CANADORE COLLEGE
OF APPLIED ARTS AND TECHNOLOGY

Financial Statements

For the year ended March 31, 2018

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Financial Statements
For the year ended March 31, 2018

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Canadore College of Applied Arts and Technology, which comprise the statement of financial position as at March 31, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadore College of Applied Arts and Technology as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
May 29, 2018

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Financial Position

March 31	2018	2017
Assets		
Current		
Cash and cash equivalents	$ 12,275,862	$ 9,880,892
Grants and accounts receivable (note 4)	9,873,530	9,212,135
Prepaid expenses	1,274,902	3,282,495
	23,424,294	22,375,522
Restricted cash and investments (note 2)	5,809,660	5,783,035
Other receivables (note 5)	489,459	489,459
Capital assets (note 6)	73,157,128	65,872,470
	$ 102,880,541	**$ 94,520,486**
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 12,790,416	$ 10,967,563
Deferred revenue (note 7)	19,406,154	16,931,950
Vacation pay	2,865,923	2,689,527
Current portion of long-term debt (note 8)	813,434	927,954
Current portion of obligations under capital lease	1,199	18,361
	35,877,126	**31,535,355**
Long-term debt (note 8)	7,989,309	8,832,741
Obligations under capital lease	978	2,177
Post-employment benefits and compensated absences (note 9)	2,107,048	2,381,257
Deferred contributions (note 10)	360,459	429,968
Deferred capital contributions (note 11)	54,941,688	48,463,435
	65,399,482	**60,109,578**
Net Assets		
Unrestricted (deficiency)		
Operating	(12,236,239)	(9,397,136)
Post-employment benefits and compensated absences	(2,107,048)	(2,381,257)
Vacation pay	(2,865,923)	(2,689,527)
	(17,209,210)	(14,467,920)
Invested in capital assets (note 13)	13,363,942	11,990,406
Externally restricted (note 12)	5,449,201	5,353,067
	1,603,933	**2,875,553**
	$ 102,880,541	**$ 94,520,486**

Contingencies (note 14)

On behalf of the Board:

Robert A. Nichols _______ Chair

_______ President

The accompanying notes are an integral part of these financial statements.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Changes in Net Assets

March 31, 2018	Unrestricted	Invested in Capital Assets	Externally Restricted	Total
Net assets (deficiency), beginning of year	$ (14,467,920)	$ 11,990,406	$ 5,353,067	$ 2,875,553
Endowments received during the year	-	-	96,134	96,134
Excess (deficiency) of revenues over expenses for the year	(147,416)	(1,220,338)	-	(1,367,754)
Inter fund transfer (note 13)	(2,593,874)	2,593,874	-	-
Net assets (deficiency), end of year	**$ (17,209,210)**	**$ 13,363,942**	**$ 5,449,201**	**$ 1,603,933**

March 31, 2017	Unrestricted	Invested in Capital Assets	Externally Restricted	Total
Net assets (deficiency), beginning of year	$ (13,330,739)	$ 11,480,010	$ 5,296,225	$ 3,445,496
Endowments received during the year	-	-	56,842	56,842
Excess (deficiency) of revenues over expenses for the year	783,463	(1,410,248)	-	(626,785)
Inter fund transfer (note 13)	(1,920,644)	1,920,644	-	-
Net assets (deficiency), end of year	**$ (14,467,920)**	**$ 11,990,406**	**$ 5,353,067**	**$ 2,875,553**

The accompanying notes are an integral part of these financial statements.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Operations

For the year ended March 31	2018	2017
Revenues		
Grants and reimbursements	$ 29,805,454	$ 31,506,882
Student fees - domestic	12,251,453	12,225,490
Student fees - international	41,309,163	21,190,213
Other	7,268,562	5,185,413
Ancillary	2,383,651	1,841,714
Amortization of deferred capital contributions	3,638,029	3,377,647
Gain on disposal of fixed assets	137,220	-
Investment income	249,233	170,620
	97,042,765	75,497,979
Expenses		
Operating:		
Salaries and benefits	35,566,475	34,771,198
Instructional supplies and field work	1,057,677	923,020
Utilities and plant services	4,752,444	5,041,331
Contracted and professional services	38,834,453	19,308,883
General expenditures and supplies	7,402,536	6,105,143
Information technology, furniture and equipment, purchases and rentals	1,655,195	1,758,119
Scholarships, bursaries and awards	1,256,673	1,010,489
Ancillary	2,767,920	2,241,968
Interest on long-term debt	292,880	368,702
Amortization of capital assets	4,824,266	4,595,911
	98,410,519	76,124,764
Deficiency of revenues over expenses for the year	**$ (1,367,754)**	**$ (626,785)**

