

Financial Statements of

**SIR SANDFORD FLEMING  
COLLEGE OF APPLIED  
ARTS AND TECHNOLOGY**

And Independent Auditor's Report thereon

Year ended March 31, 2023

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Sir Sandford Fleming College of Applied Arts and Technology (the "College") are the responsibility of management and have been approved by the Board of Governors (the "Board").

The financial statements have been prepared by management 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. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The College maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the College's assets are appropriately accounted for and adequately safeguarded.

The College's insurance liabilities have been reviewed by management in consultation with its broker. There are no material liabilities in either fact or contingency as at the date of this report.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility through its Finance and Audit Committee (the "Committee").

The Committee is appointed by the Board and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The financial statements have been audited by KPMG LLP ("KPMG") the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. KPMG has full and free access to the Committee.



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Maureen Adamson  
College President



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Drew Van Parys  
Executive Vice President, Corporate  
Services



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Sir Sandford Fleming College  
of Applied Arts and Technology

### *Opinion*

We have audited the financial statements of Sir Sandford Fleming College of Applied Arts and Technology (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations, its changes in net assets, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



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### ***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 auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.



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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 Entity'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 Entity'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 Entity 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.



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- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 24, 2023

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 56,958,704	\$ 36,967,927
Short-term investments (note 12)	102,204,060	33,264,681
Accounts receivable (note 13(a))	13,036,304	12,784,549
Prepays and other	3,679,670	1,102,219
	<u>175,878,738</u>	<u>84,119,376</u>
Restricted investments for endowments, bursaries and other (note 12)	12,698,794	10,207,827
Long-term investments (note 12)	80,174	80,174
Capital assets (note 3)	114,547,954	115,379,357
	<u>\$ 303,205,660</u>	<u>\$ 209,786,734</u>

	2023	2022
<b>Liabilities, Deferred Contributions and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 24,128,248	\$ 20,571,278
Accrued payroll and employee benefits	12,156,631	11,048,302
Deferred grants	4,986,228	2,940,583
Deferred revenue (note 6)	110,684,735	35,083,112
Current portion of long-term debt (note 5)	1,312,991	1,371,905
	<u>153,268,833</u>	<u>71,015,180</u>
Long-term debt (note 5)	8,237,363	9,909,353
Deferred derivative liability (note 12)	–	25,000
Post-employment benefits and compensated absences (note 7)	4,164,300	3,629,000
Asset retirement obligation (notes 2 and 17)	1,116,919	–
	<u>13,518,582</u>	<u>13,563,353</u>
Deferred contributions:		
Bursaries and other	3,502,073	3,414,629
Deferred capital contributions (note 4)	83,679,686	83,887,247
	<u>87,181,759</u>	<u>87,301,876</u>
Net assets:		
Unrestricted:		
Operating	25,835,889	17,406,500
Post-employment benefits and compensated absences	(4,164,300)	(3,629,000)
Vacation pay accrual	(5,572,206)	(5,688,329)
	<u>16,099,383</u>	<u>8,089,171</u>
Invested in capital assets (note 8)	23,850,382	22,968,956
Internally restricted (note 9)	90,000	80,000
Restricted for endowments (note 10)	9,196,721	6,793,198
	<u>49,236,486</u>	<u>37,931,325</u>
Accumulated rereasurement losses	–	(25,000)
	<u>49,236,486</u>	<u>37,906,325</u>
Commitments (note 15)		
	<u>\$ 303,205,660</u>	<u>\$ 209,786,734</u>

See accompanying notes to financial statements.

On behalf of the Board of Governors:

  
 \_\_\_\_\_ Fred Clifford, Chair of the Board of Governors

  
 \_\_\_\_\_ Maureen Adamson, President



# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Government and other grants	\$ 77,179,146	\$ 81,619,704
Student tuition	51,049,209	38,770,051
Other income (note 11)	19,937,138	9,877,886
Public College Private Partnership (note 16)	19,549,541	–
Ancillary operations	5,896,612	3,480,380
Amortization of deferred capital contributions (note 4)	4,760,730	4,510,260
	<u>178,372,376</u>	<u>138,258,281</u>
Expenditures:		
Salaries	71,386,501	68,947,485
Benefits	16,293,261	15,152,600
Public College Private Partnership (note 16)	15,839,380	–
Contract services and other	13,769,832	11,707,037
Transfer payments - Service System Management	13,742,411	11,968,227
Amortization of capital assets	7,553,577	7,292,786
Instructional support	7,368,217	6,576,572
Plant and security	6,437,292	4,672,603
Professional fees and insurance	4,357,042	2,808,210
Utilities	3,096,053	2,355,153
Bursaries	2,299,537	3,004,542
Advertising	1,893,159	1,017,012
Travel and professional development	1,297,790	487,225
Rental and taxes	1,023,483	941,750
Other	921,708	1,381,823
Equipment maintenance	812,364	659,592
Interest on long-term debt	323,617	371,015
	<u>168,415,224</u>	<u>139,343,632</u>
<u>Excess (deficiency) of revenue over expenditures</u>	<u>\$ 9,957,152</u>	<u>\$ (1,085,351)</u>

