

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2022

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 auditors' 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, Finance
and Administrative Services



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' 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, 2022
- 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, 2022, and its results of operations, its changes in net assets, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



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Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 22, 2022

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 36,967,927	\$ 27,453,527
Short-term investments (note 10)	33,264,681	27,890,556
MCU and MLTSD receivables	5,606,958	7,632,735
Accounts receivable	7,177,591	4,314,267
Inventory and prepaid expenses	1,102,219	2,430,794
	<hr/> 84,119,376	<hr/> 69,721,879
Restricted investments for endowments, bursaries and other (note 10)	10,207,827	9,615,285
Long-term investments (note 10)	80,174	305,181
Capital assets (note 2)	115,379,357	116,385,680
	<hr/> \$ 209,786,734	<hr/> \$ 196,028,025

	2022	2021
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,571,278	\$ 20,543,828
Accrued payroll and employee benefits	11,048,302	11,601,021
Deferred MCU and MLTSD grants	1,067,700	688,058
Deferred revenue	36,955,995	19,658,293
Current portion of long-term debt (note 4)	1,371,905	1,328,049
	<u>71,015,180</u>	<u>53,819,249</u>
Long-term debt (note 4)	9,909,353	11,281,258
Deferred derivative liability (note 10)	25,000	62,000
Post-employment benefits and compensated absences (note 5)	3,629,000	3,750,000
	<u>13,563,353</u>	<u>15,093,258</u>
Deferred contributions:		
Bursaries and other	3,414,629	2,874,992
Deferred capital contributions (note 3)	83,887,247	85,338,755
	<u>87,301,876</u>	<u>88,213,747</u>
Net assets:		
Unrestricted:		
Operating	17,406,500	19,501,700
Post-employment benefits and compensated absences	(3,629,000)	(3,750,000)
Vacation pay accrual	(5,688,329)	(5,807,000)
	<u>8,089,171</u>	<u>9,944,700</u>
Invested in capital assets (note 6)	22,968,956	22,208,778
Internally restricted (note 7)	80,000	70,000
Restricted for endowments (note 8)	6,793,198	6,740,293
	<u>37,931,325</u>	<u>38,963,771</u>
Accumulated rereasurement losses	(25,000)	(62,000)
	<u>37,906,325</u>	<u>38,901,771</u>
Commitments (note 13)		
	<u>\$ 209,786,734</u>	<u>\$ 196,028,025</u>

See accompanying notes to financial statements.

On behalf of the Board of Governors:

 Fred Clifford, Chair of the Board of Governors

 Maureen Adamson, President

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Student tuition	\$ 38,770,051	\$ 38,810,182
MCU and MLTSD grants	69,176,813	68,641,863
Other grants	12,442,891	5,292,214
Other income (note 9)	9,877,886	9,620,934
Ancillary operations	3,480,380	1,114,339
Amortization of deferred capital contributions (note 3)	4,510,260	4,478,093
	<u>138,258,281</u>	<u>127,957,625</u>
Expenditures:		
Salaries	68,947,485	65,843,910
Benefits	15,152,600	14,466,634
Transfer payments - Service System Management	11,968,227	11,202,713
Contract services and other	11,707,037	9,943,700
Amortization of capital assets	7,292,786	7,662,653
Instructional support	6,576,572	5,328,444
Plant and security	4,672,603	5,053,843
Bursaries	3,004,542	3,046,928
Professional fees and insurance	2,808,210	2,788,899
Utilities	2,355,153	2,616,171
Other	1,381,823	374,845
Advertising	1,017,012	596,143
Rental and taxes	941,750	1,106,186
Equipment maintenance	659,592	516,556
Travel and professional development	487,225	357,580
Interest on long-term debt	371,015	413,477
	<u>139,343,632</u>	<u>131,318,682</u>
Deficiency of revenue over expenditures	<u>\$ (1,085,351)</u>	<u>\$ (3,361,057)</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, 2022, with comparative information for 2021

