

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

2023–24 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 cycle was a particularly challenging one for the postsecondary sector in Ontario. Financial pressures and uncertainty added complexity to the planning environment as sector leaders grappled with difficult decisions across a wide range of issues. HEQCO contributed focused, relevant and timely research to assist the sector in its work. The development of sound public policy requires high-quality evidence and through discussions with sector leadership, we know our research focus is relevant and responsive to Ontario's evolving postsecondary system.

Our 14 publications provided insight into connections between higher education and the labour market, the journey of students into and through PSE, new innovations in credentials and specific insights into students needing specialized supports to be successful. These projects were informed through sector consultations and provide clear analysis and recommendations aimed at improving student success and having a sustainable and thriving system.

The role of international students is critical to discussions of system sustainability and our recently launched Consortium on International Education addresses a wide range of the pressing issues in this space. By bringing together a diverse group of organizations and researchers, these projects will provide valuable insights to support future policy and institutional strategies. HEQCO's expertise was sought to better understand the mental health supports needed by students and the way institutions are supporting the needs of students with disabilities through our Letter of Direction from the Minister of Colleges and Universities.

A highlight of the past year was the return of our conference in November 2023 after a five-year absence. *Access Reboot: New Directions for Higher Education* was a tremendous event with attendees from all corners of the sector. Through presentations, panels and discussion workshops attendees shared their insights and experiences while hearing new insights and ideas from experts. Thanks to Academica for their promotional support. Planning is already underway for our next conference in 2025.

Conducting high-quality research in higher education requires access to data. Ontario currently has a challenge in data availability, and we want to thank our excellent partners who have collaborated with us this past year to navigate this barrier. 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.

Thank you to our Board of Directors for their ongoing guidance and support, in particular our Chair Shelley McGill. I also want to recognize and thank Karin Schnarr, who recently concluded her time on the Board, including service as Board Chair. Her contributions to HEQCO and the postsecondary sector are much appreciated.

A handwritten signature in black ink, appearing to read 'Karin Schnarr', with a stylized flourish at the end.

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

2023-24 Research Project Highlights

Work-Integrated Learning (WIL)

Work-integrated learning (WIL) is playing an increasing role in preparing students with the skills and experience needed for the job market. The sudden shift to remote learning triggered by the pandemic disrupted the traditional delivery of WIL experiences. *Working (and Learning) Online: Improving Remote Work-integrated Learning Experiences for Students and Employers* examined the challenges created by remote WIL and the lessons and best practices that emerged during this time. As WIL has become a more central part of the PSE experience, it is essential that equity and inclusion issues are not overlooked. HEQCO published two reports examining the WIL experiences of underrepresented students and offering recommendations for employers, institutions and government. The reports highlighted the absence of quality system-level data, which makes equity and outcomes research a challenge, especially for smaller demographic groups.

Student Pathways and Non-Completion

Through an ongoing partnership with OCAS, HEQCO analyzed data from more than 14,000 students surveyed through OCAS's 2022 Applicant Experience and Intention Survey to better understand the pandemic's impacts on college applications. Applicants across demographic groups were more open to online learning than they were prior to the pandemic, particularly mature learners. Regardless of age, class format was a key driver in the postsecondary decision-making process. Examining issues of access must look beyond the entry-point to postsecondary education to include retention, persistence, completion and non-completion. Through a partnership with the Social Research and Demonstration Corporation, HEQCO produced a report that found that nearly one-quarter of students who enrolled in PSE did not graduate after eight years. Non-completion of a credential is costly for government and institutions, but it is especially costly for students who invest their time and tuition but do not reap the benefits of a completed credential.

Destreaming

The 2020 decision of the Ontario government to destream Grade 9 compulsory courses, starting with math, has the potential to create more equitable opportunities for students graduating high school. HEQCO surveyed more than 1,600 students who had recently completed Grade 9 math in two western Ontario school boards and found that the policy showed early signs of success, but students with special education needs reported additional challenges. Knowing that educators play a key role in implementing education policies, HEQCO also organized a full-day, in person workshop to gather insights and impressions from teachers, in-class support staff, department heads, principals, vice

principals and board administrators involved with destreaming initiatives at two Ontario school boards and published a report on the emerging themes and concerns.

