational institutions” (HEQCO Act, 2005).

## Mission

HEQCO informs the future of Ontario higher education through authoritative research, effective communication of meaningful data and evidence-based options for solutions to the challenges facing Ontario’s postsecondary system.

## Vision

HEQCO seeks to influence the key decisions, practices and policies that will guide Ontario’s public postsecondary system to national and international leadership and provide Ontarians with the greatest opportunities for social mobility and economic success.

## Values

**Primacy of independent, high-quality research:** HEQCO maintains a distinctive position in the research community as a credible, authoritative and influential agency through a foundation of independent, objective, high-quality analysis to provide the best evidence-based advice to government and postsecondary institutions. Attentive to emerging trends, HEQCO has the agility to pursue promising new avenues of research as opportunities arise.

**Sustained engagement with leaders and practitioners worldwide:** HEQCO’s global perspective on higher education research, policy and practice brings the best ideas, research findings and insights to Ontario. Many of Ontario’s postsecondary education (PSE) challenges are shared by jurisdictions across Canada and worldwide. HEQCO’s work is strengthened through relationships with postsecondary institutions, non-profit agencies and community organizations. Through these connections, we ensure that the very best thinking from around the world is made available to Ontario decision-makers as a catalyst for informed decisions, collaboration and innovation.

**Accessible and meaningful communication:** In bridging the gap between research knowledge and its active use in addressing pressing challenges in higher education, HEQCO contributes to the effective movement of evidence-based solutions into policy development and best practice.

**An advocate for data collection and transparency:** Data is the lifeblood of evidence-based policy decision-making, yet our work is constrained by significant and persistent data gaps at both the provincial and national level. HEQCO remains an advocate for a more transparent, open and holistic approach to higher education data, in partnership with educational institutions, organizations and governments.

**Accountability is a foundational tool for system improvement:** Core to our accountability mandate, HEQCO explores system design models across the globe to improve postsecondary access and quality in Ontario.

**Responsive to government priorities and mandates:** HEQCO ensures that evidence-based research and evaluation of the highest quality informs policy decision-making and practice, in alignment with the Ministry of Colleges and Universities.

**Equipped to achieve our goals:** HEQCO is committed to ensuring that our organizational structure and staff capabilities maximize impact and drive toward the achievement of our vision for Ontario postsecondary education.

## **Message from the President/CEO and Board of Directors**

The past year has been one of renewal and excitement during a challenging time for the province and the postsecondary sector. The COVID-19 pandemic impacted all corners of society and it provided additional clarity and focus to the importance of a high-quality postsecondary education system and our role in supporting that system. The province's colleges and universities have critical roles to play in the economic recovery ahead by creating a path to an equitable and prosperous future for students. By developing the transferable skills and lifelong learning models needed to navigate a rapidly changing labour market, the postsecondary system is already laying the groundwork for that future. High-quality evidence-based analysis and research is essential and HEQCO is proud to fulfil this critical role.

The 2020-21 year saw significant changes at HEQCO. Following a lengthy transition, a new leadership group, including a new CEO and new Vice President, Research and Policy, joined the agency and began developing a new research plan for the years ahead. This new research framework explores critical issues in each of the core areas of HEQCO's mandate: access, quality, differentiation and sustainability. It was developed following extensive consultation with sector colleagues and partners from colleges and universities, student associations, government, educational agencies in Ontario and not-for-profit groups. While new research projects had slowed prior to the leadership transition, the new research framework provides a path forward to increased productivity with high value to government and the postsecondary sector.

To deliver on this agenda, we have recently added several new researchers. There is considerable energy and excitement across the agency as we move forward with our work. Logistically, the past year presented challenges as well. While the COVID-19 pandemic forced HEQCO to operate in a fully remote work environment on a temporary basis, the decommissioning of our physical office at lease end had made us a completely virtual for the foreseeable future. The passion and commitment of the team made this transition as smooth as possible, and we look forward to collaborating on the identification of requirements for a new physical location following the completion of the Agency Review process.

