

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended March 31, 2026

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.



Theresa Knott
Interim President



Susanna Beckstead. CPA, CA
Chief Financial Officer



KPMG LLP
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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, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets 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, 2026, and its results of operations, its changes in net assets 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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 3, 2026

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position


March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	\$ 116,697,245	\$ 151,147,310
Short-term investment (note 11)	25,020,959	–
Accounts receivable (note 12(a) and 13)	11,084,649	13,546,473
Prepays and other	3,140,604	6,599,649
	<u>155,943,457</u>	<u>171,293,432</u>
Restricted investments for endowments, bursaries and other (notes 11 and 17)	8,480,181	8,851,098
Capital assets (note 2)	128,086,784	132,560,126
	<u>\$ 292,510,422</u>	<u>\$ 312,704,656</u>

	2026	2025
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 24,951,665	\$ 28,732,860
Accrued payroll and employee benefits	11,560,510	14,733,594
Deferred grants	2,649,920	4,255,028
Deferred revenue (note 5)	20,321,740	40,519,285
Current portion of long-term debt (note 4)	1,441,018	1,397,006
	<u>60,924,853</u>	<u>89,637,773</u>
Long-term debt (note 4)	4,044,995	5,486,013
Post-employment benefits and compensated absences (note 6)	5,180,000	4,833,300
Asset retirement obligation (note 16)	3,010,590	3,042,239
	<u>12,235,585</u>	<u>13,361,552</u>
Deferred contributions:		
Bursaries and other	3,882,762	3,144,979
Deferred capital contributions (note 3)	77,786,691	78,691,354
	<u>81,669,453</u>	<u>81,836,333</u>
Net assets:		
Unrestricted:		
Operating	100,406,897	88,077,778
Post-employment benefits and compensated absences	(5,180,000)	(4,833,300)
Vacation pay accrual	(5,422,832)	(5,630,088)
	<u>89,804,065</u>	<u>77,614,390</u>
Invested in capital assets (note 7)	42,050,199	44,438,489
Internally restricted (note 8)	120,000	110,000
Restricted for endowments (note 9)	5,706,267	5,706,119
	<u>137,680,531</u>	<u>127,868,998</u>
Commitments and contingencies (note 14)		
	<u>\$ 292,510,422</u>	<u>\$ 312,704,656</u>

See accompanying notes to financial statements.

On behalf of the Board of Governors:



Don Gillespie, Chair of the Board of Governors



Theresa Knott, Interim President

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Government and other grants	\$ 78,248,267	\$ 70,740,950
Student tuition	58,475,641	94,628,357
Other income (note 10)	19,573,593	28,574,856
Public College Private Partnership (note 15)	10,898,255	109,331,815
Ancillary operations	6,773,934	6,508,707
Amortization of deferred capital contributions (note 3)	4,875,873	4,762,932
	<u>178,845,563</u>	<u>314,547,617</u>
Expenditures:		
Salaries	75,728,343	85,869,808
Benefits	17,257,088	18,626,649
Transfer payments - Service System Management	15,027,094	14,739,343
Contract services and other	12,254,467	18,890,765
Instructional support	9,577,083	10,990,610
Amortization of capital assets	9,299,000	9,370,627
Public College Private Partnership (note 15)	8,596,046	85,343,257
Plant and security	7,737,399	9,117,125
Professional fees and insurance	3,311,333	8,472,272
Utilities	3,102,296	3,234,921
Advertising	1,959,843	2,054,412
Bursaries	1,717,917	2,525,415
Rental and taxes	1,187,134	1,188,479
Travel and professional development	1,052,411	1,657,794
Equipment maintenance	923,760	1,016,676
Interest on long-term debt	178,576	222,296
Other	124,388	98,600
	<u>169,034,178</u>	<u>273,419,049</u>
Excess of revenue over expenditures	<u>\$ 9,811,385</u>	<u>\$ 41,128,568</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, 2026, with comparative information for 2025

