



CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Financial Statements
For the year ended March 31, 2020

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Canadore College of Applied Arts and Technology (the College), which comprise the statement of financial position as at March 31, 2020, the statements of changes in net assets, 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 College as at March 31, 2020, and its results of operations and 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 College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

North Bay, Ontario
May 26, 2020

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Cash and cash equivalents	\$ 60,870,118	\$ 36,888,770
Grants and accounts receivable (note 4)	10,291,945	9,612,767
Prepaid expenses	535,327	675,074
	71,697,390	47,176,611
Restricted cash and investments (note 2)	5,885,644	5,924,366
Other receivables (note 5)	489,459	489,459
Capital assets (note 6)	77,881,172	80,217,036
	\$ 155,953,665	\$ 133,807,472
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 15,528,731	\$ 12,880,225
Deferred revenue (note 7)	53,961,353	32,082,937
Vacation pay	3,041,223	2,856,871
Current portion of long-term debt (note 8)	857,135	913,404
	73,388,442	48,733,437
Long-term debt (note 8)	9,872,148	11,045,903
Post-employment benefits and compensated absences (note 9)	2,129,706	2,074,000
Deferred contributions (note 10)	278,203	399,285
Deferred capital contributions (note 11)	56,155,077	58,323,981
	68,435,134	71,843,169
Net Assets		
Unrestricted (deficiency)		
Operating	(399,068)	(828,392)
Post-employment benefits and compensated absences	(2,129,706)	(2,074,000)
Vacation pay	(3,041,223)	(2,856,871)
	(5,569,997)	(5,759,263)
Invested in capital assets (note 13)	14,092,645	13,465,048
Externally restricted (note 12)	5,607,441	5,525,081
	14,130,089	13,230,866
	\$ 155,953,665	\$ 133,807,472

Contingencies (note 14)

On behalf of the Board:

Robert A. Hutchins

Chair

Georg Burton

President

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

March 31, 2020				
	Unrestricted	Invested in Capital Assets	Externally Restricted	Total
Net assets (deficiency), beginning of year	\$ (5,759,263)	\$ 13,465,048	\$ 5,525,081	\$ 13,230,866
Endowments received during the year	-	-	82,360	82,360
Excess (deficiency) of revenues over expenses for the year	3,047,248	(2,230,385)	-	816,863
Inter fund transfer (note 13)	(2,857,982)	2,857,982	-	-
Net assets (deficiency), end of year	\$ (5,569,997)	\$ 14,092,645	\$ 5,607,441	\$ 14,130,089

March 31, 2019				
	Unrestricted	Invested in Capital Assets	Externally Restricted	Total
Net assets (deficiency), beginning of year	\$ (13,557,957)	\$ 13,363,942	\$ 5,449,201	\$ 5,255,186
Endowments received during the year	-	-	75,880	75,880
Excess (deficiency) of revenues over expenses for the year	9,459,804	(1,560,004)	-	7,899,800
Inter fund transfer (note 13)	(1,661,110)	1,661,110	-	-
Net assets (deficiency), end of year	\$ (5,759,263)	\$ 13,465,048	\$ 5,525,081	\$ 13,230,866

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

For the year ended March 31	2020	2019
Revenues		
Grants and reimbursements	\$ 27,902,085	\$ 31,615,717
Student fees - domestic	13,871,575	14,797,060
Student fees - international	54,614,433	53,072,131
Other	6,560,188	7,467,800
Ancillary	2,568,681	2,456,196
Amortization of deferred capital contributions	3,993,939	3,965,364
Gain on disposal of capital assets	8,899	619
Investment income	1,143,935	690,958
	<u>110,663,735</u>	<u>114,065,845</u>
Expenses		
Operating:		
Salaries and benefits	39,540,313	38,310,766
Instructional supplies and field work	1,334,978	1,267,664
Utilities and plant services	3,934,970	5,424,905
Contracted and professional services	43,326,498	41,156,858
General expenditures and supplies	8,592,989	8,152,109
Information technology, furniture and equipment, purchases and rentals	2,837,771	2,143,408
Scholarships, bursaries and awards	1,087,933	1,146,647
Ancillary	2,861,993	2,926,991
Interest on long-term debt	396,344	263,982
Amortization of capital assets	5,933,083	5,372,715
	<u>109,846,872</u>	<u>106,166,045</u>
Excess of revenues over expenses for the year	<u>\$ 816,863</u>	<u>\$ 7,899,800</u>