The accompanying notes are an integral part of these financial statements.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Cash Flows

For the years ended March 31		2018		2017
Net inflow (outflow) of cash related to the following activities				
Operating				
(Deficiency) excess of revenues over expenses	$	(1,367,754)	$	(626,785)
Items not involving cash:				
Amortization of capital assets		4,824,266		4,595,911
Amortization of deferred capital contributions		(3,638,029)		(3,377,647)
Gain on disposal of capital assets		(137,220)		
		(318,737)		591,479
Accrual for post-employment benefits and compensated absences		(274,209)		7,257
Change in non-cash operating working capital:				
Grants and accounts receivable		(661,395)		962,083
Prepaid expenses		2,007,594		(2,335,535)
Accounts payable and accrued liabilities		1,822,853		3,134,201
Accrual for vacation pay		176,396		155,155
Deferred revenue		2,474,204		11,509,140
		5,226,706		14,023,780
Financing				
Repayment of long-term debt		(957,952)		(974,929)
Repayment of obligations under capital lease		(18,361)		(24,086)
Deferred contributions		(69,509)		(11,276)
Endowment contributions		96,134		56,842
Repayment of operating loan		-		(2,460,244)
		(949,688)		(3,413,693)
Capital				
Purchase of capital assets		(12,284,725)		(8,116,586)
Proceeds on disposal of capital assets		137,220		-
Contributions received for capital purposes		10,292,082		6,989,310
		(1,855,423)		(1,127,276)
Increase (decrease) in cash and cash equivalents		2,421,595		9,482,811
Cash and cash equivalents, beginning of year		15,663,927		6,181,116
Cash and cash equivalents, end of year	$	18,085,522	$	15,663,927
Represented by				
Cash and cash equivalents	$	12,275,862	$	9,880,892
Restricted cash and investments		5,809,660		5,783,035
	$	18,085,522	$	15,663,927

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Canadore College of Applied Arts and Technology ("Canadore" or the "College"), established is 1967, is an Ontario College of applied arts and technology duly established pursuant to Ontario Regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. The College is an agency of the Crown and provides postsecondary education to full-time and part-time students.

The College is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

Basis of Presentation

The financial statements of the College have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

Revenue Recognition

The College follows the deferral method of accounting for contributions, which include donations and government grants. Tuition fees and contract training revenues are recognized as income to the extent that the related courses and services are provided within the fiscal year of the College.

Ancillary revenues including parking, residence and other sundry revenues are recognized when products are delivered or services are provided to the student or client, the sales price is fixed and determinable, and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received or receivable.

Externally restricted contributions and restricted investment income are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets are deferred and amortized to revenue at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowed net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Restricted investment income that must be maintained as an endowment is credited to net assets. Unrestricted investment income is recognized as revenue when earned.

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments that extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services or the value of the future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress costs are capitalized as incurred and transferred to applicable capital asset categories and amortized once the assets are placed in service.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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

Buildings and building improvements	25-40 years
Furniture and equipment	5 years
Computer equipment and computers under capital lease	3-5 years
Equipment	5-10 years

Retirement and Post-Employment Benefits and Compensated Absences

The College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vested sick leave and non-vested sick leave. The College has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of post-employment future benefits are actuarially determined using management's best estimates of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.

(ii) The costs of the multi-employer defined pension and the employer's contributions due to the plan in the period.

(iii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

(iv) The discount rate used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

Vacation Pay

The College recognizes vacation pay as an expense on an accrual basis.

Financial Instruments

The College classifies its financial instruments as either fair value or amortized cost. The College's accounting policy for each category is as follows:

Fair Value

The College has designated its bond portfolio that would otherwise be classified into the amortized cost category as fair value as the College manages and reports performance on a fair value basis.

The bond portfolio is initially recognized at cost and subsequently carried at fair value. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Amortized cost

This category includes accounts receivable, other receivables, accounts payable and accrued liabilities, operating loan, long-term debt and obligations under capital lease. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

Management Estimates

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these results. Areas of key estimation include determination of fair value for the allowance for doubtful accounts, and actuarial estimation of post-employment benefits and compensated absences liabilities.

2. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides costs and fair value information for financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below:

	2018		
	Fair Value	**Amortized Cost**	**Total**
Cash and cash equivablents	$ 12,275,862	$ -	$ 12,275,862
Grants and accounts receivable	-	9,873,530	9,873,530
Restricted cash and investments	5,809,660	-	5,809,660
Accounts payable and accrued liabilities	-	12,790,416	12,790,416
Vacation pay	-	2,865,923	2,865,923
Long-term debt	-	8,802,743	8,802,743
Obligations under capital lease	-	2,177	2,177
	$ 18,085,522	$ 34,334,789	$ 52,420,311

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2017		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	$ 9,880,892	$ -	$ 9,880,892
Grants and accounts receivable	-	9,212,135	9,212,135
Restricted cash and investments	5,783,035	-	5,783,035
Accounts payable and accrued liabilities	-	10,967,563	10,967,563
Vacation pay	-	2,689,527	2,689,527
Long-term debt	-	9,760,695	9,760,695
Obligations under capital lease	-	20,538	20,538
	$ 15,663,927	$ 32,650,458	$ 48,314,385

Maturity of guaranteed investment certificates and bonds held is as follows:

	2018				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 Years	Total
Carrying value	$ 1,040,097	$ 900,590	$ 1,284,785	$ 834,264	$ 4,059,736
Percent of total	26%	22%	32%	20%	

	2017				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 Years	Total
Carrying value	$ 610,436	$ 1,678,939	$ 1,379,092	$ 678,815	$ 4,347,282
Percent of total	14%	39%	32%	15%	

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

		2018			
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents		$ 12,275,862	$ -	$ -	$ 12,275,862
Restricted cash and investments	i)	5,809,660	-	-	5,809,660
		$18,085,522	**$ -**	**$ -**	**$18,085,522**

		2017			
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents		$ 9,880,892	$ -	$ -	$ 9,880,892
Restricted cash and investments	i)	5,783,035	-	-	$ 5,783,035
		$15,663,927	**$ -**	**$ -**	**$15,663,927**

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2018 and 2017. There were also no transfers in or out of Level 3.

i) Included in restricted cash and investments is $4,059,736 (2017 - $4,347,282) in bonds and $1,749,924 (2017 - $1,435,753) in interest bearing accounts with interest rates ranging from 1.75% to 10.5% (2017 – 1.75% to 10.5%) with maturities ranging from June 26, 2018 to June 2, 2048 (2017 – May 24, 2017 to June 2, 2048).

3. CREDIT FACILITY AGREEMENT

The College has an operating loan under a credit facility agreement with a Canadian chartered bank. The maximum draw permitted under this agreement is $3,000,000 with a temporary increase to $8,000,000 from November 1, 2017 until June 30, 2018 and then back to $3,000,000 thereafter with an interest rate of prime less 0.75%. At March 31, 2018, the outstanding balance under this credit facility was $Nil (2017 - $Nil).

4. GRANTS AND ACCOUNTS RECEIVABLE

	2018	2017
Government grants receivable	$ 7,242,495	$ 6,845,623
Student receivable (net of $451,912 (2017 - $458,130) allowance)	1,697,246	1,560,396
Harmonized Sales Tax receivable	750,819	469,671
Other accounts receivable	148,599	302,738
Accrued interest receivable	34,371	33,707
	$ 9,873,530	**$ 9,212,135**

5. OTHER RECEIVABLES

The College, in conjunction with Nipissing University, entered into an agreement with the Corporation of the City of North Bay whereby the City would construct sewer and water services on behalf of the Education Centre. Project funding was provided by the Northern Ontario Heritage Fund Corporation and is repayable when the funds are received from the City of North Bay (see note 8).