					2026	2025
	Unrestricted	Invested in capital assets (note 7)	Internally restricted (note 8)	Restricted for endowments (note 9)	Total	Total
Net assets, beginning of year	\$ 77,614,390	\$ 44,438,489	\$ 110,000	\$ 5,706,119	\$ 127,868,998	\$ 86,740,292
Excess (deficiency) of revenue over expenditures	14,229,520	(4,418,135)	–	–	9,811,385	41,128,568
Endowment contributions	–	–	–	148	148	138
Net change in investment in capital assets (note 7(b))	(2,029,845)	2,029,845	–	–	–	–
Interfund transfers (note 8)	(10,000)	–	10,000	–	–	–
Net assets, end of year	\$ 89,804,065	\$ 42,050,199	\$ 120,000	\$ 5,706,267	\$ 137,680,531	\$ 127,868,998

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by:		
Operating activities:		
Excess of revenue over expenditures	\$ 9,811,385	\$ 41,128,568
Items not involving cash:		
Amortization of capital assets	9,299,000	9,370,627
Amortization of deferred capital contributions	(4,875,873)	(4,762,932)
Gain on disposal of capital assets	(4,992)	(10,885)
Donation of capital assets	(133,000)	—
	4,285,135	4,596,810
Change in accruals for post-employment benefits and compensated absences	346,700	500,400
Change in non-cash operating working capital:		
Accounts receivable	2,461,824	(340,915)
Prepays and other	3,459,045	2,656,420
Accounts payable and accrued liabilities	(3,781,195)	(7,764,682)
Accrued payroll and employee benefits	(3,173,084)	1,105,306
Deferred grants	(1,605,108)	(5,682,781)
Deferred revenue	(20,197,545)	(73,897,640)
	(22,836,063)	(83,924,292)
Cash used in operating activities	(8,392,843)	(37,698,514)
Capital activities:		
Deferred capital contributions	3,971,210	3,727,909
Purchase of capital assets	(4,692,658)	(17,924,999)
Transfer to the Foundation	—	(1,119,103)
Proceeds on disposal of capital assets	4,992	14,937
Partial settlement of asset retirement obligation	(31,649)	(62,215)
	(748,105)	(15,363,471)
Financing activities:		
Deferred contributions, bursaries and other	737,783	344,247
Endowment contributions	148	138
Principal payments on long-term debt	(1,397,006)	(1,354,344)
	(659,075)	(1,009,959)

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows (continued)

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Investing activities:		
Net change in investments	(25,020,959)	102,087,743
Net change in restricted investments for endowments, bursaries and other	370,917	(344,386)
	(24,650,042)	101,743,357
Increase (decrease) in cash	(34,450,065)	47,671,413
Cash, beginning of year	151,147,310	103,475,897
Cash, end of year	\$ 116,697,245	\$ 151,147,310
Supplemental cash flow information:		
Interest paid	\$ 178,576	\$ 222,296
Interest received	4,805,937	8,685,043

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2026

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.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

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.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

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, 2026

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. The College currently holds no unrestricted investments.

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, 2026

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) 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.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(h) 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.

(i) 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, 2026

2. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,285,075	\$ –	\$ 2,285,075	\$ 2,285,075
Buildings	202,606,386	89,351,516	113,254,870	116,226,961
Site improvements	5,765,765	5,276,968	488,797	142,032
Furniture and equipment	47,742,072	40,204,885	7,537,187	8,245,945
Computer equipment	11,255,164	9,659,710	1,595,454	2,640,753
Residence furniture	1,358,150	1,113,436	244,714	262,837
Fibre optic system	1,560,459	1,516,117	44,342	68,462
Enterprise Resource Planning System	4,040,898	4,023,894	17,004	20,783
Leasehold improvements	414,958	257,086	157,872	20,803
Sport and Wellness Centre	2,470,079	1,027,854	1,442,225	1,491,676
Sports fields	2,711,111	1,691,867	1,019,244	1,154,799
	\$ 282,210,117	\$ 154,123,333	\$ 128,086,784	\$ 132,560,126

Included in buildings and equipment is construction in progress or equipment not yet in use in the amount of \$1,225,304 (2025 - \$324,164).