					2022	2021
	Unrestricted	Invested in capital assets (note 6)	Internally restricted (note 7)	Restricted for endowments (note 8)	Total	Total
Net assets, beginning of year	\$ 9,944,700	\$ 22,208,778	\$ 70,000	\$ 6,740,293	\$ 38,963,771	\$ 42,296,664
Excess (deficiency) of revenue over expenditures	1,701,464	(2,786,815)	–	–	(1,085,351)	(3,361,057)
Endowment contributions	–	–	–	52,905	52,905	28,164
Net change in investment in capital assets (note 6(b))	(3,546,993)	3,546,993	–	–	–	–
Interfund transfers (note 7)	(10,000)	–	10,000	–	–	–
Net assets, end of year	\$ 8,089,171	\$ 22,968,956	\$ 80,000	\$ 6,793,198	\$ 37,931,325	\$ 38,963,771

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, 2022, with comparative information for 2021

	2022	2021
Accumulated remeasurement losses, beginning of year	\$ (62,000)	\$ (89,000)
Unrealized gain on swap derivatives	37,000	27,000
Accumulated remeasurement losses, end of year	\$ (25,000)	\$ (62,000)

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditures	\$ (1,085,351)	\$ (3,361,057)
Items not involving cash:		
Amortization of capital assets	7,292,786	7,662,653
Amortization of deferred capital contributions	(4,510,260)	(4,478,093)
Loss (gain) on disposal of capital assets	4,289	(1,905)
	<u>1,701,464</u>	<u>(178,402)</u>
Change in accruals for post-employment benefits and compensated absences	(121,000)	47,000
Change in non-cash operating working capital:		
MCU and MLTSD receivables	2,025,777	(2,856,087)
Accounts receivable	(2,863,324)	689,943
Inventory and prepaid expenses	1,328,575	115,931
Accounts payable and accrued liabilities	27,450	(3,210,547)
Accrued payroll and employee benefits	(552,719)	500,686
Deferred MCU and MLTSD grants	379,642	(683,488)
Deferred revenue	17,297,702	(661,512)
	<u>19,223,567</u>	<u>(6,236,476)</u>
Capital activities:		
Deferred capital contributions	3,058,752	4,366,661
Purchase of capital assets	(6,305,491)	(3,049,640)
Proceeds on disposal of capital assets	14,739	3,391
	<u>(3,232,000)</u>	<u>1,320,412</u>
Financing activities:		
Deferred contributions, bursaries and other	539,637	(5,867)
Endowment contributions	52,905	28,164
Principal payments on long-term debt	(1,328,049)	(1,285,386)
	<u>(735,507)</u>	<u>(1,263,089)</u>

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows (continued)

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Investing activities:		
Net change in investments	(5,149,118)	12,360,610
Net change in restricted investments for endowments, bursaries and other	(592,542)	(22,297)
	<u>(5,741,660)</u>	<u>12,338,313</u>
Increase in cash	9,514,400	6,159,160
Cash, beginning of year	27,453,527	21,294,367
Cash, end of year	\$ 36,967,927	\$ 27,453,527
Supplemental cash flow information:		
Interest paid	\$ 371,015	\$ 413,477
Interest received	1,335,184	1,516,279

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2022

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").

(b) Revenue recognition:

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

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

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

The College defers the portion of the revenue related to the delivery of programs and courses that takes place after March 31. A substantial portion of revenue related to the delivery of programs and courses is received from the Ministry of Colleges and Universities ("MCU") and Ministry of Labour, Training, and Skills Development ("MLTSD").

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. 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, 2022

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, 2022

1. Significant accounting policies (continued):

(f) Financial instruments:

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

(i) Fair value:

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

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

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

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

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

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(ii) Amortized cost:

This category includes accounts receivable, MCU and MLTSD receivables, accounts payable and accrued liabilities, accrued payroll and employee benefits, deferred MCU and MLTSD 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:

A derivative financial instrument is utilized by the College in the economic management of its interest rate exposure. The College does not enter into derivative financial instruments for trading or speculative purposes. The College uses an interest rate swap agreement to economically manage the floating interest rate of a portion of the debt portfolio and the related overall cost of borrowing.

(h) Inventory:

Inventory is valued at the lower of cost, on a first-in, first-out basis, and replacement cost.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(i) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the organization is directly responsible or accepts responsibility for the liability;
- (iv) future economic benefits will be given up; and
- (v) a reasonable estimate of the liability can be made.

(j) 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.