Microcredentials

Ontario established itself early as a leader in the microcredential space. The province made significant investments in program development and awareness building and pursued a framework for quality assurance. While data gaps preclude a full and complete investigation, a HEQCO review of microcredentials in Ontario found that they are best suited to upskilling, that is, supplementing adult learners' skills and experience with focused training. There is less promise for microcredentials as a gateway into traditional postsecondary education through progressive stacking.

Refugee Students

In partnership with the Newcomer Students' Association, HEQCO examined the experiences and outcomes of refugee students in the province. Ontario welcomes nearly half of the country's refugees and the total number arriving is expected to increase. Refugees encounter several informational, economic, social and cultural barriers that can inhibit PSE access and success. Combining interviews with students and data on postsecondary credential attainment and labour market outcomes, the report found that clear information, mentorship and strong social support networks are key for helping refugee students overcome these barriers. Additionally, refugee students who participated in WIL felt more confident in their job searches.

Letter of Direction Projects

In its 2022 Letter of Direction to the agency, the Ministry of Colleges and Universities requested that HEQCO conduct projects examining mental health supports and services for students with disabilities. *Supporting Student Mental Health in Ontario: Exploring Best Practices and Identifying Gaps* found that Ontario has a relatively well-funded and resourced PSE mental health support strategy compared to other Canadian jurisdictions, but increased demand and system structures make long-term planning a challenge. *Accessibility Services at Ontario Colleges and Universities: Trends, Challenges and Recommendations for Government Funding Strategies* outlined that demand for accommodation and accessibility supports in Ontario has grown significantly and funding has not kept pace.

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 2023 Freedom of Speech on Campus Annual Report to the Ontario Government was published in December 2023.

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. In 2023-24, HEQCO achieved all agency performance targets identified in the 2023-2026 Business Plan.

Performance Metric	Target	2023-24 Performance
Research output	12 annually based on current staffing FTE	14
Knowledge mobilization and sector outreach	12 annually based on current staffing FTE	19
Percentage of administrative overhead	<10%	4.98%
Management within budget	<10% underspent	6.53%
Percentage of subscriber growth	>7% growth from previous year	12.2%
Readership	Maintain, within 5%, the three-year average of top 20 products	Approximately 2% decline
Distribution	20 products based on current FTE and research framework.	26

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: 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. *Note: this metric previously included blogs and commentary products, which are now captured in the communications section under distribution and outreach.*

- **Target: 12 annually based on current staffing FTE**
- ✓ **2023-24 Performance: 14 (see 2023-24 Publications list)**

Knowledge mobilization and sector outreach: 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**
- ✓ **2023-24 Performance: 19 (see 2023-24 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%**
- ✓ **2023-24 Performance: 4.98%**

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

- **Target: <10%**
- ✓ **2023-24 Performance: 6.53%**

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 for 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 communication activities, including a renewed focus on research publications and fewer commentary products.

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.

- **Target: >7% growth from previous year**
- ✓ **2023-24 Performance: 12.2%**

Readership: The number of visitors to research product pages, including reports, commentary and resources, on HEQCO's website.

- **Target: Maintain, within 5%, the three-year average of top 20 products**
- ✓ **2023-24 Performance: Approximately 2% decline.**

Note: changes to the analytics system used by Google in 2023 prevent the direct comparison needed for an exact percentage comparison. Future years will allow for a more precise comparison.

Distribution and outreach – The number of direct email 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.**
- ✓ **2023-24 Performance: 26**

