Financial Statements of

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

And Independent Auditor's Report thereon

Year ended March 31, 2024

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.

Maureen Adamson College President	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, 2024
- 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, 2024, 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.

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.

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.
- 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

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 26, 2024

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	$ 103,475,897	$ 56,958,704
Short-term investments (note 12)	102,047,649	102,204,060
Accounts receivable (note 13(a))	13,205,558	13,036,304
Prepaids and other	9,256,069	3,679,670
	227,985,173	175,878,738
Restricted investments for endowments, bursaries and other (note 12)	8,506,712	12,698,794
Long-term investments (note 12)	40,094	80,174
Capital assets (note 3)	124,091,529	114,547,954
	$ 360,623,508	$ 303,205,660

	2024	2023
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 36,497,542	$ 24,128,248
Accrued payroll and employee benefits	13,628,288	12,156,631
Deferred grants	9,937,809	4,986,228
Deferred revenue (note 6)	114,416,925	110,684,735
Current portion of long-term debt (note 5)	1,354,344	1,312,991
	175,834,908	153,268,833
Long-term debt (note 5)	6,883,019	8,237,363
Post-employment benefits and compensated absences (note 7)	4,332,900	4,164,300
Asset retirement obligation (note 17)	3,186,177	1,116,919
	14,402,096	13,518,582
Deferred contributions:		
Bursaries and other	2,800,732	3,502,073
Deferred capital contributions (note 4)	80,845,480	83,679,686
	83,646,212	87,181,759
Net assets:		
Unrestricted:		
Operating	57,811,908	25,835,889
Post-employment benefits and compensated absences	(4,332,900)	(4,164,300)
Vacation pay accrual	(5,973,761)	(5,572,206)
	47,505,247	16,099,383
Invested in capital assets (note 8)	33,429,064	23,850,382
Internally restricted (note 9)	100,000	90,000
Restricted for endowments (note 10)	5,705,981	9,196,721
	86,740,292	49,236,486
Commitments (note 15)		
	$ 360,623,508	$ 303,205,660

See accompanying notes to financial statements.

On behalf of the Board of Governors:

963FB85C9ED3470... Don Gillespie, 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, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Government and other grants	$ 68,378,951	$ 77,179,146
Student tuition	91,301,874	51,049,209
Other income (note 11)	40,278,270	19,937,138
Public College Private Partnership (note 16)	96,468,015	19,549,541
Ancillary operations	5,867,000	5,896,612
Amortization of deferred capital contributions (note 4)	4,735,352	4,760,730
	307,029,462	178,372,376
Expenditures:		
Salaries	82,766,599	71,386,501
Public College Private Partnership (note 16)	81,388,059	15,839,380
Benefits	18,150,411	16,293,261
Contract services and other	22,261,419	13,769,832
Transfer payments - Service System Management	14,414,529	13,742,411
Instructional support	10,274,701	7,368,217
Plant and security	9,545,614	6,437,292
Amortization of capital assets	8,913,896	7,553,577
Professional fees and insurance	6,408,557	4,357,042
Utilities	3,225,033	3,096,053
Bursaries	2,235,017	2,299,537
Advertising	2,063,250	1,893,159
Travel and professional development	1,763,098	1,297,790
Rental and taxes	1,040,067	1,023,483
Equipment maintenance	1,015,055	812,364
Other	306,946	921,708
Interest on long-term debt	262,665	323,617
	266,034,916	168,415,224
Excess of revenue over expenditures	$ 40,994,546	$ 9,957,152

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, 2024, with comparative information for 2023

	Unrestricted	Invested in capital assets (note 8)	Internally restricted (note 9)	Restricted for endowments (note 10)	2024 Total	2023 Total
Net assets, beginning of year	$ 16,099,383	$ 23,850,382	$ 90,000	$ 9,196,721	$ 49,236,486	$ 37,931,325
Adjustment on adoption of PS 3280 - Asset Retirement Obligations	–	–	–	–	–	(1,055,514)
Excess (deficiency) of revenue over expenditures	45,172,852	(4,178,306)	–	–	40,994,546	9,957,152
Endowment contributions	–	–	–	947,235	947,235	2,403,523
Transfer to Foundation (note 14)	–	–	–	(4,437,975)	(4,437,975)	–
Net change in investment in capital assets (note 8(b))	(13,756,988)	13,756,988	–	–	–	–
Interfund transfers (note 9)	(10,000)	–	10,000	–	–	–
Net assets, end of year	$ 47,505,247	$ 33,429,064	$ 100,000	$ 5,705,981	$ 86,740,292	$ 49,236,486