Despite the challenges of work-from-home requirements and the attenuated access to Statistics Canada research and data centres, HEQCO produced and shared several excellent research products with our stakeholders in the 2020–21 cycle.

Through a combination of larger research reports, concise commentary and briefing notes, HEQCO produced work that touches on the critical issues of the moment as well as a post-COVID world. Research on remote learning accessibility, the equity implications of streaming in high school, the apprenticeship system in Ontario, improving numeracy skills and new developments in credentialing were some of the projects published in 2020–21. We also launched a new website to make sure that HEQCO's work is accessible and easy to navigate.

We want to thank two people who moved on from HEQCO this year for their contributions to the agency. After two years of service on the Board of Directors, including as interim Board Chair, Scott Carson completed his term. Also, Diana Macri, longtime Chief Administrative Officer, retired in April after more than a decade with the agency. Both played invaluable roles in helping HEQCO navigate challenging times and positioned us for success moving forward. We wish them all the best.

We look forward to reporting on how the obstacles and challenges associated with the COVID-19 pandemic were met and overcome in our next annual report. The work HEQCO completed this past year and the work in the year to come will play a critical role in informing the policies and solutions from

government and institutions that will set up students, employers and the public for success in the future.

A handwritten signature in black ink, appearing to read "Janice Deakin". The signature is fluid and cursive, with a large loop at the end.

**Janice Deakin**  
President and CEO

A handwritten signature in black ink, appearing to read "Suzanne Herbert". The signature is cursive and somewhat stylized.

**Suzanne Herbert**  
Chair of the Board (Acting)

## The Year in Review

In recent years, HEQCO has responded to the government's focus on fiscal sustainability and accountability by shifting to more internally developed research projects as opposed to a greater reliance on work by external researchers. A focus on internal projects allows HEQCO's work to be responsive to government needs, as well as to what is happening across the higher education sector in real time. Although the COVID-19 pandemic constrained some data access opportunities, HEQCO research staff were adaptive and creative in producing valuable research projects that provide guidance both for the current environment and the future. Here are a few project highlights from 2020–21.

### [COVID-19 Remote Accessibility](#)

The sudden shift to remote learning caused by the COVID-19 pandemic had important implications for accessibility in postsecondary education. To better understand the experiences and needs of students — especially those with disabilities — HEQCO researchers interviewed student representatives, faculty and staff at Ontario colleges and universities, as well as community advocates. They also surveyed more than 600 students — about 200 of whom have a self-reported disability. The study found that students with disabilities were more likely to report experiencing challenges once their education moved entirely online than students without disabilities. Further, while many of these learning challenges were not new, they have been amplified by the pandemic. The report also offered a series of recommendations for improving remote accessible learning in the future.

### [Destreaming](#)

Ontario is the only province in the country that separates students into academic and non-academic streams as early as Grade 9. Evidence from both Ontario and international contexts confirms that this practice disadvantages many students, especially racialized and lower-income students. Building on a December 2019 HEQCO/People for Education workshop, the report *Destreaming in Ontario: History, Evidence and Educator Reflections*, called for government to expand its destreaming efforts to all Grade 9 and 10 core subjects. The report provided a series of recommendations to improve the success of destreaming initiatives.

### [Apprenticeship](#)

Apprenticeship training is known to be a key route to careers in the trades, but less is known about the individuals who pursue apprenticeship programs and their labour market outcomes. HEQCO produced two reports to provide a better understanding of the province's apprenticeship system and insight into a postsecondary pathway that is sometimes overlooked. The reports showed that many apprentices completed a postsecondary credential before embarking on their program and that most individuals begin an apprenticeship from the workforce.