(k) 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 accounting estimates include allowance for doubtful accounts, actuarial estimates of post-employment benefits and compensated absences and estimated useful lives of capital assets. 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, 2022

2. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,083,687	\$ –	\$ 2,083,687	\$ 2,083,687
Buildings	171,415,672	69,260,631	102,155,041	103,238,366
Site improvements	5,350,443	4,828,971	521,472	688,118
Furniture and equipment	36,993,738	30,378,601	6,615,137	5,821,546
Computer equipment	9,259,881	8,741,189	518,692	793,077
Residence furniture	1,086,301	1,086,301	–	–
Fibre optic system	1,560,459	1,360,878	199,581	277,604
Enterprise Resource Planning System	4,014,447	4,000,670	13,777	31,164
Leasehold improvements	623,168	552,691	70,477	65,618
Sport and Wellness Centre	2,470,079	830,052	1,640,027	1,689,478
Sports fields	2,711,111	1,149,645	1,561,466	1,697,022
	\$ 237,568,986	\$ 122,189,629	\$ 115,379,357	\$ 116,385,680

Included in buildings is construction in progress in the amount of \$1,066,570 (2021 - \$266,241).

During 2022, construction in progress of \$6,334 (2021 - \$1,515,443) 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, 2022

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:

	2022	2021
Balance, beginning of year	\$ 85,338,755	\$ 85,450,187
Less amounts amortized to revenue	4,510,260	4,478,093
	80,828,495	80,972,094
Contributions received for capital purposes	3,058,752	4,366,661
Balance, end of year	\$ 83,887,247	\$ 85,338,755

As at March 31, 2022, there was \$2,758,104 (2021 - \$3,771,160) 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, 2022

4. Long-term debt:

	2022	2021
Health Sciences Cluster Project loan, payable \$116,420 semi-annually including interest at 2.64%, due August 2039	\$ 3,246,282	\$ 3,390,558
Less principal repayments due within one year	148,110	144,276
	3,098,172	3,246,282
GeoCentre and Environmental Sciences project loan, payable \$45,275 semi-annually including interest at 2.64%, due August 2039	1,262,443	1,318,550
Less principal repayments due within one year	57,598	56,107
	1,204,845	1,262,443
Brealey Student residence loan, payable \$630,940 semi-annually, including interest at 3.218%, due July 2027, secured by specific property	6,314,533	7,348,199
Less principal repayments due within one year	1,067,197	1,033,666
	5,247,336	6,314,533
The Peterborough Sport and Wellness Centre loan payable, secured by specific property (a)	458,000	552,000
Less principal repayments due within one year	99,000	94,000
	359,000	458,000
	\$ 9,909,353	\$ 11,281,258

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Long-term debt (continued):

- (a) The College negotiated a term bank loan, by way of a bankers' acceptance loan, to finance the Peterborough Sport and Wellness Centre on June 13, 2006 with an initial notional amount of \$1,500,000. The loan is repayable by blended quarterly payments maturing June 13, 2026.

The College has since entered into an interest rate swap agreement to modify the floating rate of interest (note 10(c)) on this loan to a fixed rate of 5.04% plus stamping fee of 0.45% for a total fixed rate of 5.75%.

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

2023	\$ 1,371,905
2024	1,416,990
2025	1,464,344
2026	1,512,006
2027	2,091,968
Thereafter	3,424,045
	<hr/>
	\$ 11,281,258

The College also has a revolving credit facility for an operating line of credit to a maximum of \$5,000,000. The operating line of credit is unsecured and bears interest at the College's bank prime lending rate minus 0.50%. As at March 31, 2022, no amount have been drawn on this facility (2021 - nil).

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. 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:

				2022	2021
	Post-employment benefits	Non-vesting sick leave	Compensated absences	Total liability	Total liability
Accrued employee future benefits	\$ 705,000	\$ 2,723,000	\$ 186,000	\$ 3,614,000	\$ 4,023,000
Value of plan assets	(189,000)	–	–	(189,000)	(172,000)
Unamortized actuarial gains (losses)	52,000	152,000	–	204,000	(101,000)
Total liability	\$ 568,000	\$ 2,875,000	\$ 186,000	\$ 3,629,000	\$ 3,750,000