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, 2024, with comparative information for 2023

	2024	2023
Accumulated remeasurement losses, beginning of year	$ –	$ (25,000)
Extinguishment of swap derivatives (note 12)	–	25,000
Accumulated remeasurement losses, end of year	$ –	$ –

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by:		
Operating activities:		
Excess of revenue over expenditures	$ 40,994,546	$ 9,957,152
Items not involving cash:		
Amortization of capital assets	8,913,896	7,553,577
Amortization of deferred capital contributions	(4,735,352)	(4,760,730)
Gain on disposal of capital assets	(238)	(9,799)
	45,172,852	12,740,200
Change in accruals for post-employment benefits and compensated absences	168,600	535,300
Change in non-cash operating working capital:		
Accounts receivable	(169,254)	(251,755)
Prepaids and other	(5,576,399)	(2,577,451)
Accounts payable and accrued liabilities	12,369,294	3,556,972
Accrued payroll and employee benefits	1,471,657	1,108,329
Deferred grants	4,951,581	2,045,645
Deferred revenue	3,732,190	75,601,623
	62,120,521	92,758,863
Capital activities:		
Deferred capital contributions	1,901,146	4,553,169
Purchase of capital assets	(16,388,213)	(6,667,146)
Proceeds on disposal of capital assets	238	16,174
	(14,486,829)	(2,097,803)
Financing activities:		
Deferred contributions, bursaries and other	(701,341)	87,444
Endowment contributions	947,235	2,403,523
Principal payments on long-term debt	(1,312,991)	(1,730,904)
	(1,067,097)	760,063

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows (continued)

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Investing activities:		
Net change in investments	196,491	(68,939,379)
Net change in restricted investments for endowments, bursaries and other	(245,893)	(2,490,967)
	(49,402)	(71,430,346)
Increase in cash	46,517,193	19,990,777
Cash, beginning of year	56,958,704	36,967,927
Cash, end of year	$ 103,475,897	$ 56,958,704
Supplemental cash flow information:		
Interest paid	$ 262,665	$ 323,617
Interest received	11,747,442	3,635,300
Endowment transfer	4,437,975	–

See accompanying notes to financial statements.

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.

1. Significant accounting policies (continued):

Other revenues are recognized when the College has the ability to claim or retain an inflow of economic resources and a past transaction or event giving rise to the asset has occurred. Student tuition revenue related to the delivery of programs and courses and related revenue from College ancillary services are recognized over the academic period that those services are provided.

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:

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%

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.

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.

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.

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.

(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.

1. Significant accounting policies (continued):

(i) Asset retirement obligation:

An asset retirement obligation is recognized when 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.

2. Change in accounting policy:

On April 1, 2023, the College adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at March 31, 2024, the College determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

3. Capital assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	$ 2,285,075	$ –	$ 2,285,075	$ 2,285,075
Buildings	189,297,352	79,128,914	110,168,438	100,755,533
Site improvements	5,350,443	5,131,301	219,142	354,826
Furniture and equipment	42,555,032	35,418,886	7,136,146	7,645,949
Computer equipment	8,812,349	7,527,664	1,284,685	339,994
Residence furniture	1,086,301	1,086,301	–	–
Fibre optic system	1,560,459	1,467,877	92,582	121,558
Enterprise Resource Planning System	4,040,898	4,016,337	24,561	149
Leasehold improvements	232,925	183,506	49,419	28,382
Sport and Wellness Centre	2,470,079	928,953	1,541,126	1,590,577
Sports fields	2,711,111	1,420,756	1,290,355	1,425,911
	$ 260,402,024	$ 136,310,495	$ 124,091,529	$ 114,547,954

Included in buildings is construction in progress in the amount of $12,541,373 (2023 - $1,555,605).

During 2024, construction in progress of $27,286 (2023 - $115,175) was completed, transferred to capital assets and amortization commenced.

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:

	2024	2023
Balance, beginning of year	$ 83,679,686	$ 83,887,247
Less amounts amortized to revenue	4,735,352	4,760,730
	78,944,334	79,126,517
Contributions received for capital purposes	1,901,146	4,553,169
Balance, end of year	$ 80,845,480	$ 83,679,686

As at March 31, 2024, there was $1,606,555 (2023 - $3,649,387) of deferred capital contributions received that were not spent.

