

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

2022–23 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

Continuously pursue 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. By remaining attentive to emerging trends, HEQCO has the agility to pursue promising new avenues of research as opportunities arise.

Engage with leaders and practitioners 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. HEQCO’s global perspective on higher education research, policy and practice brings the best ideas, findings and insights to Ontario. Many of Ontario’s postsecondary education (PSE) challenges are shared by jurisdictions across Canada and worldwide.

Communicate with our audiences in accessible and meaningful ways: HEQCO contributes to the effective movement of evidence-based solutions into policy development and best practice, through understandable and direct communication. To help bridge the gap between complex research knowledge and its active use in the PSE sector, HEQCO’s work is written in an accessible style and publicly available.

Advocate for data collection and transparency: HEQCO remains an advocate for a more transparent, open and holistic approach to higher education data, in partnership with educational institutions, organizations and governments. Data is the lifeblood of evidence-based policy decision-making and HEQCO will continue to seek out solutions to the significant and persistent data gaps that exist at both the provincial and national level.

Recognize that accountability is a foundational tool for system improvement: HEQCO explores system design models across the globe to improve postsecondary access and quality in Ontario.

Respond 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.

Be 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 and CEO

The past year has been an important one for HEQCO, as we continue to move our research plan forward and engage in meaningful conversations with government, postsecondary institutions and community partners on the essential issues facing higher education. We know that good policy is based on clear, concise and relevant research and analysis and our research agenda is aligned with the top-of-mind issues for sector leaders.

This past year we published more than a dozen research reports exploring topics that are critical for policy-makers in Ontario, such as the experience and role of international students in our system, the mix of credentials offered by our institutions, the impact and legacy of the COVID-19 pandemic in higher education and the availability of data to answer challenging questions of access and student success.

Access to high-quality data remains a challenge in Ontario. We are grateful to our partners such as OCAS, the Newcomers Student Alliance, Colleges Ontario and the Council of Ontario Universities for engaging in discussions to improve data availability and support our research goals. We are also grateful to all the partners in our Hamilton Community Research Partnership (CRP) for their hard work in launching an innovative data-sharing pilot project that can help inform similar efforts across the province. We continue to work with colleagues in the Ministry of Colleges and Universities on realizing the potential of our data sharing agreement and look forward to making progress on this file in 2023-24.

Our staff continues to thrive in a remote environment and find new ways to engage with the sector and we are very excited about our conference returning in November 2023 to connect with our stakeholders.

Thank you to our Board of Directors for their support and guidance over the past year, in particular our Chair Karin Schnarr. I also want to recognize and thank Patricia Lang and Daniel Woolf, two board members who completed their second terms recently. Each had long, outstanding careers in higher education and contributed significantly to the Board of Directors during their years of service.



Janice Deakin, PhD, ICD.D, President and CEO

2022-23 Research Project Highlights

International Students

The dramatic growth in international students studying at Ontario postsecondary institutions, particularly in the college sector, has led to concerns about student well-being and questions about the potential impact on the higher education system. HEQCO published a report examining the programs and services required to adequately support the financial, academic, physical and mental well-being of international students in Ontario's colleges along with recommendations to improve the international student experience for institutions and multiple levels of government. In March 2023, HEQCO launched the Consortium on International Education, which brings together multiple projects to examine issues of student experience, labour market performance, recruitment practices and the role of private career colleges.

Changes to Credential Offerings

Following last year's report to the Minister to inform the Ontario government's expansion of degree granting in the college sector, HEQCO published three reports that examined the credential landscape in Ontario. The reports detailed the history of credential expansion in the province, the potential cost implications and the alignment between credentials and labour market performance. The research showed the existing credential mix was meeting student and employer needs and recommended greater clarity on the credential framework and a close examination of the impacts to students, institutions and government as new credentials are introduced. An additional data brief looked at faculty workload and found that since the introduction of bachelor's degrees and applied research into Ontario's college sector, the amount of applied research activity has increased substantially. This resulted in full-time college faculty positions becoming less teaching intensive and more focused on complementary functions.

COVID-19 Pandemic

The impacts of the COVID-19 pandemic continue to be a focus for institutions and policy-makers. HEQCO published three reports on pandemic impacts this past year. The reports detailed the extent of the investments made by colleges and universities in digital learning and the impact of the Ontario government's Virtual Learning Strategy; examined the impact of the pandemic on access to postsecondary education; and, in a partnership with OCAS, examined how expansion of digital learning led to increased numbers of adult learners.