During 2026, construction in progress of \$232,153 (2025 - \$23,173,867) 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, 2026

3. 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:

	2026	2025
Balance, beginning of year	\$ 78,691,354	\$ 80,845,480
Less amounts amortized to revenue	4,875,873	4,762,932
	73,815,481	76,082,548
Contributions received for capital purposes	3,971,210	3,727,909
Transfer to the Foundation (note 13)	–	(1,119,103)
Balance, end of year	\$ 77,786,691	\$ 78,691,354

As at March 31, 2026, there was \$246,709 (2025 - \$494,975) 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, 2026

4. Long-term debt:

	2026	2025
Health Sciences Cluster Project loan, payable \$116,420 semi-annually including interest at 2.64%, due August 2039	\$ 2,629,805	\$ 2,790,039
Less principal repayments due within one year	164,493	160,234
	<u>2,465,312</u>	<u>2,629,805</u>
GeoCentre and Environmental Sciences project loan, payable \$45,275 semi-annually including interest at 2.64%, due August 2039	1,022,703	1,085,016
Less principal repayments due within one year	63,969	62,313
	<u>958,734</u>	<u>1,022,703</u>
Brealey Student residence loan, payable \$630,940 semi-annually, including interest at 3.22% due July 2027, secured by specific property	1,833,505	3,007,964
Less principal repayments due within one year	1,212,556	1,174,459
	<u>620,949</u>	<u>1,833,505</u>
	<u>\$ 4,044,995</u>	<u>\$ 5,486,013</u>

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

4. Long-term debt (continued):

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

2027	\$ 1,441,018
2028	855,483
2029	240,766
2030	247,164
2031	253,732
Thereafter	2,447,850
	\$ 5,486,013

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%.

5. Deferred revenue:

Deferred revenue consists of the following:

	2026	2025
Student deposits for future terms	\$ 15,574,860	\$ 29,186,043
Winter academic term deferrals	4,231,288	11,105,397
Other deferred revenues	515,592	227,845
	\$ 20,321,740	\$ 40,519,285

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

6. 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:

					2026	2025
	Post-employment benefits	Non-vesting sick leave	Compensated absences	WSIB	Total liability	Total liability
Accrued employee future benefits	\$ 972,000	\$ 3,190,000	\$ 435,000	\$ 468,000	\$ 5,065,000	\$ 5,658,300
Value of plan assets	(200,000)	–	–	–	(200,000)	(193,000)
Unamortized actuarial gains (losses)	23,000	292,000	–	–	315,000	(632,000)
Total liability	\$ 795,000	\$ 3,482,000	\$ 435,000	\$ 468,000	\$ 5,180,000	\$ 4,833,300

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

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

					2026	2025
	Post-employment benefits	Non-vesting sick leave	Compensated absences	WSIB	Total expenses	Total expenses
Current year benefit costs	\$ 30,000	\$ 326,000	\$ 435,000	\$ 6,600	\$ 797,600	\$ 863,400
Interest accrued benefit obligation	2,000	133,000	–	15,000	150,000	141,000
Amortization actuarial gains (losses)	(12,000)	–	–	80,100	68,100	178,000
Total expenses	\$ 20,000	\$ 459,000	\$ 435,000	\$101,700	\$1,015,700	\$1,182,400

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.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

6. 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, 2026 indicated an actuarial surplus on a going concern basis of \$6.7 billion. The College made contributions to the Plan of \$6,746,529 (2025 - \$7,635,921), 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 2026, the College's contributions to RCA amounted to \$141,391 (2025 - \$101,269), 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, 2026 for employee post-employment benefits, August 31, 2025 for non-vesting sick leave and March 31, 2026 for vesting sick leave. The valuations for post-employment benefits and non-vesting sick leave were extrapolated to March 31, 2026.