As at March 31, the following amounts remain outstanding:

	2018	2017
Accounts receivable from City of North Bay repayable from future lot levies for water and sewer connections	$ 489,459	$ 489,459

6. CAPITAL ASSETS

2018	Cost	Accumulated Amortization	Net Book Value
Land	$ 2,401,279	$ -	$ 2,401,279
Buildings	97,894,634	45,530,406	52,364,228
Furniture and equipment	24,847,389	22,804,241	2,043,148
Computer equipment	7,254,221	6,649,471	604,750
Computers under capital lease	1,670,105	1,670,105	-
Equipment	17,538,817	8,255,542	9,283,275
Construction in progress	6,460,448	-	6,460,448
	$ 158,066,893	**$ 84,909,765**	**$ 73,157,128**

2017	Cost	Accumulated Amortization	Net Book Value
Land	$ 2,401,279	$ -	$ 2,401,279
Buildings	94,783,149	43,288,914	51,494,235
Furniture and equipment	23,790,604	22,130,813	1,659,791
Computer equipment	6,756,617	6,328,083	428,534
Computers under capital lease	1,670,105	1,670,105	-
Equipment	15,752,016	7,031,775	8,720,241
Construction in progress	1,168,390	-	1,168,390
	$ 146,322,160	**$ 80,449,690**	**$ 65,872,470**

7. DEFERRED REVENUE

	2018	2017
Advanced tuition fees	$ 17,111,830	$ 13,302,586
Alumni Association	149,610	79,967
Student Athletics	10,783	35,940
Grants and other	2,133,931	3,513,457
	$ 19,406,154	**$ 16,931,950**

8. LONG-TERM DEBT

	2018	2017
Student Residence		
7.25% Mortgage, payable in semi-annual installments $48,479 including principal and interest, maturing December 1, 2022	$ 400,657	$ 465,046
7.5% Mortgage, payable in semi-annual installments of $5,554 including principal and interest, maturing December 1, 2022	45,611	52,886
3.0% Mortgage, payable in monthly installments of $36,473, inlcuding principal and interest, maturing October 27, 2021	4,283,058	4,588,185
3.477% Mortgage payable in semi-annual installments of $116,263 inlcuding principal and interest, maturing November 10, 2026	1,783,775	1,949,934
3.222% Mortgage payable in semi-annual installments of $63,446 inlcuding principal and interest, maturing July 5, 2027	1,031,367	1,122,812
Capital Financing		
2.71% Fixed rate term loan, payable in semi-annual installments of $86,125 including principal and interest, maturing March 28, 2022	648,816	800,395
2.4% Fixed rate term loan, payable in monthly installments of $15,934 including principal and interest, maturing December 12, 2017	-	141,978
Parry Sound Campus Forgivable Mortgage		
Interest free mortgage, reduced without payment, by 10% of the original principal per year for each year of operation of the Parry Sound Campus	120,000	150,000
Infrastructure Upgrades		
Interest free incentive term-loan payable to Northern Ontario Heritage Fund Corporation to be repaid from proceeds received from the City of North Bay for future lot levies for water and sewer connections (see note 5)	489,459	489,459
	8,802,743	9,760,695
Current portion of long-term debt	813,434	927,954
	$ 7,989,309	$ 8,832,741

8. LONG-TERM DEBT (continued)

Principal due within each of the next five years and thereafter on long-term debt is as follows:

2019	$	813,434
2020		841,977
2021		871,657
2022		902,527
2023		761,225
Thereafter		4,611,923
	$	8,802,743

9. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

The following table outlines the components of the College's post-employment benefits and compensated absences liabilities and related expenses:

	2018				
	Post-employment benefits	**Non-vested sick leave**	**Vested sick leave**	**Parental leave**	**Total liability**
Accrued employee future benefits obligation	$ 415,000	$ 1,344,000	$ -	$ 20,048	$ 1,779,048
Value of plan assets	(91,000)	-	-	-	(91,000)
Unamortized actuarial gains (losses)	120,000	299,000	-	-	419,000
Total liability	$ 444,000	$ 1,643,000	$ -	$ 20,048	$ 2,107,048

	2017				
	Post-employment benefits	**Non-vested sick leave**	**Vested sick leave**	**Parental leave**	**Total liability**
Accrued employee future benefits obligation	$ 408,000	$ 1,385,000	$ 623,000	$ 54,257	$ 2,470,257
Value of plan assets	(58,000)	-	-	-	(58,000)
Unamortized actuarial gains (losses)	132,000	279,000	(442,000)	-	(31,000)
Total liability	$ 482,000	$ 1,664,000	$ 181,000	$ 54,257	$ 2,381,257

9. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

	2018				
	Post-employment benefits	**Non-vested sick leave**	**Vested sick leave**	**Parental leave**	**Total expense**
Current year benefit costs (recovery)	$ (31,000)	$ 73,000	$ -	$ 20,048	$ 62,048
Interest on accrued benefit obligation	1,000	26,000	-	-	27,000
Amortized actuarial losses (gains)	(4,000)	(1,000)	(181,000)	-	(186,000)
Total expense	$ (34,000)	$ 98,000	$ (181,000)	$ 20,048	$ (96,952)