5. Long-term debt:

	2024	2023
Health Sciences Cluster Project loan, payable $116,420 semi-annually including interest at 2.64%, due August 2039	$ 2,946,126	$ 3,098,172
Less principal repayments due within one year	156,087	152,046
	2,790,039	2,946,126
GeoCentre and Environmental Sciences project loan, payable $45,275 semi-annually including interest at 2.64%, due August 2039	1,145,716	1,204,845
Less principal repayments due within one year	60,700	59,129
	1,085,016	1,145,716
Brealey Student residence loan, payable $630,940 semi-annually, including interest at 3.22%, due July 2027, secured by specific property	4,145,521	5,247,337
Less principal repayments due within one year	1,137,557	1,101,816
	3,007,964	4,145,521
	$ 6,883,019	$ 8,237,363

5. Long-term debt (continued):

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

2025	$ 1,354,344
2026	1,397,006
2027	1,441,018
2028	855,483
2029	240,766
Thereafter	2,948,746
	$ 8,237,363

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:

	2024	2023
Student deposits for future terms	$ 94,977,788	$ 101,916,379
Winter academic term deferrals	19,104,868	8,059,628
Other deferred revenues	334,269	708,728
	$ 114,416,925	$ 110,684,735

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:

					2024	2023
	Post-employment benefits	Non-vesting sick leave	Compen-sated absences	WSIB	Total liability	Total liability
Accrued employee future benefits	$ 761,000	$ 3,823,000	$ 330,000	$ 336,900	$ 5,250,900	$ 4,567,300
Value of plan assets	(182,000)	–	–	–	(182,000)	(180,000)
Unamortized actuarial gains (losses)	34,000	(770,000)	–	–	(736,000)	(223,000)
Total liability	$ 613,000	$ 3,053,000	$ 330,000	$ 336,900	$ 4,332,900	$ 4,164,300

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

	Post-employment benefits	Non-vesting sick leave	Compen-sated absences	WSIB	2024 Total expenses	2023 Total expenses
Current year benefit costs	$ 9,000	$ 255,000	$ 330,000	$ 10,600	$ 604,600	$ 916,300
Interest accrued benefit obligation	2,000	114,000	–	–	116,000	83,000
Amortization actuarial gains (losses)	(10,000)	87,000	–	–	77,000	(10,000)
Total expenses	$ 1,000	$ 456,000	$ 330,000	$ 10,600	$ 797,600	$ 989,300

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.

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

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, 2024 indicated an actuarial surplus on a going concern basis of $5.3 billion. The College made contributions to the Plan of $7,886,192 (2023 - $6,989,906), 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 2024, the College's contributions to RCA amounted to $82,981 (2023 - $51,251), and has been included in the statement of operations.

(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, 2024.

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

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

(i) Discount rate:

The present value, as at March 31, 2024, of the future benefits was determined using a discount rate of 3.50%.

(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.

(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.

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

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

	2024	2023
Wage and salary escalation	1.00 - 3.00%	1.00% - 2.00%
Discount rate	3.50%	3.40%

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 23.5% 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, 2024.

8. Net assets invested in capital assets:

(a) Invested in capital assets represent the following:

	2024	2023
Capital assets, at cost (note 3)	$ 260,402,024	$ 244,216,929
Accumulated amortization (note 3)	(136,310,495)	(129,668,975)
Long-term debt:		
Long-term portion (note 5)	(6,883,019)	(8,237,363)
Current portion (note 5)	(1,354,344)	(1,312,991)
Deferred contributions related to capital assets excluding unspent portion (note 4)	(79,238,925)	(80,030,299)
Asset retirement obligation (note 17)	(3,186,177)	(1,116,919)
Balance, end of year	$ 33,429,064	$ 23,850,382

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

	2024	2023
Excess (deficiency) of revenue over expenditures:		
Amortization of deferred capital contributions	$ 4,735,352	$ 4,760,730
Amortization of capital assets	(8,913,896)	(7,553,577)
Gain on disposal of capital assets	238	9,799
	$ (4,178,306)	$ (2,783,048)
Net change in investment in capital assets:		
Purchased capital assets	$ 16,388,213	$ 6,667,146
Amounts funded by deferred capital contributions	(3,943,978)	(3,661,888)
Principal payments on long-term debt	1,312,991	1,730,904
Proceeds on disposal of capital assets	(238)	(16,174)
	$ 13,756,988	$ 4,719,988

9. Internally restricted net assets:

	2024	2023
Sports Field Capital Reserve Fund	$ 100,000	$ 90,000

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, 2024, 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.