### [Skills/Numeracy](#)

With public concern that students are arriving at Ontario colleges and universities without adequate fundamental math and numeracy skills, HEQCO and the Fields Institute's Centre for Mathematics Education organized a workshop in December 2019 that brought together numeracy experts from government, universities, colleges, and primary and secondary schools. The workshop was an important first step toward advancing numeracy education in Ontario's PSE institutions. Building on the success of this event, an ensuing report that recommended the teaching of numeracy skills shouldn't be the sole purview of the province's primary and secondary schools. The report called for a better assessment of

postsecondary students' numeracy skills and for the development of new strategies to teach numeracy in college and university classrooms.

### [Microcredentials](#)

Microcredentials have become a rapidly developing part of the postsecondary landscape, despite concerns that they are not fully understood by many. HEQCO began a project in 2020 to survey employers, representatives from postsecondary institutions and Canadians about their awareness and perceptions of microcredentials. Although the full report was not published until May of 2021, an early look into the data was published on HEQCO's blog in 2020. It offered a preliminary look at the responses to the survey and an early version of a typology and definition to improve clarity on microcredentials.

### [Evaluations for Government](#)

In 2019–20, HEQCO saw a further expansion of its role. The Ontario government introduced legislation expanding HEQCO's function to include the evaluation of programs and services for which the ministry provides funding. HEQCO will provide to the ministry evidence-based assessments of postsecondary programs, services and transfer payments in order to help policy-makers make better, more informed decisions. As outlined in the mandate letter, the Minister directed HEQCO to evaluate whether ministry funding for access programs was being directed where it was needed most. In January of 2021, HEQCO submitted its evaluation of the Ontario Postsecondary Access and Inclusion Program (OPAIP) to the ministry with an evaluation of Pathways to Education to be submitted in 2021–22.

### [Freedom of Speech on Campus](#)

The Minister of Colleges and Universities requires that publicly funded colleges and universities develop, implement and comply with a free speech policy that meets the minimum standard set by the ministry. The objective of the Ontario Campus Free Speech Policy is to ensure that all colleges and universities have a strong and clear policy that is consistent across institutions. Regulations under the HEQCO Act were amended, requiring HEQCO to report on how free speech is addressed by postsecondary institutions and provide reports and recommendations to the minister based on the results of its review. Institutions are required to submit annual reports detailing the implementation of their free speech policies. The 2020 *Freedom of Speech on Campus Annual Report to the Ontario Government* was published in December 2020.

## HEQCO's Performance Measures 2020–21

### Agency Performance Metrics

HEQCO's performance metrics capture the impact and scope of the research agenda and the responsible, efficient use of public funds. These metrics are intended to provide transparent, output-driven metrics that are relevant and straightforward. The use of reporting metrics on research performance is a fraught process and adjustments will be required moving forward.

#### Research

Research is at the core of HEQCO's work. The metrics below offer a starting point for capturing both the research output and the activities of research staff in sharing information with stakeholders and collaborating on new projects and initiatives. Metrics for reporting research impact are challenging to develop and strict quantitative measures may not capture the scope and reach of HEQCO's work. Efforts are currently underway to develop an additional qualitative metric that can be included in future business plans.

Research output: Number of HEQCO-authored publications, including research reports, government evaluations (including the freedom of speech annual review), assessment projects, briefing notes, research summaries and opinion pieces

Target: 10 annually based on current staffing FTE

#### **2020–21 Performance: 25**

Knowledge mobilization and sector outreach: The number of times HEQCO staff present at conferences, roundtables and seminars on HEQCO research projects, or serve as conveners for sector stakeholders. These include virtual/remote conferences or events.

Target: 6 annually based on current staffing FTE

#### **2020–21 Performance: 11**

*Risk factor note: Due to the COVID-19 pandemic, HEQCO did not pursue plans to host conferences or workshops in 2020–21. Once public health measures responsibly allow for these types of events HEQCO will be increasing its target for future years.*

#### Administration

As a government agency, HEQCO works to use public funds in a responsible and efficient way that provides value to the government and people of Ontario. The metrics included for operational performance capture HEQCO's success in making effective use of its allocated financial resources.