	2017				
	Post-employment benefits	**Non-vested sick leave**	**Vested sick leave**	**Parental leave**	**Total expense**
Current year benefit costs (recovery)	$ (5,000)	$ 74,000	$ 38,000	$ 54,257	$ 161,257
Interest on accrued benefit obligation	1,000	20,000	14,000	-	35,000
Amortized actuarial losses (gains)	(4,000)	(25,000)	73,000	-	44,000
Total expense	$ (8,000)	$ 69,000	$ 125,000	$ 54,257	$ 240,257

The total expense for post-employment benefits and compensated absences is included in salaries and benefits on the Statement of Operations. The total amount paid during the year for post-employment benefits and compensated absences was $176,396 (2017 - $162,412).

The above amounts exclude pension contributions to the College of Applied Arts and Technology pension plan, a multi-employer plan, described below.

Retirement Benefits

<u>CAAT Pension Plan</u>

Substantially all employees of the College are participants of the Colleges of Applied Arts and Technology Pension Plan (the “Plan”), which is a multi-employer jointly-sponsored defined benefit plan for eligible employees of public colleges and related employers in Ontario. As this is a multi-employer plan it is accounted for as if the plan were a defined contribution plan and contributions the College makes to the Plan, equal to those of the employees, are expensed in the period they become due. Contribution rates are set by the Plan’s governors to ensure long-term viability of the Plan.

9. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan's pension surplus or deficit. The most recent actuarial valuation filed with the pension regulators as at January 1, 2018 indicated an actuarial surplus of $2.3 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of $3,036,483 in 2018 (2017 - $3,041,056), which has been included in salaries and benefits on the Statement of Operations.

Post-Employment Benefits

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

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

a) *Discount rate*
The present value as at March 31, 2018 of the future benefits was determined using a discount rate of 2.6% (2017 – 2.0%).

b) *Drug costs*
Drug costs were assumed to increase at 8.0% per annum in 2018 (2017 – 8.25%), grading down to 4.0% per annum in 2034.

c) *Hospital and other medical*
Hospital and other medical costs were assumed to increase at 4.0% per annum (2017 – 4.0%).
Medical premium increases were assumed to increase at 6.84% per annum in 2018 (2017 – 6.98%), grading down to 4.0% per annum in 2034.

d) *Dental costs*
Dental costs were assumed to increase at 4.0% per annum in 2018 (2017 – 4.0%).

Compensated Absences

Vested Sick Leave

The College has provided for vested sick leave benefits during the year. Eligible employees, after 10 years of service are entitled to receive 50% of their accumulated sick leave credits on termination or retirement to a maximum of six months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

9. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

Non-Vested Sick Leave

The College allocates to certain employees groups a specified number of days each year to use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provide in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of sick days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

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

	2018	2017
Wage and salary escalation		
Academic full-time and partial load	1.8% in 2016, 1.75% in 2017, 2% in 2018, 2019, 2020, 1.5% per annum thereafter	1.8% in 2016 and 1.5% per annum thereafter
Support staff full-time	0.5% per annum in 2016 and 2017, 1.5% per annum thereafter	0.5% per annum in 2016 and 2017, 1.5% per annum thereafter

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0% to 23.7% (2017 - 0% to 23.7%) and 0 to 48.0 days (2017 – 0 to 48.0 days) respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

10. DEFERRED CONTRIBUTIONS

	2018	2017
Balance, beginning of year	$ 429,968	$ 441,244
Contributions received	147,059	250,093
Interest earned on contributions during the year	233,129	134,183
Unrealized gains (losses) on investments	(98,284)	(72,652)
Amounts transferred to revenue	(351,413)	(322,900)
Balance, end of year	**$ 360,459**	**$ 429,968**

Deferred contributions are comprised of:

	2018	2017
Scholarships, bursaries and awards	$ 118,877	$ 148,600
Endowment fund interest and unrealized gains	39,434	51,739
Donations	-	30,000
Joint employment stability reserve	202,148	199,629
Balance, end of year	**$ 360,459**	**$ 429,968**

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in deferred capital contribution balances are as follows:

	2018	2017
Balance, beginning of year	$ 48,463,435	$ 44,851,772
Contributions received for capital purposes	10,292,082	6,989,310
Disposal of capital assets	(175,800)	-
Amortization of deferred capital contributions	(3,638,029)	(3,377,647)
Balance, end of year	**$ 54,941,688**	**$ 48,463,435**

12. EXTERNALLY RESTRICTED NET ASSETS

Externally restricted net assets include restricted donations received by the College where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with the various purposes established by the donors. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose in which they were provided.