The Hamilton Community Research Partnership (CRP)

The Hamilton CRP is a data-sharing coalition aimed at addressing the “limited and highly discretionary” access to data that is preventing educational institutions, the PSE sector and the public from answering critical questions on student access and success. Using Hamilton as a prototype, the CRP is made up of six partners: The Hamilton-Wentworth public and Catholic school boards, McMaster University, Mohawk College, the Hamilton Community Foundation and HEQCO. The project successfully built a data set that connected data across multiple school boards and postsecondary partners— the first of its scale in Ontario. Initial reports provided a blueprint for other communities interested in developing their own coalition, as well as confirming that factors impacting access in other jurisdictions are also applicable in Ontario. Upcoming reports will examine the impact of destreaming and look at specific issues of student success, such as math performance.

Women in Academia

Despite advocacy efforts, collective bargaining, targeted funding and legislation, gaps for women academics persist in representation, promotion and earnings. These inequalities are especially prevalent in male-dominated disciplines, such as science, technology, engineering and mathematics (STEM). HEQCO’s Women in Academia series continued to examine this issue with a qualitative look at the personal experiences of women faculty, graduate students and former graduate students. Drawing on the experiences of women in these three groups over the course of 59 interviews makes this study unique in the Canadian context.

Skills Consortium

Building on our previous work on assessing and measuring skills, HEQCO partnered with eight postsecondary institutions in Ontario to form a new Skills Consortium. The goal of the consortium is to evaluate programs or interventions related to acquiring, developing and articulating transferable skills. All of the institutional projects seek to cultivate one or more in-demand, transferable skills such as numeracy, leadership, time management and civic engagement. The focus is on innovative education interventions that help students acquire, hone or articulate these types of skills. An interim report on the projects has been published and a final report on the results of the project will be published in 2023-24.

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. The 2022 Freedom of Speech on Campus Annual Report to the Ontario Government was published in December 2022.

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 measures that are relevant and straightforward. The use of reporting metrics on research performance is a fraught process and adjustments will be required moving forward.

In 2022-23, HEQCO achieved all agency performance targets identified in the 2022-2025 Business Plan.

Performance Metric	Target	2022-23 Performance
Research output	12 annually based on current staffing FTE	13
Knowledge mobilization and sector outreach	12 annually based on current staffing FTE	22
Percentage of administrative overhead	<10%	6.01%
Management within budget	<10% underspent	5.28%
Percentage of subscriber and readership growth	>7% growth from previous year	7.375%
Distribution	20 products based on current FTE and research framework.	20

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.

Research output: Number of HEQCO authored/published publications, including research reports, government evaluations and assessment projects (including the freedom of speech annual review) and briefing notes.

- **Target: 12 annually based on current staffing FTE**
- ✓ **2022-23 Performance: 13 (see 2022-23 Publications list)**

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

- **Target: 12 annually based on current staffing FTE**
- ✓ **2022-23 Performance: 22 (see 2022-23 Presentations by HEQCO Research Staff list)**

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 the success of HEQCO in making effective use of its allocated financial resources.

Percentage of administrative overhead: Ratio of administrative overhead to total budget. This includes salaries, benefits, IT, office equipment and operations costs of non-research staff.

- **Target: <10%**
- ✓ **2022-23 Performance: 6.01%**

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

- **Target: <10% underspent**
- ✓ **2022-23 Performance: 5.28%**

Communications:

Addressing the challenges facing higher education requires more than government policy. HEQCO's commitment to sharing its work publicly helps inform the Ministry of Colleges and Universities as well as institutional leaders, faculty, students, employers and the general public, and allows them to have informed discussions that 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**
- ✓ **2022-23 Performance: 7.375%**

Distribution and outreach – The number of direct outreaches to stakeholders/target audiences through accessible, bilingual products with a focus on digital formats on the HEQCO website. These include research products, blogs and commentary, marketing materials and communications products.

- **Target: 20 products based on current FTE and research framework.**
- ✓ **2022-23 Performance: 20**

2022-23 Publications

Research Reports	Date
Who Grants Degrees? An Overview of Ontario's Evolving Credential Landscape	April 6, 2022
College and University Baccalaureate Degrees: Another Look at Costs	April 13, 2022
Exploring Postsecondary Credentials and Labour Market Alignment in Ontario	August 10, 2022
Remote Opportunities for Adult Learners: Analyzing Ontario College Application Data During COVID-19	August 31, 2022
It's not perfect, but the needle has moved": Women's Experiences in Academic STEM	September 21, 2022
The Power of Connected Data: Charting Student Pathways to and through Postsecondary in Hamilton	November 30, 2022
CRP Blueprint: How we Built a Community Data Infrastructure	November 30, 2022
Matching Rapid Growth with Adequate Supports: How Colleges and Government Can Enhance International Student Experiences in Ontario	January 11, 2023
The HEQCO Skills Consortium: Interim Report	January 25, 2023
Mapping the Impacts of COVID Disruptions on Postsecondary Access in Ontario in COVID School Year 2 (2020-21)	February 8, 2023
Ontario College and University Investments in Digital Learning During the Pandemic	March 8, 2023
Exploring Shifts in Applied Research and Faculty Workload at Ontario's Public Colleges	March 22, 2023