				2022	2021
	Post-employment benefits	Non-vesting sick leave	Compensated absences	Total expense	Total expense
Current year benefit costs	\$ (39,000)	\$ 245,000	\$ 186,000	\$ 392,000	\$ 616,000
Interest accrued benefit obligation	1,000	52,000	–	53,000	49,000
Amortization of actuarial (gains) losses	(8,000)	73,000	–	65,000	62,000
Total expense	\$ (46,000)	\$ 370,000	\$ 186,000	\$ 510,000	\$ 727,000

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

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

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

(a) Retirement benefits:

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2022 indicated an actuarial surplus on a going concern basis of \$4.4 billion. The College made contributions to the Plan of \$6,827,304 (2021 - \$6,698,624), 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 2022, the College's contributions to RCA amounted to \$42,435 (2021 - \$49,061), and has been included in the statement of operations.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

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

(b) Post-employment benefits:

The College extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The College recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council as at February 5, 2020 for employee post-employment benefits, February 11, 2020 for non-vesting sick leave and August 31, 2019 for vesting sick leave and extrapolated to March 31, 2022.

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

(i) Discount rate:

The present value, as at March 31, 2022, of the future benefits was determined using a discount rate of 2.9%.

(ii) Medical premium:

Medical premium were assumed to increase at 6.29% per annum and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040.

(iii) Dental costs:

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

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. 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:

	2022	2021
Wage and salary escalation	1.00% - 1.25%	1.00% - 2.00%
Discount rate	2.90%	1.70%

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0.0% to 26.2% and nil to 51 days, respectively, for age groups ranging from 20 and under to 65 and over in bands of five years.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Net assets invested in capital assets:

(a) Invested in capital assets represent the following:

	2022	2021
Capital assets, at cost (note 2)	\$ 237,568,986	\$ 231,384,169
Accumulated amortization (note 2)	(122,189,629)	(114,998,489)
Long-term debt:		
Long-term portion (note 4)	(9,909,353)	(11,281,258)
Current portion (note 4)	(1,371,905)	(1,328,049)
Deferred contributions related to capital assets excluding unspent portion (note 3)	(81,129,143)	(81,567,595)
Balance, end of year	\$ 22,968,956	\$ 22,208,778

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

	2022	2021
Excess (deficiency) of revenue over expenditures:		
Amortization of deferred capital contributions	\$ 4,510,260	\$ 4,478,093
Amortization of capital assets	(7,292,786)	(7,662,653)
Gain (loss) on disposal of capital assets	(4,289)	1,905
	\$ (2,786,815)	\$ (3,182,655)
Net change in investment in capital assets:		
Purchased capital assets	\$ 6,305,491	\$ 3,049,640
Amounts funded by deferred capital contributions	(4,071,808)	(2,621,211)
Principal payments on long-term debt	1,328,049	1,285,386
Proceeds on disposal of capital assets	(14,739)	(3,391)
	\$ 3,546,993	\$ 1,710,424

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

7. Internally restricted net assets:

	2022	2021
Sports Field Capital Reserve Fund	\$ 80,000	\$ 70,000

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, 2022, 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.

8. 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, 2022

8. 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:

	2022	2021
Fund balance, beginning of year	\$ 1,418,524	\$ 1,418,491
Preservation of capital	37	33
Fund balance, end of year	\$ 1,418,561	\$ 1,418,524

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2022		2021	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 307,017	\$ 125,470	\$ 203,677	\$ 225,553
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	164,728	55,349	176,585	(26,838)
Bursaries awarded (2022 - 82; 2021 - 84)	(57,158)	(57,158)	(73,245)	(73,245)
Balance, end of year	\$ 414,587	\$ 123,661	\$ 307,017	\$ 125,470

(ii) OSOTF - Phase 2:

Schedule of changes in endowment fund balance:

	2022	2021
Fund balance, beginning of year	\$ 473,956	\$ 473,888
Preservation of capital	73	68
Fund balance, end of year	\$ 474,029	\$ 473,956

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2022		2021	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 86,113	\$ 28,281	\$ 61,620	\$ 67,110
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	49,313	17,456	54,213	(9,109)
Bursaries awarded (2022 - 12; 2021 - 24)	(14,230)	(14,230)	(29,720)	(29,720)
Balance, end of year	\$ 121,196	\$ 31,507	\$ 86,113	\$ 28,281

(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:

	2022	2021
Fund balance, beginning of year	\$ 3,813,108	\$ 3,813,094
Preservation of capital	16	14
Fund balance, end of year	\$ 3,813,124	\$ 3,813,108