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

- (i) Discount rate: The present value, as at March 31, 2026, of the future benefits was determined using a discount rate of 3.50%.
- (ii) Medical premium: Were assumed to increase at 5.91% per annum and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040.
- (iii) 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, 2026

6. 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:

	2026	2025
Wage and salary escalation	2.00 – 2.50%	2.50 – 4.25%
Discount rate	3.50%	3.20%

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 55 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, 2026.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

7. Net assets invested in capital assets:

(a) Invested in capital assets represent the following:

	2026	2025
Capital assets, at cost (note 2)	\$ 282,210,117	\$ 277,732,930
Accumulated amortization (note 2)	(154,123,333)	(145,172,804)
Long-term debt:		
Long-term portion (note 4)	(4,044,995)	(5,486,013)
Current portion (note 4)	(1,441,018)	(1,397,006)
Deferred capital contributions ("DCC") excluding unspent portion (note 3)	(77,539,982)	(78,196,379)
Asset retirement obligation (note 16)	(3,010,590)	(3,042,239)
Balance, end of year	\$ 42,050,199	\$ 44,438,489

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

	2026	2025
Deficiency of revenue over expenditures:		
Amortization of DCC	\$ 4,875,873	\$ 4,762,932
Amortization of capital assets	(9,299,000)	(9,370,627)
Gain on disposal of capital assets	4,992	10,885
	\$ (4,418,135)	\$ (4,596,810)
Net change in investment in capital assets:		
Purchased and donated capital assets	\$ 4,825,658	\$ 17,924,999
Amounts funded by DCC	(4,219,476)	(3,720,386)
Principal payments on long-term debt	1,397,006	1,354,344
Partial settlement of asset retirement obligation	31,649	62,215
Proceeds on disposal of capital assets	(4,992)	(14,937)
	\$ 2,029,845	\$ 15,606,235

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

8. Internally restricted net assets:

	2026	2025
Sports Field Capital Reserve Fund	\$ 120,000	\$ 110,000

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, 2026, 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.

9. 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, 2026

9. 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:

	2026	2025
Fund balance, beginning of year	\$ 1,418,678	\$ 1,418,638
Preservation of capital	43	40
Fund balance, end of year	\$ 1,418,721	\$ 1,418,678

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

9. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2026		2025	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 555,942	\$ 371,408	\$ 412,355	\$ 329,705
Realized investment income,	181,335	146,588	198,182	96,298
Bursaries awarded (2026 - 65; 2025 - 63)	(62,440)	(62,440)	(54,595)	(54,595)
Balance, end of year	\$ 674,837	\$ 455,556	\$ 555,942	\$ 371,408

(ii) OSOTF - Phase 2:

Schedule of changes in endowment fund balance:

	2026	2025
Fund balance, beginning of year	\$ 474,265	\$ 474,185
Preservation of capital	86	80
Fund balance, end of year	\$ 474,351	\$ 474,265

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

9. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2026		2025	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 171,004	\$ 112,127	\$ 121,270	\$ 94,242
Realized investment income	59,619	49,325	64,684	32,835
Bursaries awarded (2026 - 14; 2025 - 13)	(18,600)	(18,600)	(14,950)	(14,950)
Balance, end of year	\$ 212,023	\$ 142,852	\$ 171,004	\$ 112,127

(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:

	2026	2025
Fund balance, beginning of year	\$ 3,813,176	\$ 3,813,158
Preservation of capital	19	18
Fund balance, end of year	\$ 3,813,195	\$ 3,813,176

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

9. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2026		2025	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 1,211,158	\$ 751,296	\$ 846,179	\$ 634,297
Realized investment income	465,189	373,040	485,469	237,489
Bursaries awarded (2026 - 155; 2025 - 150)	(136,511)	(136,511)	(120,490)	(120,490)
Balance, end of year	\$ 1,539,836	\$ 987,825	\$ 1,211,158	\$ 751,296

10. Other income:

Other income includes the following:

	2026	2025
Student ancillary and administrative fees	\$ 8,681,278	\$ 13,919,356
Interest and income from unrestricted investments	4,006,734	7,855,705
Income from endowment and restricted investments	799,203	829,338
Other income	6,086,378	5,970,457
	\$ 19,573,593	\$ 28,574,856