Evaluations for Government	Date
Freedom of Speech on Campus Annual Report to the Ontario Government	December, 2022

2022-23 Presentations by HEQCO Research Staff

April 28, 2022 - 2022 NCRN Conference

May 11, 2022 - Strategic Enrolment, Marketing & Management Forum

May 19, 2022 - Ontario Undergraduate Student Alliance Welcome Conference

May 25-26, 2022 - University of Guelph Virtual Accessibility Conference

July 25-26, 2022 - Sheridan College International Student Summit

September 22, 2022 - Career Preparation Series Findings and Celebration Event at Western University

September 27-28, 2022 - Ontario College Administrative Staff Association (OCASA) Leaders and Innovators conference

October 19, 2022 - Skills Consortium Meeting

October 20, 2022 - UDLHE Digicon 2022 Conference

October 26, 2022 - Strategic Enrolment, Marketing & Management Forum, presented in partnership with OCAS

October 28, 2022 - Learning Outcomes Symposium

November, 2022 - Breakout session at Humber RAP program

November 9, 2022 - 2022 EWO Virtual Conference Series

November 15, 2022 - Advance Higher Education, Top Management Programme

November 19, 2022 - McMaster's Canada: Theory Meets Practice Masterclass

November 22, 2022 - Presentation to the Hamilton Spectator Editorial Board

November 29, 2022 - Launch event for the Hamilton Community Research Partnership

December 9, 2022 - Council of Ontario Universities, Ministry of Colleges and Universities and Higher Education Quality Council of Ontario Day

January 24, 2023 - Cannexus Conference

February 28, 2023 - Digital Credentials Summit, Dallas, Texas

March 20, 2023 - Destreaming workshop

March 29, 2023 - Consortium on International Education

Board of Directors, 2022-23

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.

Karin Schnarr (Board Chair)

Appointed: June 17, 2021

Expiration Date: June 16, 2024

2022-23 Remuneration: \$1,650.00

Beverly Brooks

Appointed: January 21, 2021

Expiration Date: December 23, 2022

2022-23 Remuneration: \$600.00

Deborah Dubenofsky

Appointed: December 2, 2021

Expiration Date: December 1, 2024

2022-23 Remuneration: \$600.00

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)

2022-23 Remuneration: \$800.00

Shelley McGill

Appointed: March 4, 2022

Expiration Date: March 3, 2025

2022-23 Remuneration: \$800.00

Daniel Woolf

Appointed: April 24, 2020 (first term), April 24, 2021 (second term)

Expiration Date: April 23, 2021 (first term), April 23, 2023 (second term)

2022-23 Remuneration: \$900.00

Higher Education Quality Council of Ontario
Financial Statements
For the year ended March 31, 2023

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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 BDO 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.



Deborah Dubenofsky
Chair, Audit Committee



Janice Deakin
President and CEO

June 14, 2023

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, 2023, and the statements of operations, 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, 2023, and its results of operations 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.

Other Matters

The financial statements of the Council for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 20, 2022.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines 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.

Independent Auditor's Report (continued)

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 14, 2023

Higher Education Quality Council of Ontario
Statement of Financial Position
As at March 31, 2023

	2023	2022
Assets		
Cash	\$ 388,092	\$ 668,868
HST recoverable	70,175	44,061
Interest receivable	3,274	419
Prepaid expenses	43,983	29,514
	505,524	742,862
Tangible capital assets (Note 5)	13,515	20,778
	519,039	763,640
Liabilities		
Accounts payable and accrued liabilities	294,447	389,332
Due to Ministry of Colleges and Universities (Note 3)	211,077	353,530
Deferred capital contributions (Note 4)	13,515	20,778
	519,039	763,640
Net Assets	\$ -	\$ -

Approved by the Board



Chair, Audit Committee



Board Chair

Higher Education Quality Council of Ontario
Statement of Operations
Year Ended March 31, 2023

	2023	2022
Revenue		
Provincial funding	\$ 3,866,966	\$ 3,733,800
Amortization of deferred capital contributions (Note 4)	23,907	19,281
Interest income	23,242	1,858
	3,914,115	3,754,939
Expenses (Note 6)		
Governance	373,029	369,823
Research	3,305,681	3,135,712
Administration	235,405	249,404
	3,914,115	3,754,939
Excess of revenue over expenses	\$ -	\$ -