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

For the years ended March 31	2020	2019
Net inflow (outflow) of cash related to the following activities		
Operating		
Excess of revenues over expenses	\$ 816,863	\$ 7,899,800
Items not involving cash:		
Amortization of capital assets	5,933,083	5,372,715
Amortization of deferred capital contributions	(3,993,939)	(3,965,364)
Gain on disposal of capital assets	(8,899)	(619)
	<u>2,747,108</u>	<u>9,306,532</u>
Accrual for post-employment benefits and compensated absences	55,706	(33,048)
Change in non-cash operating working capital:		
Grants and accounts receivable	(679,178)	3,912,015
Prepaid expenses	139,747	599,828
Accounts payable and accrued liabilities	2,648,991	89,809
Accrual for vacation pay	184,352	(9,052)
Deferred revenue	<u>21,878,416</u>	<u>12,676,783</u>
	<u>26,975,142</u>	<u>26,542,867</u>
Investing		
Change in restricted investments	<u>(533,933)</u>	<u>(260,174)</u>
Financing		
Repayment of long-term debt	(1,230,024)	(843,436)
Advances of long-term debt	-	4,000,000
Repayment of obligations under capital lease	-	(2,177)
Deferred contributions	(121,082)	38,826
Endowment contributions	82,360	75,880
	<u>(1,268,746)</u>	<u>3,269,093</u>
Capital		
Purchase of capital assets	(3,597,704)	(12,432,622)
Proceeds on disposal of capital assets	8,899	619
Contributions received for capital purposes	<u>1,825,035</u>	<u>7,347,657</u>
	<u>(1,763,770)</u>	<u>(5,084,346)</u>
Increase in cash and cash equivalents	23,408,693	24,467,440
Cash and cash equivalents, beginning of year	38,493,226	14,025,786
Cash and cash equivalents, end of year	\$ 61,901,919	\$ 38,493,226
Represented by		
Cash and cash equivalents	\$ 60,870,118	\$ 36,888,770
Restricted cash	<u>1,031,801</u>	<u>1,604,456</u>
	<u>\$ 61,901,919</u>	<u>\$ 38,493,226</u>

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Canadore College of Applied Arts and Technology ("Canadore" or the "College"), established in 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.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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

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
Site improvements	10 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.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

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.

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, useful lives of capital assets 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:

	2020		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 60,870,118	\$ -	\$ 60,870,118
Grants and accounts receivable	-	10,291,945	10,291,945
Restricted cash and investments ⁽ⁱ⁾	5,885,644	-	5,885,644
Accounts payable and accrued liabilities	-	15,528,731	15,528,731
Vacation pay	-	3,041,223	3,041,223
Long-term debt	-	10,729,283	10,729,283
	<u>\$ 66,755,762</u>	<u>\$ 39,591,182</u>	<u>\$ 106,346,944</u>

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2020

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2019		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 36,888,770	\$ -	\$ 36,888,770
Grants and accounts receivable	-	9,612,767	9,612,767
Restricted cash and investments ⁽ⁱ⁾	5,924,366	-	5,924,366
Accounts payable and accrued liabilities	-	12,880,225	12,880,225
Vacation pay	-	2,856,871	2,856,871
Long-term debt	-	11,959,307	11,959,307
	\$ 42,813,136	\$ 37,309,170	\$ 80,122,306