Percentage of administrative overhead: Ratio of administrative overhead to actual expenses — This includes the salaries, benefits, IT, office equipment and operations costs of non-research staff.

Target: <10%

#### **2020–21 Performance: 5.85%**

Management within budget: Deliver the mandate of HEQCO within the annual operating budget minimizing underspend. (Note: as a provincial agency HEQCO is prohibited from operating with costs



beyond allocated revenues)

Target: <15% underspent

**2020–21 Performance: 31.37%**

*Risk factor note: Operating during the first year of the COVID-19 pandemic caused an interruption to HEQCO's expected activities as well as activities planned with our institutional partners. In addition, the transition of senior leadership at HEQCO and the update of a multi-year strategic research framework meant the deployment of external research contracts did not proceed as budgeted in the 2020–21 fiscal year. This variance of over \$1m in external research contracts along with COVID-19 impacts on operations account for the shortfall in expenditures which led to being below target in the fiscal year.*

**Communications:**

Addressing the challenges facing higher education requires more than government policy. HEQCO's commitment to sharing its work publicly is a valuable resource to help inform the Ministry of Colleges and Universities as well as empower institutional leaders, faculty, students, employers and the general public to have informed discussions that can help solve the difficult problems facing the sector. The metrics for assessing communications help capture not only individual report readership, but how many are interested in continuing to read HEQCO's work. These metrics reflect the knowledge mobilization goals of HEQCO's communications activities.

Percentage of subscriber growth: The growth percentage of the collective subscribers to HEQCO's email mailing list, Twitter account, Facebook page, LinkedIn page and any future social media platforms.

Readership per product growth percentage: The average pageview count of research publications, blog posts and research-specific web content based on HEQCO's website analytics.

Target: >7% growth from previous year

**2020–21 Performance: Subscriber growth = 7.7%, Readership growth = 15.2%**

Distribution: All research products (as defined in the research performance metrics) will be distributed to identified target audiences through accessible, bilingual products with a focus on digital formats on the HEQCO website.

Target: 12 products based on current FTE and research framework

**2020–21 Performance: 23**

## **Board of Directors, 2020–21**

HEQCO's board of directors is responsible for approving the overall strategic direction of the council and ensuring that its activities remain firmly aligned with its mandate.

To meet these responsibilities, the board works closely with management to develop and approve the organization's annual business plan and budget.

Board members are appointed by the Lieutenant Governor in Council pursuant to the Higher Education Quality Council of Ontario Act, 2005. Board members draw on their backgrounds in business, academia and government to guide and support the success of HEQCO's initiatives.

### **A. Scott Carson (Acting Chair)**

Appointed: June 6, 2019

Expiration: March 26, 2021

2020–21 Remuneration: \$4,200

### **Beverly Brooks**

Appointed: January 21, 2021

Expiration Date: January 20, 2023

2020–21 Remuneration: \$300

### **Suzanne B. Herbert**

Appointed: October 18, 2017 (first term), November 26, 2020 (second term)

Expiration Date: October 17, 2020 (first term), November 25, 2021 (second term)

2020–21 Remuneration: \$0

### **Patricia Lang**

Appointed: February 8, 2018 (first term), February 20, 2020 (second term)

Expiration Date: February 7, 2020 (first term), February 19, 2023 (second term)

2020–21 Remuneration: \$1,400

### **Daniel Woolf**

Appointed: April 24, 2020

Expiration Date: April 23, 2021

2020–21 Remuneration: \$1,100

## Appendix: Publications

The following research reports and blog posts were published in 2020–21:

<b>Publications</b>
David Trick — Finding precedents for the unprecedented (part 1): A new double cohort?
David Trick — Precedents for the unprecedented (part 2): The year the music stopped
Amy Kaufman — Let’s hear it for our dedicated workers, and the institutions that trained them
Jackie Pichette and Rosanna Tamburri — An agile system of lifelong learning is needed now more than ever
Amy Kaufman – Whither new grads? Labour market prospects and outcomes of the class of 2020
Sarah Brumwell and Jackie Pichette — Behind the numbers: How students are using a free skills-training platform
Jeffrey Napierala and Amy Kaufman – For international students, postsecondary education is not just about academics
Improving Numeracy Skills of Postsecondary Students: What is the Way Forward?
Jackie Pichette and Jessica Rizk – Three recommendations for accessible remote learning
Jessica Rizk and Amy Kaufman – Revisiting the research: What does good online learning look like?
Jeffrey Napierala – Caught in the middle: Many postsecondary students are struggling financially
Jessica Rizk and Amy Kaufman – Lessons from COVID: What the PSE sector can learn from the pandemic
Improving the Accessibility of Remote Higher Education: Lessons from the pandemic and recommendations
Amy Kaufman and Angela McAllister – In the digital environment of the COVID-era, cyber-security skills are essential
Destreaming in Ontario: History, Evidence and Educator Reflections
Jackie Pichette – Survey of Canadians reinforces need for clear, standard definition of “microcredential”
The Journey of Ontario Apprentices: From High School to the Workforce
Diving into the Trades: An In-depth Look at 10 Apprenticeship Programs in Ontario
Ken Chatoor — More research needed on Ontario’s Apprentices
2020 Freedom of Speech on Campus Annual Report
An Indigenous Knowledge Mobilization Packsack: Utilizing Indigenous Learning Outcomes to Promote and Assess Critical Thinking and Global Citizenship
Ministry Briefing: HEQCO’s Evaluation of OPAIP*
Ken Chatoor — No Excuses: Addressing the desperate need for data on sexual orientation and gender identity and expression in postsecondary education
Jeffrey Napierala and Shakira Leslie: On International Women’s Day let’s not forget the ever-present gender wage gap
Victoria Barclay and Ken Chatoor – First-generation students are vulnerable to the loss of student-to-student connections amidst a remote learning environment
<b>TOTAL: 25</b>

\* not yet publicly available

# **Higher Education Quality Council of Ontario**

**Financial Statements**

**For the Year Ended March 31, 2021**

## MANAGEMENT REPORT

### Management's Responsibility for the Financial Statements

The accompanying financial statements of Higher Education Quality Council of Ontario (the "Council") are the responsibility of the Council's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Council's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

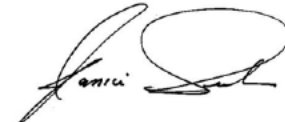
The Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by RSM Canada LLP, independent external auditors appointed by the Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Council's financial statements.



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**Patricia Lang**  
Chair, Audit Committee



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**Janice Deakin**  
President and CEO

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**June 3, 2021**

DATE



## INDEPENDENT AUDITOR'S REPORT

### To the Directors of Higher Education Quality Council of Ontario

#### *Opinion*

We have audited the financial statements of Higher Education Quality Council of Ontario (the "Council"), which comprise the statement of financial position as at March 31, 2021 and the statements of operations, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2021, and results of its operations, its remeasurement gains and losses, its changes in net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council 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 Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council'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 Council'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 Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*RSM Canada LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 3, 2021  
Toronto, Ontario

**Higher Education Quality Council of Ontario**  
**Statement of Financial Position**  
**As at March 31, 2021**

	2021	2020
<b>Financial Assets</b>		
Cash	\$ 958,595	\$ 947,540
HST recoverable	50,276	30,001
Interest receivable	131	680
	<b>1,009,002</b>	<b>978,221</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	274,333	238,048
Due to Ministry of Colleges and Universities (Note 3)	757,925	773,251
Deferred capital contributions (Note 4)	38,945	30,737
	<b>1,071,203</b>	<b>1,042,036</b>
<b>Net Debt</b>	<b>(62,201)</b>	<b>(63,815)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 5)	38,945	30,737
Prepaid expenses	23,256	33,078
	<b>62,201</b>	<b>63,815</b>
<b>Accumulated Surplus</b>	<b>\$ -</b>	<b>\$ -</b>