See accompanying notes to financial statements.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

					2023	2022
	Unrestricted	Invested in capital assets (note 8)	Internally restricted (note 9)	Restricted for endowments (note 10)	Total	Total
Net assets, beginning of year	\$ 8,089,171	\$ 22,968,956	\$ 80,000	\$ 6,793,198	\$ 37,931,325	\$ 38,963,771
Adjustment on adoption of ARO standard (note 2)	–	(1,055,514)	–	–	(1,055,514)	–
Excess (deficiency) of revenue over expenditures	12,740,200	(2,783,048)	–	–	9,957,152	(1,085,351)
Endowment contributions	–	–	–	2,403,523	2,403,523	52,905
Net change in investment in capital assets (note 8(b))	(4,719,988)	4,719,988	–	–	–	–
Interfund transfers (note 9)	(10,000)	–	10,000	–	–	–
<b>Net assets, end of year</b>	<b>\$ 16,099,383</b>	<b>\$ 23,850,382</b>	<b>\$ 90,000</b>	<b>\$ 9,196,721</b>	<b>\$ 49,236,486</b>	<b>\$ 37,931,325</b>

See accompanying notes to financial statements.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Statement of Remeasurement Gains and Losses

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement losses, beginning of year	\$ (25,000)	\$ (62,000)
Unrealized gain on swap derivatives	–	37,000
Extinguishment of swap derivatives (note 12)	25,000	–
Accumulated remeasurement losses, end of year	\$ –	\$ (25,000)

See accompanying notes to financial statements.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditures	\$ 9,957,152	\$ (1,085,351)
Items not involving cash:		
Amortization of capital assets	7,553,577	7,292,786
Amortization of deferred capital contributions	(4,760,730)	(4,510,260)
(Gain) loss on disposal of capital assets	(9,799)	4,289
	<u>12,740,200</u>	<u>1,701,464</u>
Change in accruals for post-employment benefits and compensated absences	535,300	(121,000)
Change in non-cash operating working capital:		
Accounts receivable	(251,755)	(837,547)
Prepays and other	(2,577,451)	1,328,575
Accounts payable and accrued liabilities	3,556,972	27,450
Accrued payroll and employee benefits	1,108,329	(552,719)
Deferred grants	2,045,645	379,642
Deferred revenue	75,601,623	17,297,702
	<u>92,758,863</u>	<u>19,223,567</u>
Capital activities:		
Deferred capital contributions	4,553,169	3,058,752
Purchase of capital assets	(6,667,146)	(6,305,491)
Proceeds on disposal of capital assets	16,174	14,739
	<u>(2,097,803)</u>	<u>(3,232,000)</u>
Financing activities:		
Deferred contributions, bursaries and other	87,444	539,637
Endowment contributions	2,403,523	52,905
Principal payments on long-term debt	(1,730,904)	(1,328,049)
	<u>760,063</u>	<u>(735,507)</u>

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows (continued)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Investing activities:		
Net change in investments	(68,939,379)	(5,149,118)
Net change in restricted investments for endowments, bursaries and other	(2,490,967)	(592,542)
	<u>(71,430,346)</u>	<u>(5,741,660)</u>
 Increase in cash	 19,990,777	 9,514,400
Cash, beginning of year	36,967,927	27,453,527
 Cash, end of year	 <u>\$ 56,958,704</u>	 <u>\$ 36,967,927</u>
 Supplemental cash flow information:		
Interest paid	\$ 323,617	\$ 371,015
Interest received	3,635,300	1,335,184

See accompanying notes to financial statements.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2023

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Sir Sandford Fleming College of Applied Arts and Technology (the "College") was established as a corporation without share capital, as set out in the Ontario Colleges of Applied Arts and Technology Act. The Corporations Act governs the corporate affairs of the College and became effective April 1, 2003. The College is principally involved in providing post-secondary educational services. Under the Income Tax Act (Canada), the College is considered a registered charity and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

## 1. Significant accounting policies:

### (a) Basis of accounting:

These financial statements are the representation of management and have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations ("Government NPOs"), including the 4200 Series of Standards, as issued by the Public Sector Accounting Board ("PSAB").