Higher Education Quality Council of Ontario
Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ -	\$ -
Items not affecting cash		
Amortization of deferred capital contributions	(23,907)	(19,281)
Amortization of tangible capital assets	23,907	19,281
Net changes in non-cash working capital		
HST recoverable	(26,115)	6,215
Interest receivable	(2,855)	(288)
Prepaid expenses	(14,469)	(6,258)
Accounts payable and accrued liabilities	(94,884)	114,999
Due to Ministry of Colleges and Universities	(142,453)	(404,395)
	(280,776)	(289,727)
Capital activities		
Acquisition of tangible capital assets	(16,644)	(12,670)
Financing activities		
Contributions for purchase of tangible capital assets	16,644	12,670
Decrease in cash for the year	(280,776)	(289,727)
Cash, beginning of year	668,868	958,595
Cash, end of year	\$ 388,092	\$ 668,868

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 Public Sector Accounting Standards (PSAS) for government not for profit organizations, including the 4200 series of standards as issued by the Public Sector Accounting Board (PSAB for Government NPO). 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 (including interest) 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
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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 Instruments

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 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 PSAB for Government NPO 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 deferred capital contributions, which are based on the estimated useful lives of the tangible capital assets.

3. DUE TO 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.

4. DEFERRED CAPITAL CONTRIBUTIONS

During the year, the Council utilized \$16,644 (2022 - \$12,670) 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.

	2023	2022
Balance, beginning of year	\$ 20,778	\$ 38,945
Contributions received	16,644	12,670
Less: amounts recognized in revenue	(23,907)	(19,281)
Less: write-off of equipment	-	(11,556)
	\$ 13,515	\$ 20,778

5. TANGIBLE CAPITAL ASSETS

Cost	Computer Equipment	Total 2023	Total 2022
Balance, beginning of the year	\$ 182,178	\$ 182,178	\$ 183,333
Additions	16,644	16,644	12,670
Dispositions	-	-	(13,825)
Balance, end of year	\$ 198,822	\$ 198,822	\$ 182,178

Accumulated Amortization	Computer Equipment	Total 2023	Total 2022
Balance, beginning of the year	\$ 161,400	\$ 161,400	\$ 144,388
Additions	23,907	23,907	19,281
Dispositions	-	-	(2,269)
Balance, end of year	\$ 185,307	\$ 185,307	\$ 161,400

Net book value	\$ 13,515	\$ 13,515	\$ 20,778
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6. EXPENSES BY OBJECT

	Governance	Research	Administration	Total 2023	Total 2022
Salaries and benefits	\$ 345,517	\$ 2,228,682	\$ 219,209	\$ 2,793,408	\$ 2,636,443
Research activities	-	795,306	-	795,306	778,354
Consulting contracts	179	1,689	4,432	6,300	6,212
Other operating expenses	27,333	280,004	11,764	319,101	333,930
	\$ 373,029	\$ 3,305,681	\$ 235,405	\$ 3,914,115	\$ 3,754,939

7. PENSION AGREEMENTS

The Council makes contributions on behalf of its staff to the Public Service Pension Plan administered by the Ontario Pension Board (OPB), 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.

In 2020, OPB filed an actuarial valuation of the Plan as at December 31, 2019. For purposes of the funding valuation, asset gains and losses relative to the discount rate are smoothed over a three-year period. The funding shortfall of \$2.1 billion that existed at the end of 2019 is being amortized by special payments by the Plan Sponsor. The plan's funding ratio at December 31, 2021 is estimated at 94%.

The contribution rates in 2022/2023 were 7.4% (2022 - 7.4%) of the Year's Maximum Pensionable Earnings (YMPE) plus 10.5% (2022 - 10.5%) on earnings above the YMPE.

Contributions in the amount of \$144,514 (2022 - \$132,109) are included in expenses in the statement of operations, and \$5,393 (2022 - \$4,819) 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.

8. FINANCIAL RISK MANAGEMENT (Cont'd)

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. BILL 124

Effective June 2019, the Province of Ontario enacted Bill 124 "Protecting a Sustainable Public Sector for Future Generations Act, 2019". This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. HEQCO completed its third year of moderation in June 2022. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be "void and of no effect". On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. The impact, if any, to the organization as a result of the Ontario Superior Court decision is not determinable at this time. As such, no provision has been made in the financial statements.

10. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2022 HEQCO changed its accounting policy with respect to its application of Public Sector Accounting Standards. Previously HEQCO, a government not for profit organization, elected not to apply the 4200 series of standards within PSAS. Now HEQCO has elected to apply the 4200 series of standards within PSAS.

HEQCO believes that this change results in accounting and financial reporting that better reflects the nature of its operations. As a result of this adoption, the presentation of the financial statements changed from the prior year. This change in accounting policy has been applied retroactively, however it did not affect the balances within the financial statements.