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:

	2024	2023
Fund balance, beginning of year	$ 1,418,600	$ 1,418,561
Preservation of capital	38	39
Fund balance, end of year	$ 1,418,638	$ 1,418,600

10. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2024		2023	
	Market	Cost	Market	Cost
Balance, beginning of year	$ 323,095	$ 110,785	$ 414,587	$ 123,661
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	147,330	276,990	(30,947)	47,669
Bursaries awarded (2024 - 66; 2023 - 74)	(58,070)	(58,070)	(60,545)	(60,545)
Balance, end of year	$ 412,355	$ 329,705	$ 323,095	$ 110,785

(ii) OSOTF - Phase 2:

Schedule of changes in endowment fund balance:

	2024	2023
Fund balance, beginning of year	$ 474,109	$ 474,029
Preservation of capital	76	80
Fund balance, end of year	$ 474,185	$ 474,109

10. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2024		2023	
	Market	Cost	Market	Cost
Balance, beginning of year	$ 91,120	$ 27,633	$ 121,196	$ 31,507
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	48,020	84,479	(10,376)	15,826
Bursaries awarded (2024 - 14; 2023 - 15)	(17,870)	(17,870)	(19,700)	(19,700)
Balance, end of year	$ 121,270	$ 94,242	$ 91,120	$ 27,633

(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:

	2024	2023
Fund balance, beginning of year	$ 3,813,142	$ 3,813,124
Preservation of capital	16	18
Fund balance, end of year	$ 3,813,158	$ 3,813,142

10. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2024		2023	
	Market	Cost	Market	Cost
Balance, beginning of year	$ 592,522	$ 87,273	$ 807,887	$ 105,305
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	381,437	674,804	(79,092)	118,241
Bursaries awarded (2024 - 152; 2023 - 173)	(127,780)	(127,780)	(136,273)	(136,273)
Balance, end of year	$ 846,179	$ 634,297	$ 592,522	$ 87,273

11. Other income:

Other income includes the following:

	2024	2023
Student ancillary and administrative fees	$ 20,747,371	$ 8,874,335
Interest and income from unrestricted investments	11,097,742	3,713,206
Income (loss) from endowment and restricted investments	649,700	(77,906)
Other income	7,783,457	7,427,503
	$ 40,278,270	$ 19,937,138

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:

2024	Fair value	Amortized cost
Cash	$ 103,475,897	$ –
Short-term investments (a)	102,047,649	–
Accounts receivable	–	13,205,558
Restricted investments for endowments, bursaries and other	8,506,712	–
Long-term investments (a)	40,094	–
Accounts payable and accrued liabilities	–	(36,497,542)
Accrued payroll and employee benefits	–	(13,628,288)
Deferred grants	–	(9,937,809)
Long-term debt	–	(8,237,363)

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)

12. Financial instrument classification (continued):

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 5.80% to 5.90% (2023 - 4% to 6%) with maturity dates ranging from June 3, 2024 to December 23, 2024 (2023 - June 30, 2023 to March 28, 2024).

Excess of operating funds held in a long-term investment has a yield of 1.41% (2023 - 1.19% to 1.41%) with a maturity date of January 29, 2026 (2023 - January 29, 2025 to January 29, 2026).

(b) Restricted investments for endowments, bursaries and other consist of cash, pooled fund investments and guaranteed investment certificates. In 2023, these investments included fixed term bonds with the following maturity profile:

2023	Within 1 year	2 - 5 years	6 - 10 years	Over 10 years	Total
Carrying value	$ 327,826	$ 2,078,964	$ 523,805	$ –	$ 2,930,595
Percentage of total	11.2	70.9	17.9	–	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. This swap agreement was extinguished in the prior year, as part of the extinguishment of the loan.

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).

Over 95% of cash, short-term investments, long-term investments and restricted investments for endowments, bursaries and other are classified as Level 1 financial instruments and the remaining is Level 2.

There were no transfers between levels for the years ended March 31, 2024 and 2023.