These statements do not reflect the operations of the various student organizations at the College.

### (b) Revenue recognition:

The College follows the deferral method of accounting for contributions and other revenues. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases to net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Other revenues are recognized when received or receivable and the amount can be reasonably estimated and collection is assured.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

The College defers the portion of the revenue related to the delivery of programs and courses that takes place after March 31.

### (c) Capital assets:

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expenditures. Betterments which extend the estimated life of an asset are capitalized. Capital assets are amortized on a straight-line basis using the following annual rates:

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Buildings	2-1/2%
Site improvements	10%
Furniture and equipment	20%
Computer equipment	33-1/3%
Residence furniture	6-2/3%
Fibre optic system	5%
Enterprise Resource Planning System	14%
Leasehold improvements	Over term of lease
Sport and Wellness Centre	Over term of the land lease
Sports fields	5%

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Construction in progress is not amortized until the related asset is available for use.

### (d) Vacation accrual:

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

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (e) 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, vesting sick leave, non-vesting sick leave and compensated absences. 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 estimate 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 benefit pension are 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 lives of the employees.
- (iv) The discount rate used in the determination of the above-mentioned liabilities is based on the effective yield of Ontario bonds that approximates the weighted average duration of cash flows for the employee future benefits. This rate is also equal to the College's internal rate of borrowing.
- (v) The cost of compensated absences is determined using management's best estimate of the length of the compensated absences.



# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (f) 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:

#### (i) Fair value:

This category includes derivatives and equity instruments quoted in an active market. The College has elected to carry unrestricted and restricted investments that would otherwise be classified into the amortized cost category at fair value as the College reports performance of these on a fair value basis.

For unrestricted investments, unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Unrealized changes in fair value of a financial asset in a fair value category that is externally restricted are recorded in deferred contributions - bursaries and other.

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

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations for unrestricted investments.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (ii) Amortized cost:

This category includes accounts receivable, accounts payable and accrued liabilities, accrued payroll and employee benefits, deferred grants and long-term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate 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.

Write-downs 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 write-down being recognized in the statement of operations.

### (g) Derivative financial instrument:

In the comparative period a derivative financial instrument was utilized by the College in the economic management of its interest rate exposure. This derivative instrument was extinguished during the current period. The College does not enter into derivative financial instruments for trading or speculative purposes.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (h) Capital donations:

The College records in-kind capital donations if a charitable tax receipt for income taxes is issued. Other in-kind donations are not recorded in the financial statements.

### (i) Asset retirement obligation:

An asset retirement obligation is recognized when all of the following criteria are met: (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset, (b) a past transaction giving rise to the liability has occurred, (c) it is expected that future economic benefits will be given up, and (d) is reasonably estimable.

A liability for an asset retirement obligation in respect of removal of asbestos has been recognized based on estimated future expense, the recognition of which has resulted in an increase to the respective tangible capital assets. Under the modified retroactive application method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly.

### (j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Board of Governors ("Board") may undertake in the future. Significant estimates include assumptions used for provisions in estimating: allowance for doubtful accounts, post-employment benefits and compensated absences, useful lives of capital assets, and asset retirement obligations. Actual results could differ from those estimates.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 2. Change in accounting policies:

On April 1, 2022, the College adopted Public Sector Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets such as asbestos removal in retired buildings. The standard was adopted on the modified retroactive basis on the date of adoption.

As a result of adoption, the College recognized an asset retirement obligation relating to several buildings owned by the College that contained asbestos. The buildings were constructed in 1973 and the liability was measured as of the March 1986, when the legal obligation was assumed. The buildings had an expected useful life of 40 years, and the estimate has not changed.