- (i) Included in restricted cash and investments is \$4,853,843 (2019 - \$4,319,911) in bonds and equities and \$1,031,801 (2019 - \$1,604,455) in interest bearing accounts with interest rates ranging from 1.75% to 10.5% (2019 – 1.75% to 10.5%) with maturities as follows:

	2020				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 Years	Total
Carrying value	\$ 2,160,918	\$ 1,165,241	\$ 979,120	\$ 548,564	\$ 4,853,843
Percent of total	45%	24%	20%	10%	

	2019				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 Years	Total
Carrying value	\$ 1,046,479	\$ 892,914	\$ 1,503,247	\$ 877,271	\$ 4,319,911
Percent of total	24%	21%	35%	19%	

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).

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2020

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

		2020			
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents		\$ 60,870,118	\$ -	\$ -	\$ 60,870,118
Restricted cash and investments		5,885,644	-	-	5,885,644
		\$66,755,762	\$ -	\$ -	\$66,755,762

		2019			
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents		\$ 36,888,770	\$ -	\$ -	\$ 36,888,770
Restricted cash and investments		5,924,366	-	-	\$ 5,924,366
		\$42,813,136	\$ -	\$ -	\$42,813,136

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2020 and 2019.

There were also no transfers in or out of Level 3.

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 \$8,000,000 with an interest rate of prime less 0.75%. At March 31, 2020, the outstanding balance under this credit facility was \$Nil (2019 - \$Nil).

4. GRANTS AND ACCOUNTS RECEIVABLE

	2020	2019
Government grants receivable	\$ 3,936,120	\$ 4,914,095
Student receivable (net of \$220,000 (2019 - \$222,250) allowance)	394,739	229,520
Harmonized Sales Tax receivable	364,618	426,220
Other accounts receivable	5,530,147	3,990,411
Accrued interest receivable	66,321	52,521
	\$ 10,291,945	\$ 9,612,767

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2020

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:

	2020	2019
Accounts receivable from City of North Bay repayable from future lot levies for water and sewer connections	\$ 489,459	\$ 489,459

6. CAPITAL ASSETS

	2020		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 2,401,279	\$ -	\$ 2,401,279
Site improvements	2,101,741	304,687	1,797,054
Buildings	109,809,167	50,512,350	59,296,817
Furniture and equipment	28,624,528	24,350,915	4,273,613
Computer equipment	7,904,677	7,418,450	486,227
Computers under capital lease	1,670,105	1,670,105	-
Equipment	21,044,457	11,418,275	9,626,182
	\$ 173,555,954	\$ 95,674,782	\$ 77,881,172

	2019		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 2,401,279	\$ -	\$ 2,401,279
Site improvements	1,996,000	99,800	1,896,200
Buildings	109,589,790	47,939,734	61,650,056
Furniture and equipment	26,256,935	23,624,468	2,632,467
Computer equipment	7,480,564	6,997,881	482,683
Computers under capital lease	1,670,105	1,670,105	-
Equipment	20,974,922	9,820,571	11,154,351
	\$ 170,369,595	\$ 90,152,559	\$ 80,217,036

7. DEFERRED REVENUE

	2020	2019
Advanced tuition fees	\$ 51,224,947	\$ 29,829,538
Alumni Association	216,645	193,045
Student Athletics	(13,530)	19,040
Grants and other	2,533,291	2,041,314
	\$ 53,961,353	\$ 32,082,937