Approved by the Board



**Patricia Lang**  
Chair, Audit Committee



**Suzanne Herbert**  
Acting Board Chair



**Higher Education Quality Council of Ontario**  
**Statement of Operations**  
**Year Ended March 31, 2021**

	Budget 2021	Actual 2021	Actual 2020
<b>Revenue</b>			
Provincial funding	\$ 4,065,000	\$ 2,785,363	\$ 3,305,852
Amortization of deferred capital contributions (Note 4)	22,192	23,504	27,846
Interest income	9,411	2,438	9,903
	4,096,603	2,811,305	3,343,601
<b>Expenses (Note 6)</b>			
Governance	420,450	441,685	489,580
Research	3,438,598	2,205,154	2,660,836
Administration	237,555	164,466	193,185
	4,096,603	2,811,305	3,343,601
<b>Surplus for the year</b>	-	-	-
<b>Accumulated surplus, beginning of year</b>	-	-	-
<b>Accumulated surplus, end of year</b>	\$ -	\$ -	\$ -

See accompanying notes

**Higher Education Quality Council of Ontario**  
**Statement of Changes in Net Debt**  
**Year Ended March 31, 2021**

	Budget 2021	Actual 2021	Actual 2020
<b>Net debt, beginning of year</b>	\$ 63,815	\$ <b>63,815</b>	\$ 80,327
Acquisition of tangible capital assets	35,000	<b>31,712</b>	20,896
Amortization of tangible capital assets	(22,192)	<b>(23,504)</b>	(27,846)
Disposition of tangible capital assets	-	<b>1,085,222</b>	4,770
Other adjustments - prepaid expenses	-	<b>(9,822)</b>	(9,562)
Loss on writeoff of tangible capital assets	-	<b>(1,085,222)</b>	(4,770)
<b>Net debt, end of year</b>	\$ 76,623	\$ <b>62,201</b>	\$ 63,815

**Higher Education Quality Council of Ontario**  
**Statement of Cash Flows**  
**Year Ended March 31, 2021**

	2021	2020
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Surplus for the year	\$ -	\$ -
Items not affecting cash		
Amortization of deferred capital contributions	(23,504)	(27,846)
Amortization of tangible capital assets	23,504	27,846
Net changes in non-cash working capital		
HST recoverable	(20,275)	235
Interest receivable	549	1,188
Prepaid expenses	9,822	9,562
Accounts payable and accrued liabilities	36,285	(735,402)
Due to Ministry of Colleges and Universities	(15,326)	723,121
	<b>11,055</b>	<b>(1,296)</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(31,712)	(20,896)
<b>Financing activities</b>		
Contributions for purchase of tangible capital assets	31,712	20,896
<b>Increase (decrease) in cash for the year</b>	<b>11,055</b>	<b>(1,296)</b>
<b>Cash, beginning of year</b>	<b>947,540</b>	<b>948,836</b>
<b>Cash, end of year</b>	<b>\$ 958,595</b>	<b>\$ 947,540</b>

See accompanying notes

## **1. THE ORGANIZATION**

### **Formation and Status**

The authority to create the Higher Education Quality Council of Ontario (the "Council") was established in the Higher Education Quality Council of Ontario Act, 2005 (the "Act"). The Council is a Crown Agency of the Ministry of Colleges and Universities ("MCU") (formerly Ministry of Training, Colleges and Universities or "MTCU") and is classified as an operational services agency.

The Higher Education Quality Council is a corporation without share capital and is not subject to the Corporations Act or the Corporation Information Act. The Council is subject to section 132, subsection 134(1) and section 136 of The Business Corporations Act. As an agent of the Crown, the Council is not subject to income tax.