In accordance with the provisions of this new standard the College reflected the following adjustments:

- An increase of \$493,880 to the buildings capital asset account, representing the original estimate of the obligation, and an accompanying increase of \$456,840 to accumulated amortization representing 38 years of increased amortization had the liability originally been recognized.
- An asset retirement obligation in the amount of \$1,092,554 representing the estimated obligation discounted to the present value using a rate of 2.23%.
- A decrease to opening net assets of \$1,055,514 as a result of the recognition of the liability and accompanying increase in amortization expense and accretion expense for the 38 years since the legal obligation was assumed.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

### 3. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,285,075	\$ –	\$ 2,285,075	\$ 2,083,687
Buildings (Note 2)	174,634,512	73,878,979	100,755,533	102,155,041
Site improvements	5,350,443	4,995,617	354,826	521,472
Furniture and equipment	40,504,066	32,858,117	7,645,949	6,615,137
Computer equipment	9,408,433	9,068,439	339,994	518,692
Residence furniture	1,086,301	1,086,301	–	–
Fibre optic system	1,560,459	1,438,901	121,558	199,581
Enterprise Resource Planning System	4,014,447	4,014,298	149	13,777
Leasehold improvements	192,003	163,621	28,382	70,477
Sport and Wellness Centre	2,470,079	879,502	1,590,577	1,640,027
Sports fields	2,711,111	1,285,200	1,425,911	1,561,466
	<b>\$ 244,216,929</b>	<b>\$ 129,668,975</b>	<b>\$ 114,547,954</b>	<b>\$ 115,379,357</b>

Included in buildings is construction in progress in the amount of \$1,555,605 (2022 - \$1,066,570).

During 2023, construction in progress of \$115,175 (2022 - \$6,334) was completed, transferred to capital assets and amortization commenced.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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#### 4. 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 deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2023	2022
Balance, beginning of year	\$ 83,887,247	\$ 85,338,755
Less amounts amortized to revenue	4,760,730	4,510,260
	79,126,517	80,828,495
Contributions received for capital purposes	4,553,169	3,058,752
Balance, end of year	\$ 83,679,686	\$ 83,887,247

As at March 31, 2023, there was \$3,649,387 (2022 - \$2,758,104) of deferred capital contributions received that were not spent.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 5. Long-term debt:

	2023	2022
Health Sciences Cluster Project loan, payable \$116,420 semi-annually including interest at 2.64%, due August 2039	\$ 3,098,172	\$ 3,246,282
Less principal repayments due within one year	152,046	148,110
	2,946,126	3,098,172
GeoCentre and Environmental Sciences project loan, payable \$45,275 semi-annually including interest at 2.64%, due August 2039	1,204,845	1,262,443
Less principal repayments due within one year	59,129	57,598
	1,145,716	1,204,845
Brealey Student residence loan, payable \$630,940 semi-annually, including interest at 3.22%, due July 2027, secured by specific property	5,247,337	6,314,533
Less principal repayments due within one year	1,101,816	1,067,197
	4,145,521	5,247,336
The Peterborough Sport and Wellness Centre loan payable, repaid during the year	–	458,000
Less principal repayments due within one year	–	99,000
	–	359,000
	\$ 8,237,363	\$ 9,909,353

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 5. Long-term debt (continued):

The principal repayments due on long-term debt in the next five years and thereafter are as follows:

2024	\$ 1,312,991
2025	1,354,344
2026	1,397,006
2027	2,061,968
2028	234,533
Thereafter	3,189,512
	\$ 9,550,354

The College has a revolving credit facility for an operating line of credit to a maximum of \$5,000,000, which has not been drawn upon in the current or comparative periods. The operating line of credit is unsecured and bears interest at the College's bank prime lending rate minus 0.50%.

## 6. Deferred revenue:

Deferred revenue consists of the following:

	2023	2022
Student deposits for future terms	\$ 101,916,379	\$ 30,159,413
Winter academic term deferrals	8,059,628	4,199,712
Other deferred revenues	708,728	723,987
	\$ 110,684,735	\$ 35,083,112



# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 7. Post-employment benefits and compensated absences:

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

					2023	2022
	Post-employment benefits	Non-vesting sick leave	Compensated absences	WSIB	Total liability	Total liability
Accrued employee future benefits	\$ 753,000	\$ 3,208,000	\$ 280,000	\$ 326,300	\$ 4,567,300	\$ 3,614,000
Value of plan assets	(180,000)	–	–	–	(180,000)	(189,000)
Unamortized actuarial gains (losses)	43,000	(266,000)	–	–	(223,000)	204,000
<b>Total liability</b>	<b>\$ 616,000</b>	<b>\$ 2,942,000</b>	<b>\$ 280,000</b>	<b>\$ 326,300</b>	<b>\$ 4,164,300</b>	<b>\$ 3,629,000</b>