Investment income on externally restricted endowments that was disbursed during the year has been recorded in the statement of operations since this income is available for disbursement as scholarships and bursaries and the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions. Investment income on endowed assets recognized and deferred was $96,134 and $138,166 respectively (2017 - $136,235 and $91,796).

12. EXTERNALLY RESTRICTED NET ASSETS (continued)

Externally restricted endowment funds include grants provide by the Government of Ontario from the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support. Under these programs, the government matched funds raised by the College. The purpose of the program is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend College.

Schedule of changes in endowment fund balances:

	2018					2017
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**Total**	**Total**
Fund balance, beginning of year	$1,713,852	$ 275,744	$2,308,446	$1,055,025	$5,353,067	$5,296,225
Cash donations received	-	-	-	96,134	96,134	56,842
Fund balance, end of year	$1,713,852	$ 275,744	$2,308,446	$1,151,159	$5,449,201	$5,353,067

Schedule of changes in expendable funds available for awards:

	2018					2017
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**Total**	**Total**
Balance, beginning of year	$ -	$ -	$ 72,493	$ 19,303	$ 91,796	$ 98,574
Invesment income, net of direct investment related expenses	90,295	10,444	54,947	105,977	261,663	136,235
Bursaries awarded	(50,775)	(10,444)	(48,449)	(66,016)	(175,684)	(143,013)
Balance, end of year	$ 39,520	$ -	$ 78,991	$ 59,264	$ 177,775	$ 91,796

13. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets represents the following:

	2018	**2017**
Capital assets	$ 73,157,128	$ 65,872,470
Less amounts financed by:		
Deferred capital contributions	(54,941,688)	(48,463,435)
Long-term debt	(4,849,321)	(5,398,091)
Obligations under capital lease	(2,177)	(20,538)
	$ 13,363,942	**$ 11,990,406**

13. INVESTMENT IN CAPITAL ASSETS (continued)

Changes in net assets invested in capital assets is calculated as follows:

	2018	2017
Purchase of capital assets	$ 12,284,725	$ 8,116,586
Principal payment of long-term debt	548,769	578,276
Principal payment of obligations under capital lease	18,361	24,086
Interest on long-term debt	170,396	188,674
Interest on obligations under capital lease	925	2,332
Less: proceeds on disposal of fixed assets	(137,220)	-
Less: amounts financed by deferred capital contributions	(10,292,082)	(6,989,310)
	$ 2,593,874	**$ 1,920,644**

14. CONTINGENCIES

In the normal course of operations the College is in the process of dealing with a number of grievances that may go to arbitration. As of the date of financial statement preparation the likelihood and impact of these grievances on the College's financial statements is unknown. Should any costs be incurred as a result of the arbitration process, such costs will be expensed in the year of settlement.

In the normal course of operations the College is involved in certain legal matters and litigations, the outcome of which is not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

15. CANADORE STUDENTS' COUNCIL

Included in assets and liabilities at year end is $376,579 (2017 - $188,480) in student fees collected on behalf of Canadore Students' Council (the "CSC") and not disbursed during the year. On behalf of CSC the College disbursed funds in the amount of $969,303 (2017 - $1,542,437) for expenses incurred during the year on behalf of the College's students. These expenses and the associated fees collected have not been recognized in the College's statement of operations. During the current fiscal year, funds held in trust under the previous student council body representing Canadore College students in the amount of $1,885,529 were disbursed to a newly appointed trustee, external to and independent of the College, representing CSC and the College. The assets held in trust are intended to be used for expenditures of a capital nature to enhance the educational experience of members of the Canadore community. These funds are not in the sole control of the College and therefore have not been recognized in these financial statements. As at March 31, 2018 these funds had a market value of $1,880,506.