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 accounts receivable.

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, 2024 is the carrying value of these assets.

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.

	2024	2023
Accounts receivable:		
MCU and MLTSD receivables	$ 6,732,570	$ 5,797,298
Student receivables	2,817,288	865,079
Other grant receivables	276,418	628,883
Other receivables	5,225,282	6,314,979
	15,051,558	13,606,239
Less allowance for doubtful accounts	1,846,000	569,935
	$ 13,205,558	$ 13,036,304

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.

13. Risk management (continued):

The investment policy outlines an asset mix comprising:

Fixed income	35% - 50%
Equities	45% - 60%
Cash and short-term investments	0% - 20%

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.

13. Risk management (continued):

The College's fixed income investment portfolio has interest rates ranging from 1.19% to 5.91% (2023 - 0.625% to 5.31%) with maturities ranging from April 9, 2024 to March 17, 2027 (2023 - April 6, 2023 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 fixed income investments.

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, 2024, 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 $360,000 (2023 - $518,000).

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.

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	$ 33,165,782	$ 3,331,760	$ –	$ –
Accrued payroll and employee benefits	13,312,206	158,470	157,612	–
Long-term debt	671,922	682,422	3,934,273	2,948,746

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.

(d) Other risks:

On January 22, 2024, the Government of Canada (the "Government") announced an intake cap on international student permit applications for a period of two years, resulting in a significant reduction of approved study permits from 2023 across the country. At the end of 2024, the Government will re-assess the number of new study permits that will be processed in 2025.

In addition, as a result of these policy changes, international students at public-private partnership campuses in Ontario will no longer be eligible for post-graduate work permits, which affects the sustainability of these partnerships.

13. Risk management (continued):

The extent of the impact of the intake cap on the College's business, operational and financial performance for the upcoming year is uncertain and difficult to assess at this time. The impacts will depend on future developments, including the Government's re-assessment at the end of the 2024 calendar year.

In response to the cap announcement, the College will review operations and undertake cost saving measures. Management is actively monitoring the effect on its financial condition, liquidity, and operations as well as seeking alternative revenue streams to replace lost tuition revenue.

Amounts currently included in deferred revenue on the College's Statement of Financial Position may be required to be reclassified to accounts payable and accrued liabilities.

14. Controlled entities:

Fleming College Foundation (the "Foundation") was established to raise funds for the use of the College. The Foundation was incorporated under Not-for-Profit Corporations Act (ONCA) 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.

14. Controlled entities (continued):

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

	2024	2023
Financial position		
Total assets	$ 5,299,372	$ 6,595
Total liabilities	808,550	6,595
Net Assets	$ 4,490,822	$ –
Results of operations		
Total revenue	$ 605,830	$ 18,209
Total expenses	49,806	7,369
Transfers to Fleming College	556,024	10,840
Excess of revenue over expenditures	$ –	$ –

During the year, the College transferred endowed bursaries to the Foundation in the amount of $4,437,975 and the College received $556,024 (2023 - $10,840) from the Foundation which is included in other income.

Additionally, amounts due to Foundation is $1,121 (2023 - $6,495) and due from Foundation is $3,765 (2023 - nil).

14. Controlled entities (continued):

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

	2024	2023
Financial position		
Total assets	$ 49,283	$ 68,551
Total liabilities	571,033	225,635
Fund balances	$ (521,750)	$ (157,084)
Results of operations		
Total revenue	$ 20,852	$ 4,000
Total expenses	385,518	161,084
Deficiency of revenue over expenditures	$ (364,666)	$ (157,084)

Included in accounts receivable is $325,089 (2023 - nil) owing from the Institute for amounts paid on their behalf.

Additionally, accounts receivable includes a promissory note receivable in the amount of $213,126 (2023 - $202,725) including accrued interest, which is due on demand and bears interest at 5% per annum.

15. Commitments:

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

2025	$ 634,122
2026	553,578
2027	274,261
2028	58,602
	$ 1,520,563

During the year, the College entered into an agreement to build a student residence at the Haliburton campus. The contractual commitment to finalize this building, as at March 31, 2024, totaled $10,124,501. The residence is expected to be completed in fiscal year 2024-25.

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.

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

Opening balance	$ 1,116,919
Adjustment related to increase in cost of removal of asbestos	2,069,258
Closing balance	$ 3,186,177