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

11. 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:

2026	Fair value	Amortized cost
Cash	\$ 116,697,245	\$ —
Short-term investments (a)	25,020,959	—
Accounts receivable	—	11,084,649
Restricted investments for endowments, bursaries and other	8,480,181	—
Accounts payable and accrued liabilities	—	(24,951,665)
Accrued payroll and employee benefits	—	(11,560,510)
Deferred grants	—	(2,649,920)
Long-term debt	—	(5,486,013)

2025	Fair value	Amortized cost
Cash	\$ 151,147,310	\$ —
Short-term investments (a)	—	—
Accounts receivable	—	13,546,473
Restricted investments for endowments, bursaries and other	8,851,098	—
Accounts payable and accrued liabilities	—	(28,732,860)
Accrued payroll and employee benefits	—	(14,733,594)
Deferred grants	—	(4,255,028)
Long-term debt	—	(6,883,019)

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

11. 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. In 2026, short-term investments consisted of a guaranteed investment certificate with a one-year term, bearing interest at 3.4% and maturing in March 2027. In 2025, there were no short-term investments held.
- (b) 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).

Cash, short-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, 2026 and 2025.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

12. 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, 2026 is the carrying value of these assets.

Accounts receivable includes student receivables and other receivables as noted in the table below. Ministry of Colleges, Universities, Research Excellence and Security ("MCURES") and Ministry of Labour, Immigration, Training and Skills Development ("MLITSD") 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.

	2026	2025
Accounts receivable:		
MCURES and MLITSD receivables	\$ 4,395,280	\$ 5,669,547
Student receivables	5,455,472	5,648,612
Other grant receivables	85,942	287,066
Other receivables	4,735,955	5,067,248
	<u>14,672,649</u>	<u>16,672,473</u>
Less allowance for doubtful accounts	3,588,000	3,126,000
	<u>\$ 11,084,649</u>	<u>\$ 13,546,473</u>

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

12. Risk management (continued):

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 MCURES. The policy's application is monitored by management, the investment managers and the Board. Diversification techniques are utilized to minimize risk.

The investment policy outlines an asset mix comprising:

Fixed income	30% - 50%
Equities	45% - 60%
Alternatives	0% - 20%
Cash and short-term investments	0% - 15%

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.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

12. Risk management (continued):

(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 does not currently hold 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.

The College's fixed income investment portfolio has interest rates ranging from 3.35% to 4.40% (2025 - 1.41% to 4.40%) with maturities ranging from August 2026 to March 2027 (2025 - May 2025 to March 2027).

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.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

12. Risk management (continued):

(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, 2026, 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 \$412,000 (2025 - \$387,000).

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.

(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	\$ 22,676,589	\$ –	\$ 2,275,076	\$ –
Accrued payroll and employee benefits	11,403,144	97,773	59,593	–
Long-term debt	714,922	726,097	1,597,144	2,447,850

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, 2026

12. Risk management (continued):

(d) Other risks:

The College operates in an environment subject to federal immigration policies and provincial funding frameworks that affect enrolment and related tuition and grant revenue. Federal caps on international study permits introduced in 2024, together with subsequent reductions and changes to post-graduation work permit ("PGWP") eligibility, have reduced international demand across the sector.

In addition, changes to PGWP eligibility eliminated permit eligibility for students enrolled through the College's public-private partnership. As international students represented a significant portion of the College's tuition revenue, these changes have resulted in significant decreases in tuition revenue.

In February 2026, the Province of Ontario announced a \$6.4 billion multi-year investment to support the long-term sustainability of the post secondary education sector, including changes to operating funding, enrolment funding for in demand programs, and tuition and student financial assistance frameworks. While this investment is intended to address sector wide financial pressures, uncertainty remains regarding the timing and institution specific impacts of these changes. The College continues to review operations and undertake cost savings 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.