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Restricted for endowments (continued):

Schedule of changes in expendable funds available for awards:

	2022		2021	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 536,257	\$ 110,245	\$ 309,679	\$ 355,077
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	400,938	124,368	407,479	(63,931)
Bursaries awarded (2022 - 155; 2021 - 228)	(129,308)	(129,308)	(180,901)	(180,901)
Balance, end of year	\$ 807,887	\$ 105,305	\$ 536,257	\$ 110,245

9. Investment income:

Investment income is earned from the following sources:

	2022	2021
Income from unrestricted investments	\$ 537,886	\$ 679,566
Income from endowment and restricted investments	797,298	836,713
	\$ 1,335,184	\$ 1,516,279

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Investment income (continued):

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

10. 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:

2022	Fair value	Amortized cost
Cash	\$ 36,967,927	\$ —
Short-term investments (a)	33,264,681	—
MCU and MLTSD receivables	—	5,606,958
Accounts receivable	—	7,177,591
Restricted investments for endowments, bursaries and other (b)	10,207,827	—
Long-term investments (a)	80,174	—
Accounts payable and accrued liabilities	—	(20,571,278)
Accrued payroll and employee benefits	—	(11,048,302)
Deferred MCU and MLTSD grants	—	(1,067,700)
Long-term debt	—	(11,281,258)
Deferred derivative liability (c)	(25,000)	—

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Financial instrument classification (continued):

2021	Fair value	Amortized cost
Cash	\$ 27,453,527	\$ –
Short-term investments (a)	27,890,556	–
MCU and MLTSD receivables	–	7,632,735
Accounts receivable	–	4,314,267
Restricted investments for endowments, bursaries and other (b)	9,615,285	–
Long-term investments (a)	305,181	–
Accounts payable and accrued liabilities	–	(20,543,828)
Accrued payroll and employee benefits	–	(11,601,021)
Deferred MCU and MLTSD grants	–	(688,058)
Long-term debt	–	(12,609,307)
Deferred derivative liability (c)	(62,000)	–

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

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

Excess of operating funds held in short-term investments have yields varying from 0.55% to 2.11% (2021 - 0.70% to 3.16%) with maturity dates ranging from June 30, 2022 to March 15, 2023 (2021 - June 29, 2021 to March 4, 2022).

Excess of operating funds held in long-term investments have yields varying from 1.19% to 1.41% (2021 - 1.19% to 2.11%) with maturity dates ranging from January 29, 2025 to January 29, 2026 (2021 - February 26, 2023 to January 29, 2026).

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Financial instrument classification (continued):

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

2022	Within 1 year	2 - 5 years	6 - 10 years	Over 10 years	Total
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Carrying value	\$ 373,201	\$ 594,466	\$ 238,529	\$ 100,151	\$ 1,306,347
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Percentage of total	29	46	18	7	100
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2021	Within 1 year	2 - 5 years	6 - 10 years	Over 10 years	Total
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Carrying value	\$ 93,505	\$ 605,517	\$ 205,572	\$ 183,591	\$ 1,088,185
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Percentage of total	8	56	19	17	100
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- (c) The College entered into an interest rate swap agreement in a prior year to economically manage the floating interest rate of the bankers' acceptance loan (note 4(a)).

Under the terms of the interest rate swap agreement, the College has contracted with the counter-party to pay a fixed rate of interest including stamping fee of 0.45% of 5.75% (2021 - 0.45% of 5.49%), while receiving interest at a variable rate to be set quarterly based on the bankers' acceptance rates of 5.49%. The maturity date of the interest rate swap agreement is June 13, 2026.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Financial instrument classification (continued):

The notional value of the interest rate swap agreement at March 31, 2022 is \$458,000 (2021 - \$552,000) and is amortized quarterly during the term of the interest rate swap agreement.

The fair value of the interest rate swap agreement at March 31, 2022 is \$25,000 (2021 - \$62,000) and is recorded as a deferred derivative liability on the statement of financial position.

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

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All cash, short-term investments, long-term investments and restricted investments for endowments, bursaries and other are classified as Level 1 financial instruments. The deferred derivative liability is classified as a Level 3 financial instrument.