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2020

8. LONG-TERM DEBT

	2020	2019
Student Residence		
7.25% Mortgage, payable in semi-annual installments \$48,479 including principal and interest, maturing December 1, 2022	\$ -	\$ 331,514
7.5% Mortgage, payable in semi-annual installments of \$5,554 including principal and interest, maturing December 1, 2022	-	37,780
3.0% Mortgage, payable in monthly installments of \$36,473, including principal and interest, maturing October 27, 2029	3,644,877	3,968,714
3.477% Mortgage payable in semi-annual installments of \$116,263 including principal and interest, maturing November 10, 2026	1,433,768	1,611,787
3.222% Mortgage payable in semi-annual installments of \$63,446 including principal and interest, maturing July 1, 2027	839,468	936,951
Capital Financing		
2.71% Fixed rate term loan, payable in semi-annual installments of \$86,125 including principal and interest, maturing March 28, 2022	333,138	493,102
3.95% Fixed rate term loan, payable in semi-annual installments of \$114,404 including principal and interest, maturing March 5, 2049	3,928,573	4,000,000
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	60,000	90,000
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
	10,729,283	11,959,307
Current portion of long-term debt	857,135	913,404
	<u>\$ 9,872,148</u>	<u>\$ 11,045,903</u>

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2020

8. LONG-TERM DEBT (continued)

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

2021	\$	857,135
2022		884,391
2023		739,108
2024		763,417
2025		788,533
Thereafter		<u>6,696,699</u>
		<u>\$10,729,283</u>

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:

	2020				
	Post-employment benefits	Non-vested sick leave	Vested sick leave	Parental leave	Total liability
Accrued employee future benefits obligation	\$ 410,000	\$ 1,593,000	\$ -	\$ 80,706	\$ 2,083,706
Value of plan assets	(91,000)	-	-	-	(91,000)
Unamortized actuarial gains (losses)	112,000	25,000	-	-	137,000
Total liability	<u>\$ 431,000</u>	<u>\$ 1,618,000</u>	<u>\$ -</u>	<u>\$ 80,706</u>	<u>\$ 2,129,706</u>
	2019				
	Post-employment benefits	Non-vested sick leave	Vested sick leave	Parental leave	Total liability
Accrued employee future benefits obligation	\$ 407,000	\$ 1,387,000	\$ -	\$ -	\$ 1,794,000
Value of plan assets	(74,000)	-	-	-	(74,000)
Unamortized actuarial gains (losses)	113,000	241,000	-	-	354,000
Total liability	<u>\$ 446,000</u>	<u>\$ 1,628,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,074,000</u>

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
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For the year ended March 31, 2020

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

	2020				
	Post-employment benefits	Non-vested sick leave	Vested sick leave	Parental leave	Total expense
Current year benefit costs (recovery)	\$ (8,000)	\$ 76,000	\$ -	\$ 80,706	\$ 148,706
Interest on accrued benefit obligation	1,000	28,000	-	-	29,000
Amortized actuarial losses (gains)	(4,000)	(1,000)	-	-	(5,000)
Total expense	\$ (11,000)	\$ 103,000	\$ -	\$ 80,706	\$ 172,706

	2019				
	Post-employment benefits	Non-vested sick leave	Vested sick leave	Parental leave	Total expense
Current year benefit costs (recovery)	\$ 2,000	\$ 71,000	\$ -	\$ -	\$ 73,000
Interest on accrued benefit obligation	1,000	36,000	-	-	37,000
Amortized actuarial losses (gains)	3,000	(5,000)	-	-	(2,000)
Total expense	\$ 6,000	\$ 102,000	\$ -	\$ -	\$ 108,000

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 \$117,000 (2019 - \$121,000).

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

Retirement Benefits

CAAT Pension Plan

All full time employees of the College, and any part time employees who opt to participate, are members of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), which is a multi-employer jointly-sponsored defined benefit plan for 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.

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, 2020 indicated an actuarial surplus of \$2.9 billion. The College made contributions to the Plan and its associated retirement compensation arrangement in the amount of \$3,241,973 in 2020 (2019 - \$3,205,668), which has been included in salaries and benefits on the Statement of Operations.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2020

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

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, 2020 of the future benefits was determined using a discount rate of 1.6% (2019 – 2.2%).

b) Drug costs

Drug costs were assumed to increase at 8.0% per annum in 2020 (2019 – 8.0%), grading down to 4.0% per annum in 2040.

c) Hospital and other medical

Hospital and other medical costs were assumed to increase at 4.0% per annum (2019 – 4.0%).