					2023	2022
	Post-employment benefits	Non-vesting sick leave	Compensated absences	WSIB	Total expenses	Total expenses
Current year benefit costs	\$ 60,000	\$ 250,000	\$ 280,000	\$ 326,300	\$ 916,300	\$ 392,000
Interest accrued benefit obligation	2,000	81,000	–	–	83,000	53,000
Amortization actuarial gains (losses)	(10,000)	–	–	–	(10,000)	65,000
<b>Total expenses</b>	<b>\$ 52,000</b>	<b>\$ 331,000</b>	<b>\$ 280,000</b>	<b>\$ 326,300</b>	<b>\$ 989,300</b>	<b>\$ 510,000</b>

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 7. Post-employment benefits and compensated absences (continued):

Above amounts exclude pension contributions to the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), a multi-employer plan, described below:

### (a) Retirement benefits:

All full-time employees of the College, and any part-time employees who opt to participate, are members of the Plan, a multi-employer jointly-sponsored defined benefit plan for public colleges in Ontario and other employers across Canada. The College makes contributions to the Plan equal to those of employees. Contribution rates are set by the Plan's governors to ensure the long-term viability of the Plan. Since the Plan is a multi-employer plan, the College's contributions are accounted for as if the Plan were a defined contribution plan with the College's contributions being expensed in the period they come due.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2023 indicated an actuarial surplus on a going concern basis of \$4.7 billion. The College made contributions to the Plan of \$6,989,906 (2022 - \$6,827,304), which has been included in the statement of operations.

The College makes contributions to a Retirement Compensation Arrangement ("RCA") to triple the qualifying employee contributions. In 2023, the College's contributions to RCA amounted to \$51,251 (2022 - \$42,435), and has been included in the statement of operations.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 7. Post-employment benefits and compensated absences (continued):

### (b) 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 as at February 28, 2023 for employee post-employment benefits, August 31, 2022 for non-vesting sick leave and March 31, 2023 for vesting sick leave. The valuations for post-employment benefits and non-vesting sick leave were extrapolated to March 31, 2023.

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

#### (i) Discount rate:

The present value, as at March 31, 2023, of the future benefits was determined using a discount rate of 3.40%.

#### (ii) Medical premium:

Medical premium were assumed to increase at 6.16% per annum and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040.

#### (iii) Dental costs:

Dental costs were assumed to increase at 4.0% per annum.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 7. Post-employment benefits and compensated absences (continued):

### (c) Compensated absences:

#### Non-vesting sick leave:

The College allocates to certain employee groups a specified number of days each year for 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 provided 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 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:

	2023	2022
Wage and salary escalation	1.00% - 2.00%	1.00% - 1.25%
Discount rate	3.40%	2.90%

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 0.0% to 26.2% and nil to 51 days, respectively, for age groups ranging from 20 and under to 65 and over in bands of five years.

### (d) Workplace, Safety and Insurance Board:

The College assumes responsibility for the payment of all claims to its injured workers under the Workplace Safety Act. The related benefit liabilities and costs were determined by an actuarial valuation prepared for accounting purposes. The actuarial valuation is performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared at March 31, 2023.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 8. Net assets invested in capital assets:

(a) Invested in capital assets represent the following:

	2023	2022
Capital assets, at cost (note 3)	\$ 244,216,929	\$ 237,568,986
Accumulated amortization (note 3)	(129,668,975)	(122,189,629)
Long-term debt:		
Long-term portion (note 5)	(8,237,363)	(9,909,353)
Current portion (note 5)	(1,312,991)	(1,371,905)
Deferred contributions related to capital assets excluding unspent portion (note 4)	(80,030,299)	(81,129,143)
Asset retirement obligation (note 2)	(1,116,919)	-
<b>Balance, end of year</b>	<b>\$ 23,850,382</b>	<b>\$ 22,968,956</b>

(b) The change in net assets invested in capital assets is calculated as follows:

	2023	2022
Excess (deficiency) of revenue over expenditures:		
Amortization of deferred capital contributions	\$ 4,760,730	\$ 4,510,260
Amortization of capital assets	(7,553,577)	(7,292,786)
Gain (loss) on disposal of capital assets	9,799	(4,289)
	<b>\$ (2,783,048)</b>	<b>\$ (2,786,815)</b>
Net change in investment in capital assets:		
Purchased capital assets	\$ 6,667,146	\$ 6,305,491
Amounts funded by deferred capital contributions	(3,661,888)	(4,071,808)
Principal payments on long-term debt	1,730,904	1,328,049
Proceeds on disposal of capital assets	(16,174)	(14,739)
	<b>\$ 4,719,988</b>	<b>\$ 3,546,993</b>

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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**9. Internally restricted net assets:**

	2023	2022
Sports Field Capital Reserve Fund	\$ 90,000	\$ 80,000

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Internally restricted net assets represent funds restricted by Board motion for the purpose of capital repairs and improvements to the sports field complex. Board approval is required for expenditures.