There were no transfers between levels for the years ended March 31, 2022 and 2021. For a sensitivity analysis of financial instruments recognized in Level 3, see note 11 - interest rate risk, as the prevailing interest rate is the most significant input into the fair value of the instrument.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Risk management:

(a) Credit risk:

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, debt holdings in its investment portfolio and accounts receivable. The College holds its cash accounts with federally regulated chartered banks which are insured by the Canadian Deposit Insurance Corporation. In the event of default, each of the College's cash accounts are insured up to \$100,000 (2021 - \$100,000).

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

The maximum exposure to investment credit risk is outlined in note 10.

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, 2022 is the carrying value of these assets.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Risk management (continued):

MCU and MLTSD receivables are due from government for program grants. Accounts receivable includes student receivables and other receivables as noted in the table below. 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.

	2022	2021
MCU and MLTSD receivables	\$ 5,606,958	\$ 7,632,735
Accounts receivable:		
Student receivables	688,040	650,933
Other grant receivables	2,107,796	959,172
Other receivables	4,927,605	3,158,042
	<u>7,723,441</u>	<u>4,768,147</u>
Less allowance for doubtful accounts	545,850	453,880
	<u>7,177,591</u>	<u>4,314,267</u>
	<u>\$ 12,784,549</u>	<u>\$ 11,947,002</u>

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

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

(b) Market risk:

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

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

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Risk management (continued):

The investment policy outlines an asset mix comprising:

Fixed income	33% - 53%
Equities	45% - 65%
Cash and short-term investments	0% - 22%

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

(i) Currency risk:

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange rates when adverse changes in foreign currency rates occur. The College's exposure to foreign currency risk is based on its investments in foreign denominated equity investments.

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

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The College is exposed to this risk through its interest-bearing investments and long-term debt.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Risk management (continued):

The College mitigates interest rate risk on its long-term debt through a derivative financial instrument that exchanges the variable rate inherent in the long-term debt for a fixed rate (note 4(a)). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

The College's bond portfolio has interest rates ranging from 1.34% to 3.35% (2021 - 0.70% to 3.85%) with maturities ranging from April 19, 2022 to May 16, 2030 (2021 - April 19, 2021 to April 3, 2049).

The College estimates a 1% fluctuation in interest rates would not have a material impact on the fair value of the College's bonds and the interest rate swap. The College's long-term debt, as described in note 4, would not be impacted as the inherent variable rate of the debt has been fixed with the use of the aforementioned derivative interest rate swap.

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, 2022, 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 \$535,000 (2021 - \$510,000).

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

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. 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	\$ 18,013,831	\$ 2,557,447	\$ –	\$ –
Accrued payroll and employee benefits	10,911,382	136,920	–	–
Long-term debt	680,520	691,385	5,864,358	4,044,995

Derivative financial liabilities mature as described in note 10(c).

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, 2022

11. Risk management (continued):

(d) Other risk:

The College's main source of revenue is tuition and government operating grants. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The College halted all in-person activity and closed its facilities to staff and students and moved to online education format beginning in March 2020 based on recommendations from Public Health Ontario. The College announced a gradual return to campus approach for academic delivery effective January 31, 2022. Full in-person learning has resumed in the Spring 2022 semester for certain academic programs while other programs continue to be delivered online or with a hybrid mix of online and in-person.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time.

12. Fleming College Foundation:

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

As defined by the Chartered Professional Accountants of Canada PSAB accounting recommendations for Government NPOs, the College controls the Foundation operations in that they have common board members controlling both entities. The majority of fundraising has been carried out by the College since April 1, 2011.

The Foundation's financial statements have not been consolidated in the College's financial statements. Separate financial statements of the Foundation are available upon request.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Fleming College Foundation (continued):

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

	2022	2021
Financial position		
Total assets	\$ 6,273	\$ 6,112
Total liabilities	6,273	6,112
Fund balances	\$ –	\$ –
Results of operations		
Total revenue	\$ 17,522	\$ 18,745
Total expenses	6,273	6,281
Transfers to Fleming College	11,249	12,464
Excess of revenue over expenditures	\$ –	\$ –

The net resources of the Foundation amount to nil (2021 - nil).

13. Commitments:

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

2023	\$ 544,884
2024	371,640
2025	317,364
2026	249,061
2027	123,954
	\$ 1,606,903

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2022

14. Comparative information:

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