Medical premium increases were assumed to increase at 6.55% per annum in 2020 (2019 – 6.67%), grading down to 4.0% per annum in 2040.

d) Dental costs

Dental costs were assumed to increase at 4.0% per annum in 2020 (2019 – 4.0%).

Compensated Absences

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.

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

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

	2020	2019
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, 1.75% in 2017, 2% in 2018, 2019, 2020, 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% (2019 - 0% to 23.7%) and 0 days to 48.0 days (2019 – 0 days 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

	2020	2019
Balance, beginning of year	\$ 399,285	\$ 360,459
Contributions received	86,117	138,994
Interest earned on contributions during the year	121,854	239,815
Unrealized gains (losses) on investments	(105,699)	(90,106)
Amounts transferred to revenue	(223,354)	(249,877)
Balance, end of year	\$ 278,203	\$ 399,285

Deferred contributions are comprised of:

	2020	2019
Scholarships, bursaries and awards	\$ 65,702	\$ 77,177
Endowment fund interest and unrealized gains	1,854	116,000
Joint employment stability reserve	210,647	206,108
Balance, end of year	\$ 278,203	\$ 399,285

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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:

	2020	2019
Balance, beginning of year	\$ 58,323,981	\$ 54,941,688
Contributions received for capital purposes	1,825,035	7,347,657
Amortization of deferred capital contributions	(3,993,939)	(3,965,364)
Balance, end of year	\$ 56,155,077	\$ 58,323,981

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 \$179,553 and \$155,790 respectively (2019 - \$66,580 and \$164,236).

Externally restricted endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund ("OSOTF") and the Ontario Trust for Student Support ("OTSS"). 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:

	2020				2019	
	OSOTF I	OSOTF II	OTSS	Other	Total	Total
Fund balance, beginning of year	\$1,713,852	\$ 275,744	\$2,308,446	\$1,227,039	\$5,525,081	\$5,449,201
Cash donations received	-	-	-	82,360	82,360	75,880
Fund balance, end of year	\$1,713,852	\$ 275,744	\$2,308,446	\$1,309,399	\$5,607,441	\$5,525,081

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12. EXTERNALLY RESTRICTED NET ASSETS (continued)

Schedule of changes in expendable funds available for awards:

	2020					2019
	OSOTF I	OSOTF II	OTSS	Other	Total	Total
Balance, beginning of year	\$ 54,839	\$ (2,988)	\$ 63,522	\$ 48,863	\$ 164,236	\$ 177,775
Investment income, net of direct investment related expenses	20,625	8,711	72,924	40,604	142,864	128,021
Bursaries awarded	(33,669)	(7,385)	(53,199)	(57,057)	(151,310)	(141,560)
Balance, end of year	\$ 41,795	\$ (1,662)	\$ 83,247	\$ 32,410	\$ 155,790	\$ 164,236

13. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets represents the following:

	2020	2019
Capital assets	\$ 77,881,172	\$ 80,217,036
Less amounts financed by:		
Deferred capital contributions	(56,155,077)	(58,323,981)
Long-term debt	(7,633,450)	(8,428,007)
	\$ 14,092,645	\$ 13,465,048

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

	2020	2019
Purchase of capital assets	\$ 3,597,704	\$ 12,432,622
Principal payment of long-term debt	794,559	421,316
Principal payment of obligations under capital lease	-	1,017
Interest on long-term debt	299,653	154,431
Less: advances of long-term debt	-	(4,000,000)
Less: proceeds on disposal of fixed assets	(8,899)	(619)
Less: amounts financed by deferred capital contributions	(1,825,035)	(7,347,657)
	\$ 2,857,982	\$ 1,661,110

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.

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15. CANADORE STUDENTS' COUNCIL

Included in assets and liabilities at year end is \$1,009,230 (2019 - \$653,237) 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 \$976,396 (2019 - \$939,535) 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. In 2018, 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, 2020 these funds had a market value of \$1,726,864 (2019 - \$1,910,813).