Effective March 31, 2023, the Board approved a transfer of \$10,000 from unrestricted to internally restricted net assets for the purpose of capital repairs and improvements to the sports field complex. The balance now represents funds available for future reinvestment.

**10. Restricted for endowments:**

Externally restricted net assets include endowment funds which have been donated for specific purposes. The principal sum must be held for investment, while the income earned is expendable for the specific purposes outlined when the funds are donated. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they are provided.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 10. Restricted for endowments (continued):

Endowed funds include the following:

### (a) Ontario Student Opportunity Trust Funds:

These funds were provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund Phase 1 and Phase 2 ("OSOTF") matching program to award student aid as a result of raising an equal amount of endowed donations.

The College has recorded the following amounts under the OSOTF programs:

### (i) OSOTF - Phase 1:

Schedule of changes in endowment fund balance:

	2023	2022
Fund balance, beginning of year	\$ 1,418,561	\$ 1,418,524
Preservation of capital	39	37
Fund balance, end of year	\$ 1,418,600	\$ 1,418,561

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 10. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2023		2022	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 414,587	\$ 123,661	\$ 307,017	\$ 125,470
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	(30,947)	47,669	164,728	55,349
Bursaries awarded (2023 - 74; 2022 - 82)	(60,545)	(60,545)	(57,158)	(57,158)
Balance, end of year	\$ 323,095	\$ 110,785	\$ 414,587	\$ 123,661

### (ii) OSOTF - Phase 2:

Schedule of changes in endowment fund balance:

	2023	2022
Fund balance, beginning of year	\$ 474,029	\$ 473,956
Preservation of capital	80	73
Fund balance, end of year	\$ 474,109	\$ 474,029



# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 10. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2023		2022	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 121,196	\$ 31,507	\$ 86,113	\$ 28,281
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	(10,376)	15,826	49,313	17,456
Bursaries awarded (2023 - 15; 2022 - 12)	(19,700)	(19,700)	(14,230)	(14,230)
Balance, end of year	\$ 91,120	\$ 27,633	\$ 121,196	\$ 31,507

### (b) Ontario Trust for Student Support:

These monies were provided by the Government of Ontario from the Ontario Trust for Student Support matching program to award student aid.

Schedule of changes in endowment fund balances during the year:

	2023	2022
Fund balance, beginning of year	\$ 3,813,124	\$ 3,813,108
Preservation of capital	18	16
Fund balance, end of year	\$ 3,813,142	\$ 3,813,124

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 10. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2023		2022	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 807,887	\$ 105,305	\$ 536,257	\$ 110,245
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	(79,092)	118,241	400,938	124,368
Bursaries awarded (2023 - 173; 2022 - 155)	(136,273)	(136,273)	(129,308)	(129,308)
Balance, end of year	\$ 592,522	\$ 87,273	\$ 807,887	\$ 105,305

## 11. Investment income:

Included in other income is investment income as follows:

	2023	2022
Income from unrestricted investments	\$ 3,713,206	\$ 537,886
Income (loss) from endowment and restricted investments	(77,906)	797,298
	\$ 3,635,300	\$ 1,335,184

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 11. Investment income (continued):

The College has certain agreements for bursaries that do not have stipulations on the investment income earned from these restricted funds. The income earned from these investments is unrestricted and reported as part of other income as noted above.