13. 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.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

13. Controlled entities (continued):

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:

	2026	2025
Financial position		
Total assets	\$ 9,231,676	\$ 7,466,130
Total liabilities	3,114,617	2,919,593
Net assets	\$ 6,117,059	\$ 4,546,537
Statement of operations and changes in net assets		
Total revenue	\$ 1,422,378	\$ 607,394
Total expenses	61,125	66,881
Transfers to Fleming College	1,341,250	509,526
Excess of revenue over expenditures	20,003	30,987
Net assets, beginning of year	4,546,537	4,490,822
Endowment contributions	1,550,519	24,728
Net assets, end of year	\$ 6,117,059	\$ 4,546,537

During the year, the College did not transfer funds to the Foundation (2025 - \$1,620,613), and the College received \$1,341,250 (2025 - \$509,526) from the Foundation which is included in other income and deferred capital contributions.

Additionally, amounts due from Foundation is \$776 (2025 - \$4,110) which is included in accounts receivable.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

13. Controlled entities (continued):

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

	2026	2025
Financial position		
Total assets	\$ 360,399	\$ 199,249
Total liabilities	1,260,192	913,010
Fund balances	\$ (899,793)	\$ (713,761)
Results of operations		
Total revenue	\$ 196,377	\$ 143,343
Total expenses	382,409	320,221
Deficiency of revenue over expenditures	\$ (186,032)	\$ (176,878)

Included in accounts receivable is \$999,890 (2025 - \$594,394) owing from the Institute for amounts paid on their behalf.

Additionally, accounts receivable includes a promissory note receivable in the amount of \$235,492 (2025 - \$224,030), including accrued interest, which is due on demand and bears interest at 5% per annum.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

14. Commitments and contingencies:

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

2027	\$ 492,530
2028	289,653
2029	121,748
2030	85,313
2031	49,766
	<hr/>
	\$ 1,039,010

In the normal course of operations the College is subject to litigation and claims. Where management has assessed the likelihood of financial exposure for a claim as more than likely and when a reasonable estimate as to the expected loss can be made, an accrual has been included in the financial statements. The College is in the process of negotiations with unions representing certain employee groups. It is not possible at this time to make an estimate of the amount that may be payable to these employee groups and accordingly no provision has been made in these financial statements.

15. Public College Private Partnership:

In fiscal 2023, the College 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 (note 12(d)). Revenue and related expenses paid to the private partner have been reflected within the statement of operations.

The agreement was mutually terminated effective January 30, 2026.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

16. Asset retirement obligation:

The College's asset retirement obligation 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 buildings 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.

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

Opening balance	\$ 3,042,239
Partial settlement of asset retirement obligation	(31,649)
Closing balance	<u>\$ 3,010,590</u>

17. Restricted assets:

The College holds restricted assets related to the Ontario Trust for Student Support ("OTSS") and the Ontario Student Opportunity Trust Fund ("OSOTF"), as well as funds established under employee collective agreements for employment stability purposes. These funds are subject to contractual restrictions requiring their use for specific purposes, including student bursaries and eligible employee related disbursements, respectively. These assets are not available for general operating purposes.

At March 31, 2026, these restricted assets are held in segregated accounts and consist of cash of \$352,775 and investments of \$8,127,406. Associated obligations include accounts payable of \$337,490 and certain deferred contributions for bursaries and other representing of \$2,436,424, with net assets restricted for endowment of \$5,706,267.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2026

17. Restricted assets (continued):

At March 31, 2025, these restricted assets are held in segregated accounts and consist of cash of \$737,348 and investments of \$8,113,750. Associated obligations include deferred contributions for bursaries and other of \$3,144,979, with net assets restricted for endowment of \$5,706,119.

18. Subsequent events:

On March 17, 2026, the Boards of Governors of Sir Sandford Fleming College of Applied Arts and Technology and St. Lawrence College approved an integration framework agreement, initiating a formal process to integrate the two institutions as equal partners. The integration is subject to due diligence, stakeholder consultation, and regulatory approvals, with implementation expected by April 1, 2027. At the time of announcement, no changes to campuses, programs, services, student supports, or local branding were planned.

19. Comparative information:

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