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 \$546,898 (2019 - \$812,432). The College has an outstanding receivable from the Foundation as at March 31, 2020 in the amount of \$Nil (2019 - \$982,432). The College provides support when required, office space, basic infrastructure and associated services, computer and other equipment, services of certain College departments in return for a management fee that is calculated annually in the amount of \$155,000 (2019 - \$170,000). The Foundation is not controlled by the College and therefore is not consolidated in these financial statements.

17. ECONOMIC DEPENDENCE

The College receives approximately 25% (2019 - 28%) of its revenues from the Ministry of Colleges and Universities.

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 (2019 - \$300,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the Ministry of Colleges and Universities 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.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

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18. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Credit Risk (continued)

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:

	2020				
	Total	1-30 days	31-60 days	61-90 days	91-120 days
Government receivables	\$ 4,300,738	\$4,300,738	\$ -	\$ -	\$ -
Student receivables	614,739	4,188	44,584	161,119	404,848
Other receivables	5,596,468	3,707,073	366,545	30,435	1,492,415
Gross receivables	10,511,945	8,011,999	411,129	191,554	1,897,263
Less: impairment allowances	(220,000)	-	-	-	(220,000)
Net receivables	\$ 10,291,945	\$8,011,999	\$ 411,129	\$ 191,554	\$1,677,263

	2019				
	Total	1-30 days	31-60 days	61-90 days	91-120 days
Government receivables	\$ 5,340,315	\$ 5,340,315	\$ -	\$ -	\$ -
Student receivables	451,770	35,959	14,182	92,341	309,288
Other receivables	4,042,932	3,406,327	216,658	186,592	233,355
Gross receivables	9,835,017	8,782,601	230,840	278,933	542,643
Less: impairment allowances	(222,250)	-	-	-	(222,250)
Net receivables	\$ 9,612,767	\$ 8,782,601	\$ 230,840	\$ 278,933	\$ 320,393

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

There 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 Colleges and Universities. 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.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2020

18. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Currency Risk

Currency risk relates to the College operating in different 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% (2019 – 1.75% to 10.5%) with maturities ranging from June 30, 2020 to June 2, 2048 (2019 – April 9, 2019 to June 2, 2048).

At March 31, 2020, 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 \$50,111 (2019 - \$43,522). A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College's bank loans of \$101,798 (2019 - \$113,798) 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, 2020, 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 \$177,542 (2019 - \$165,918).

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

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18. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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):

		2020			
		Within 6 months	6 months to 1 year	1 to 5 years	over 5 years
Accounts payable		\$15,528,731	\$ -	\$ -	\$ -
Long-term debt		428,568	428,567	3,175,449	6,696,699
		\$15,957,299	\$ 428,567	\$ 3,175,449	\$ 6,696,699
		2019			
		Within 6 months	6 months to 1 year	1 to 5 years	over 5 years
Accounts payable		\$12,880,225	\$ -	\$ -	\$ -
Long-term debt		456,702	456,702	3,530,671	7,515,232
		\$13,336,927	\$ 456,702	\$ 3,530,671	\$ 7,515,232

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.

19. GLOBAL PANDEMIC

In winter 2020 the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of the global pandemic continue there could be further impact on the College, its employees, suppliers and other third party business associates that could impact the timing and amounts realized on the College's assets and future academic delivery model. At this time, the full potential impact of COVID-19 on the College is unknown. Effective March 23 the College entered a restricted access period, commenced online curriculum delivery of programs and for the safety of students asked those that were able, to move out of residence buildings. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The College's ability to continue academic delivery and employ related staff will depend on the legislative mandates from the various levels of government. The College will continue to focus on collecting receivables, managing expenditures and leveraging existing credit facilities to ensure it is able to continue delivering on its mandate as an Ontario College of applied arts and technology under advised social distancing measures.