## 12. Financial instrument classification:

The following tables provide cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value, as shown below:

2023	Fair value	Amortized cost
Cash	\$ 56,958,704	\$ —
Short-term investments (a)	102,204,060	—
Accounts receivable	—	13,036,304
Restricted investments for endowments, bursaries and other (b)	12,698,794	—
Long-term investments (a)	80,174	—
Accounts payable and accrued liabilities	—	(24,128,248)
Accrued payroll and employee benefits	—	(12,156,631)
Deferred grants	—	(4,986,228)
Long-term debt	—	(9,550,354)

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 12. Financial instrument classification (continued):

2022	Fair value	Amortized cost
Cash	\$ 36,967,927	\$ –
Short-term investments (a)	33,264,681	–
Accounts receivable	–	12,784,549
Restricted investments for endowments, bursaries and other (b)	10,207,827	–
Long-term investments (a)	80,174	–
Accounts payable and accrued liabilities	–	(20,571,278)
Accrued payroll and employee benefits	–	(11,048,302)
Deferred grants	–	(2,940,583)
Long-term debt	–	(11,281,258)
Deferred derivative liability (c)	(25,000)	–

All investments follow the Government of Ontario Binding Policy Directive on Banking, Investments and Borrowing.

(a) Excess of operating funds are invested in liquid securities that are accessible when required. Short-term investments consist of guaranteed investment certificates with maturities of less than one year. Long-term investments consist of guaranteed investment certificates with maturities that are greater than one year.

Excess of operating funds held in short-term investments have yields varying from 4% to 6% (2022 - 0.55% to 2.11%) with maturity dates ranging from June 30, 2023 to March 28, 2024 (2022 - June 30, 2022 to March 15, 2023).

Excess of operating funds held in long-term investments have yields varying from 1.19% to 1.41% (2022 - 1.19% to 1.41%) with maturity dates ranging from January 29, 2025 to January 29, 2026 (2022 - January 29, 2025 to January 29, 2026).

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 12. Financial instrument classification (continued):

- (b) Restricted investments for endowments, bursaries and other consist of cash, pooled fund investments in money market, guaranteed investment certificates, fixed term bonds and Canadian equities. The maturity profile of the bonds included in restricted investments is as follows:

	Within 1 year	2 - 5 years	6 - 10 years	Over 10 years	Total
2023					
Carrying value	\$ 327,826	\$2,078,964	\$ 523,805	\$ –	\$ 2,930,595
Percentage of total	11.2	70.9	17.9	–	100
2022					
Carrying value	\$ 373,201	\$ 594,466	\$ 238,529	\$ 100,151	\$ 1,306,347
Percentage of total	29	46	18	7	100

- (c) The College entered into an interest rate swap agreement in a prior year to economically manage the floating interest rate of the bankers' acceptance loan (note 5). This swap agreement was extinguished in the current year, as part of the extinguishment of the loan.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 12. Financial instrument classification (continued):

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 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).

All cash, short-term investments, long-term investments and restricted investments for endowments, bursaries and other are classified as Level 1 financial instruments.

There were no transfers between levels for the years ended March 31, 2023 and 2022. For a sensitivity analysis of financial instruments recognized in Level 3, see note 13 - interest rate risk, as the prevailing interest rate is the most significant input into the fair value of the instrument.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 13. Risk management:

### (a) 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 relating to its cash, debt holdings in its investment portfolio and accounts receivable. The College holds its cash accounts with federally regulated chartered banks which are insured by the Canadian Deposit Insurance Corporation.

The College's investment policy operates within the constraints of the investment guidelines issued by Ministry of Colleges and Universities ("MCU"). The College policy puts limits on the bond portfolio, including portfolio composition, issuer type, bond quality, aggregate issuer, corporate sector and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a semi-annual basis and monitored by management on a monthly basis. Externally restricted and endowment funds, which are generally money and donations for scholarships and bursaries are invested in corporate bonds with a credit rating of A(R-1) or better. All other College funds are restricted to Corporate bonds with a rating of AAA.

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 maximum exposure to credit risk from receivables of the College at March 31, 2023 is the carrying value of these assets.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 13. Risk management (continued):

Accounts receivable includes student receivables and other receivables as noted in the table below. MCU and Ministry of Labour, Immigration, Training and Skills Development ("MLTSD") receivables are due from government for program grants. Credit risk is mitigated by financial approval processes before a student is enrolled and due to the highly diversified nature of the student population. All receivables are due in the next 30 days.

	2023	2022
Accounts receivable:		
MCU and MLTSD receivables	\$ 5,797,298	\$ 5,606,958
Student receivables	865,079	688,040
Other grant receivables	628,883	2,107,796
Other receivables	6,314,979	4,927,605
	<u>13,606,239</u>	<u>13,330,399</u>
Less allowance for doubtful accounts	569,935	545,850
	<u>\$ 13,036,304</u>	<u>\$ 12,784,549</u>

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

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

### (b) Market risk:

Market risk is the risk that the fair value or 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's investment policy operates within the constraints of the investment guidelines issued by MCU. The policy's application is monitored by management, the investment managers and the Board. Diversification techniques are utilized to minimize risk.



# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 13. Risk management (continued):

The investment policy outlines an asset mix comprising:

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Fixed income	35% - 45%
Equities	45% - 50%
Cash and short-term investments	0% - 20%

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The policy sets limits and the maximum amount allowable per investment grade non-government fixed income issue at the greater of 15% of the total portfolio or 20% of the fixed income portfolio.

### (i) 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 exchange rates when adverse changes in foreign currency rates occur. The College's exposure to foreign currency risk is based on its investments in foreign denominated equity investments.

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

### (ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or 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 and long-term debt.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 13. Risk management (continued):

The College's bond portfolio has interest rates ranging from 0.625% to 5.31% (2022 - 1.34% to 3.35%) with maturities ranging from April 6, 2023 to May 16, 2030 (2022 - April 19, 2022 to May 16, 2030).

The College estimates a 1% fluctuation in interest rates would not have a material impact on the fair value of the College's bonds.

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

### (iii) 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, 2023, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the College's equities of \$518,000 (2022 - \$535,000).

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

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 13. Risk management (continued):

### (c) 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):

	Within 6 months	6 months to 1 year	1 - 5 years	Greater than 5 years
Accounts payable and accrued liabilities	\$ 21,043,569	\$ 3,084,679	\$ –	\$ –
Accrued payroll and employee benefits	11,913,091	243,540	–	–
Long-term debt	651,407	661,584	5,047,851	3,189,512

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

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 14. Controlled entities:

Fleming College Foundation (the "Foundation") was established to raise funds for the use of the College. The Foundation was incorporated under the Corporations Act (Ontario) and is a registered charity under the Income Tax Act (Canada).

Fleming College Institute (the "Institute") was established to provide research, analysis, and speciality training. The Institute was incorporated under the Not-for-Profit Corporations Act (Ontario) and commenced operations in 2023.

As defined by the Chartered Professional Accountants of Canada PSAB accounting recommendations for Government NPOs, the College controls the Foundation and Institute operations. The Foundation and Institute's financial statements have not been consolidated in the College's financial statements.

Financial summary of the Foundation as at and for the year ended March 31 are as follows:

	2023	2022
<b>Financial position</b>		
Total assets	\$ 6,595	\$ 6,273
Total liabilities	6,595	6,273
Fund balances	\$ –	\$ –
<b>Results of operations</b>		
Total revenue	\$ 18,209	\$ 17,522
Total expenses	7,369	6,273
Transfers to Fleming College	10,840	11,249
Excess of revenue over expenditures	\$ –	\$ –

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 14. Controlled entities (continued):

Financial summary of the Institute as at and for the year ended March 31 are as follows:

	2023	2022
<b>Financial position</b>		
Total assets	\$ 68,572	\$ –
Total liabilities	217,782	–
<b>Fund balances</b>	<b>\$ (149,210)</b>	<b>\$ –</b>
<b>Results of operations</b>		
Total revenue	\$ 4,000	\$ –
Total expenses	153,210	–
<b>Deficiency of revenue over expenditures</b>	<b>\$ (149,210)</b>	<b>\$ –</b>

## 15. Commitments:

The College is committed to the following operating lease payments in each of the following years:

2024	\$ 524,113
2025	416,274
2026	348,659
2027	198,807
2028	67,367
	<b>\$ 1,555,220</b>

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 16. Public College Private Partnership:

In fiscal 2023, the College has entered into a seven year agreement with a public college private partner to deliver programming as stipulated within the agreement. The agreement allows for revenues to be earned by the College encompassing tuition, ancillary fees and certain commissions. Revenue and related expenses paid to the private partner have been reflected within the statement of operations.

## 17. Asset retirement obligation:

The College's asset retirement obligations consist of an asbestos obligation. The College owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 - Asset Retirement Obligations, the College recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at April 1, 2022. The buildings had an estimated useful life of 40 years when they were constructed in 1973 and the liability was measured as of March 1986, when the legal obligation was assumed. The buildings had an expected useful life of 40 years, and the estimate has not changed. Estimated costs have been discounted to the present value using a discount rate of 2.23% per annum.

Changes to the asset retirement obligation in the year are as follows:

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Opening balance	\$	–
Adjustment on adoption of asset retirement obligation standard (note 2)		1,092,554
Accretion expense		24,365
Closing balance	\$	1,116,919

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## 18. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.