2023-24 Publications

Research Reports	Date
Improving PSE Access and Experience for Refugees in Ontario	April 5, 2023
HEQCO's Dialogues on Universal Design for Learning: Finding Common Ground and Key Recommendations from the Sector	April 19, 2023
Working (and Learning) Online: Improving Remote Work-integrated Learning Experiences for Students and Employers	May 3, 2023
Student Identity and Work-integrated Learning (WIL): Exploring Student Experiences of WIL by Demographic	August 2, 2023
Analyzing Student Supports in Destreamed Math: Helping Students Succeed and Make Informed Choices About PSE	August 30, 2023
Inclusion in Work-integrated Learning: Lessons from Administrators, Employers and Students	September 13, 2023
What's Driving Student Decisions? Analyzing 2022 Ontario College Application Data	September 27, 2023
Exploring the Relationship Between High School Math Achievement and PSE Pathways Using the CRP Dataset	October 11, 2023
Linking Postsecondary Non-completion Rates and Labour Market Outcomes	November 8, 2023
Accessibility Services at Ontario Colleges and Universities: Trends, Challenges and Recommendations for Government Funding Strategies	November 22, 2023
Learning from Educator Experiences with Grade 9 Destreaming Supports and Strategies	December 6, 2023
Supporting Student Mental Health in Ontario: Exploring Best Practices and Identifying Gaps	January 31, 2024
Postsecondary-offered Microcredentials in Ontario: What does the Evidence Tell Us?	March 26, 2024

Evaluations for Government	Date
Freedom of Speech on Campus Annual Report to the Ontario Government	December, 2023

2023-24 Presentations by HEQCO Research Staff

May 1, 2023 - Humber College Faculty of Health Sciences Professional Development Day

May 2, 2023 - College Student Success Innovation Centre Virtual Symposium on Skills Translation

May 16, 2023 - Conestoga College Career Development Professionals Course

May 16, 2023 - Canadian Scholarship Trust Board Meeting

June 7, 2023 - Association for the Assessment of Learning in Higher Education Conference

June 16, 2023 - Society for Teaching and Learning in Higher Education Conference

June 18, 2023 - HEQCO Skills Consortium Meeting

June 21, 2023 - Council on University Planning and Analysis Conference

June 26, 2023 - Think UDL Podcast

October 18, 2023 - Universal Design for Learning in Higher Education Digicon 2023

October 26, 2023 - International Students and Safety Symposium 2023

November 8, 2023 - HEQCO International Consortium Meeting

November 9, 2023 - Strategic Enrolment Marketing and Management Conference

November 15,16, 2023 - Experiential and Work-Intergrated Learning Ontario Conference and Virtual Conference Series

January 17, 2024 - Experiential and Work-Intergrated Learning Ontario

January 30, 2024 - CANNEXUS 2024

February 5, 2024 - U of Ottawa Faculty of Medicine Womens Mentorship Group

February 8, 2024 - Experiential and Work-Intergrated Learning Ontario EL Committee Lunch and Learn

February 16, 2024 - Meeting with research team from Memorial University of Newfoundland

Board of Directors, 2023-24

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 - Former)

Appointed: June 17, 2021

Resignation Date: August 18, 2023

2023-24 Remuneration: \$450.00

Shelley McGill (Board Chair - Acting)

Appointed: March 4, 2022

Expiration Date: March 3, 2025

2023-24 Remuneration: \$1,000.00

Deborah Dubenofsky

Appointed: December 2, 2021

Expiration Date: December 1, 2024

2023-24 Remuneration: \$1,100.00

Armand LaBarge

Appointed: July 13, 2023

Expiration Date: July 12, 2026

2023-24 Remuneration: \$600.00

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)

2023-24 Remuneration: \$0.00

Higher Education Quality Council of Ontario
Financial Statements
For the year ended March 31, 2024

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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.

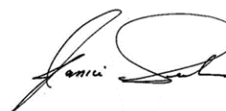
The Council's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely 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

Deborah Dubenofsky
Chair, Audit Committee



Janice Deakin
President and CEO

June 11, 2024

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, 2024, 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, 2024, 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.

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.

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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 11, 2024

Higher Education Quality Council of Ontario
Statement of Financial Position
As at March 31, 2024

	2024	2023
Assets		
Cash	\$ 428,266	\$ 388,092
HST recoverable	81,416	70,175
Interest receivable	3,541	3,274
Prepaid expenses	29,789	43,983
	543,012	505,524
Tangible capital assets (Note 5)	11,434	13,515
	554,446	519,039
Liabilities		
Accounts payable and accrued liabilities	275,187	294,447
Due to Ministry of Colleges and Universities (Note 3)	267,825	211,077
Deferred capital contributions (Note 4)	11,434	13,515
	554,446	519,039
Net Assets	\$ -	\$ -