16. THE CANADORE COLLEGE FOUNDATION

The Canadore College Foundation (the "Foundation") was created for the purpose of raising funds for capital and other purposes to assist the College in continuing to provide outstanding applied education. Funds received from the Foundation during the year totaled $550,000 (2017 - $100,000). The College has an outstanding receivable from the Foundation as at March 31, 2018 in the amount of $19,360 (2017 - $176,405). The College provides support when required, office space, basis infrastructure and associated services, computer and other equipment, services of certain College departments and accounting and financial systems and processes. The Foundation is not controlled and therefore is not consolidated in these financial statements.

17. ECONOMIC DEPENDENCE

The College receives approximately 31% (2017 – 42%) of its revenues from the Ministry of Advanced Education and Skills Development.

18. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit Risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk related to its cash, debt holdings in its investment portfolio, other receivables and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to $300,000 (2017 - $300,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the Ministry of Advanced Education and Skills Development and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis. The guidelines permit the College's funds to be invested in bonds issued by the Government of Canada, a Canadian province or a Canadian municipality having a rating of A or better, or corporate investments having a rating of A (R-1) or better. The maximum exposure to investment credit risk is outlined in note 2.

Accounts receivable are ultimately due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections. The amounts outstanding at year end were as follows:

	2018				
	Total	**1-30 days**	**31-60 days**	**61-90 days**	**91-120 days**
Government receivables	$ 7,993,314	$7,993,314	$ -	$ -	$ -
Student receivables	2,149,158	1,390,374	62,906	94,042	601,836
Other receivables	182,970	182,970			
Gross receivables	10,325,442	9,566,658	62,906	94,042	601,836
Less: impairement allowances	(451,912)	-	-	-	(451,912)
Net receivables	$ 9,873,530	$9,566,658	$ 62,906	$ 94,042	$ 149,924

18. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

	2017				
	Total	**1-30 days**	**31-60 days**	**61-90 days**	**91-120 days**
Government receivables	$ 7,315,294	$7,315,294	$ -	$ -	$ -
Student receivables	2,018,526	344,868	564,587	266,001	843,070
Other receivables	336,445	336,445		-	
Gross receivables	9,670,265	7,996,607	564,587	266,001	843,070
Less: impairement allowances	(458,130)	-	-	-	(458,130)
Net receivables	$ 9,212,135	$7,996,607	$ 564,587	$ 266,001	$ 384,940

Student receivables not impaired are considered collectible based on the College's assessment and past experience regarding collections rates.

The have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The College operates within the constraints of the investment guidelines issued by the Ministry of Advanced Education and Skills Development. The policy's application is monitored by management, the investment managers and the Board of Governors. Diversification techniques are utilized to minimize risk.

There have been no significant changes from the prior year in the exposure to risk or policies, procedures and methods used to measure risk.

Currency Risk

Currency risk relates to the College operating in difference currencies and converting non-Canadian earnings at different points in time at different foreign levels when adverse changes in foreign currency rates occur. The College does not have any material transaction or financial instruments denominated in foreign currencies.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value of future cash flows of financial instruments because of changes in market interest rates. The College is exposed to this risk through its interest bearing investments, bank loans and long-term debt.

The College's guaranteed investment and bond portfolio has interest rates ranging from 1.75% to 10.5% (2017 – 1.75% to 10.5%) with maturities ranging from May 24, 2018 to June 2, 2048 (2017 – May 24, 2017 to June 2, 2048).

18. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

At March 31, 2018, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of guaranteed investment certificates and bonds of $41,997 (2017 - $43,877). A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College's bank loans of $81,933 (2017 - $91,212) and no impact on interest income related to the College's other long-term receivable.

There have been no significant changes from the previous year in the exposure or risk or policies, procedures and methods used to measure risk.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2018, a 5% movement in the stock markets with all other variables held constant would have an estimated effect on the fair value of the College's investments of $154,317 (2017 - $184,928).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risk.

Liquidity Risk

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2018			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 years
Accounts payable	$12,790,416	$ -	$ -	$ -
Long-term debt	406,717	406,717	3,377,386	4,611,923
Obligations under capital lease	599	600	978	-
	$13,197,732	$ 407,317	$ 3,378,364	$ 4,611,923

	2017			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 years
Accounts payable	$10,967,563	$ -	$ -	$ -
Long-term debt	463,977	463,977	3,429,595	5,403,146
Obligations under capital lease	9,181	9,180	2,176	-
	$11,440,721	$ 473,157	$ 3,431,771	$ 5,403,146

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.