The Council is, and exercises its powers only as an agent of the Crown. Limits on the Council's ability to undertake certain activities are set out in both the Act and The Memorandum of Understanding between the Council and MTCU dated December 6, 2006 and as renewed in The Memorandum of Understanding dated January 9, 2013.

### **Council Operations**

The objective of the Council is to assist the Ministry of Colleges and Universities in improving all aspects of the post-secondary education sector, including improving the quality of education provided in the sector, access to post-secondary education and accountability of post-secondary educational institutions.

The Council is governed by a Board of Directors who is appointed by Order-in-Council.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Higher Education Quality Council of Ontario are the representations of management prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board. No statement of remeasurement gains or losses has been presented as no remeasurement gains or losses have occurred during the year.

Significant accounting policies followed by the Council are as follows:

### **Accrual Basis of Accounting**

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the year in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the year the goods or services are acquired, a legal liability is incurred or transfers are due.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Government Transfer Payments**

The Council is funded solely by the Province of Ontario in accordance with budget arrangements established by the MCU. These financial statements reflect agreed funding arrangements approved by the MCU.

Government transfer payments from the MCU are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

**Allocation of Expenses**

The Council engages in providing research, support and advocacy for improvement of all aspects of the postsecondary education sector. The cost of each object includes salaries and benefits, research activities, and other operating expenses that are directly related to providing the services. Salaries and benefits are allocated to governance, research and administration based on the activity to which they relate or benefit. Research related contracts and projects have been allocated to research. Other operating expenses have been charged to governance, research and administration based on head count at year-end.

**Deferred Contributions**

Certain amounts, including transfer payments from the MCU, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed.

Any amounts received that are used to fund the acquisition of tangible capital assets are recorded as deferred capital contributions and are recognized over the useful life of the asset reflective of the provision of its services. Deferred capital contributions are amortized into revenue in accordance with the amortization policy applied to the related capital asset recorded.

**Tangible Capital Assets**

Tangible capital assets are recorded at historical cost. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software license fees are recognized as an expense when incurred.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Tangible Capital Assets (Cont'd)**

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	life of lease

Expenditures for tangible capital assets that are less than \$1,000 are expensed as incurred.

The Council reviews the carrying amount, amortization and useful lives of its capital assets regularly. If the capital asset no longer has any long-term service potential to the Council, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

**Financial Assets and Liabilities**

The Council initially measures its financial assets and liabilities at fair value. The Council subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and interest receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to Ministry of Colleges and Universities.

**Leases and Rent Expense**

Leases are accounted for as operating leases wherein rental payments are initially recorded in the statement of operations and are adjusted to a straight-line basis over the term of the related lease. The difference between the straight-line rent expense and the rental payments, as stipulated under the lease agreement, is included in accounts payable and accrued liabilities.

**Use of Estimates**

The preparation of these financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates relate primarily to amortization of tangible capital assets and related amortization of capital contributions, which are based on the estimated useful lives of the tangible capital assets.

**3. DUE TO THE MINISTRY OF COLLEGES AND UNIVERSITIES**

In accordance with the Council's Memorandum of Understanding, funding received in excess of expenditures may be required to be repaid and is recorded as due to MCU.

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**4. DEFERRED CAPITAL CONTRIBUTIONS**

During the year, the Council utilized \$31,712 (2020 - \$20,896) of its MCU funding for additional capital asset purchases. The MCU funds used to purchase these capital assets have been included as part of deferred capital contributions and are to be amortized into revenue on the same basis as the amortization of the purchased assets.