Approved by the Board

Deborah Dubenofsky

Chair, Audit Committee

M. Lee

Board Chair (Acting)

Higher Education Quality Council of Ontario
Statement of Operations
Year Ended March 31, 2024

	2024	2023
Revenue		
Provincial funding	\$ 3,815,472	\$ 3,866,966
Amortization of deferred capital contributions (Note 4)	18,784	23,907
Conference Registration Fees collected (Note 9)	56,305	-
Interest income	36,004	23,242
	3,926,565	3,914,115
Expenses (Note 6)		
Governance	378,350	373,029
Research	3,352,781	3,305,681
Administration	195,434	235,405
	3,926,565	3,914,115
Excess of revenue over expenses	\$ -	\$ -

Higher Education Quality Council of Ontario
Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ -	\$ -
Items not affecting cash		
Amortization of deferred capital contributions	(18,784)	(23,907)
Amortization of tangible capital assets	18,784	23,907
Net changes in non-cash working capital		
HST recoverable	(11,241)	(26,115)
Interest receivable	(267)	(2,855)
Prepaid expenses	14,194	(14,469)
Accounts payable and accrued liabilities	(19,260)	(94,884)
Due to Ministry of Colleges and Universities	56,748	(142,453)
	40,174	(280,776)
Capital activities		
Acquisition of tangible capital assets	(16,703)	(16,644)
Financing activities		
Contributions for purchase of tangible capital assets	16,703	16,644
Increase (decrease) in cash for the year	40,174	(280,776)
Cash, beginning of year	388,092	668,868
Cash, end of year	\$ 428,266	\$ 388,092

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 (PSAS for Government NPO). No statement of remeasurement gains or losses has been presented as no remeasurement gains or losses have occurred during the current or prior 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 PSAS 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.

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4. DEFERRED CAPITAL CONTRIBUTIONS

During the year, the Council utilized \$16,703 (2023 - \$16,644) 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.

	2024	2023
Balance, beginning of year	\$ 13,515	\$ 20,778
Contributions received	16,703	16,644
Less: amounts recognized in revenue	(18,784)	(23,907)
	\$ 11,434	\$ 13,515

5. TANGIBLE CAPITAL ASSETS

Cost	Computer Equipment	Total 2024	Total 2023
Balance, beginning of the year	\$ 198,823	\$ 198,823	\$ 182,178
Additions	16,703	16,703	16,644
Balance, end of year	\$ 215,526	\$ 215,526	\$ 198,822
Accumulated Amortization	Computer Equipment	Total 2024	Total 2023
Balance, beginning of the year	\$ 185,308	\$ 185,308	\$ 161,400
Additions	18,784	18,784	23,907
Balance, end of year	\$ 204,092	\$ 204,092	\$ 185,307
Net book value	\$ 11,434	\$ 11,434	\$ 13,515

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6. EXPENSES BY OBJECT

	Governance	Research	Administration	Total 2024	Total 2023
Salaries and benefits	\$ 352,205	\$ 2,300,979	\$ 178,727	\$ 2,831,911	\$ 2,793,408
Research activities	-	749,201	-	749,201	795,306
Consulting contracts	-	-	-	-	6,300
Other operating expenses	26,145	302,601	16,707	345,453	319,101
	\$ 378,350	\$ 3,352,781	\$ 195,434	\$ 3,926,565	\$ 3,914,115

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, 2022 is estimated at 89%.

The contribution rates in 2023/2024 were 7.4% (2023 - 7.4%) of the Year's Maximum Pensionable Earnings (YMPE) plus 10.5% (2023 - 10.5%) on earnings above the YMPE.

Contributions in the amount of \$154,427 (2023 - \$144,514) are included in expenses in the statement of operations, and \$4,621 (2023 - \$5,393) 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.

The above risks remain unchanged from prior year.

9. CONFERENCE REVENUE

The HEQCO conference was successfully held in person on November 3, 2023 in Toronto. The financial statements include revenue and expenses relating to hosting this event however, the conference is not an annual event and therefore the revenue and expenses are not expected to occur again until the next HEQCO conference targeted for the fall of 2025.