	2021	2020
Balance, beginning of year	\$ 30,737	\$ 37,687
Contributions received	31,712	20,896
Less: amounts recognized in revenue	(23,504)	(27,846)
<b>Balance, end of year</b>	<b>\$ 38,945</b>	<b>\$ 30,737</b>

**5. TANGIBLE CAPITAL ASSETS**

<b>Cost</b>	<b>Computer Equipment</b>	<b>Leasehold Improvements</b>	<b>Furniture and Equipment</b>	<b>Total 2021</b>	<b>Total 2020</b>
Balance, beginning of the year	\$ 176,416	\$ 911,925	\$ 148,502	\$ 1,236,843	\$ 1,220,717
Additions	31,712	-	-	31,712	20,896
Dispositions	(36,351)	(911,925)	(136,946)	(1,085,222)	(4,770)
<b>Balance, end of year</b>	<b>\$ 171,777</b>	<b>\$ -</b>	<b>\$ 11,556</b>	<b>\$ 183,333</b>	<b>\$ 1,236,843</b>

<b>Accumulated Amortization</b>	<b>Computer Equipment</b>	<b>Leasehold Improvements</b>	<b>Furniture and Equipment</b>	<b>Total 2021</b>	<b>Total 2020</b>
Balance, beginning of the year	\$ 166,377	\$ 910,280	\$ 129,449	\$ 1,206,106	\$ 1,183,030
	14,362				
Additions		1,645	7,497	23,504	27,846
Dispositions	(36,351)	(911,925)	(136,946)	(1,085,222)	(4,770)
<b>Balance, end of year</b>	<b>\$ 144,388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 144,388</b>	<b>\$ 1,206,106</b>

<b>Net book value</b>	<b>\$ 27,389</b>	<b>\$ -</b>	<b>\$ 11,556</b>	<b>\$ 38,945</b>	<b>\$ 30,737</b>
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During the year, the premises lease was completed and not renewed. The cost and accumulated amortization of leasehold improvements and furniture and equipment was written off as they will not be taken to the new premises. Fully amortized computer equipment in the amount \$36,351 (2020 - \$4,770) was also written off.

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**6. EXPENSES BY OBJECT**

	Governance	Research	Administration	Total 2021	Total 2020
Salaries and benefits	\$ 289,214	\$ 1,426,089	\$ 138,247	\$ 1,853,550	\$ 2,057,764
Research activities	-	257,936	-	257,936	479,559
Consulting contracts	75,086	31,904	2,204	109,194	161,572
Other operating expenses	77,385	489,225	24,015	590,625	644,706
	\$ 441,685	\$ 2,205,154	\$ 164,466	\$ 2,811,305	\$ 3,343,601

**7. PENSION AGREEMENTS**

The Council makes contributions on behalf of its staff to the Public Service Pension Plan administered by the Ontario Pension Board, which is a multi-employer plan. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The contribution rates in 2020/2021 were 7.4% (2020 - 7.4%) of the Year's Maximum Pensionable Earnings ("YMPE") plus 10.5% (2020 - 10.5%) on earnings above the YMPE.

Contributions in the amount of \$94,564 (2020 - \$101,804) are included in expenses in the statement of operations, and \$10,547 (2020 - \$5,904) is included in accounts payable and accrued liabilities.

**8. FINANCIAL RISK MANAGEMENT**

The Council is exposed to financial risks, including credit and liquidity risk. The Council has adopted an integrated risk management framework. The framework provides a consistent methodology to manage risks. Management believes exposure to other risks, including interest rate and market risks, is minimal.

**Credit Risk**

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Council is subject to credit risk related to its cash. Credit risk with respect to cash is managed by holding cash balances at a high credit quality financial institution in Canada.



### **Liquidity Risk**

Liquidity risk results from the Council's potential inability to meet its obligations associated with financial liabilities as they come due. The Council manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. The Council's exposure to liquidity risk relates to the amount of accounts payable and accrued liabilities. The Council is dependent on the continued support of the MCU for its continued operations.

### **9. COVID-19**

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID- 19) as a pandemic. The outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Many businesses, including HEQCO, have had to adopt changes to their business operations to accommodate a remote workforce and other business continuities brought on by the COVID-19 pandemic. The full impact of COVID-19 on the Organization's results will depend on future developments, which remain highly uncertain and cannot be predicted.