Grant Thornton

Financial Statements

The Confederation College of Applied Arts and Technology

March 31, 2022

Independent Auditor's Report

Grant Thornton LLP
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To the Board of Governors of
The Confederation College of Applied Arts and Technology

Opinion

We have audited the financial statements of The Confederation College of Applied Arts & Technology ("the College"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Confederation College of Applied Arts & Technology as at March 31, 2022, and its results of operations, its changes in its 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 report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Thunder Bay, Canada
June 9, 2022

Chartered Professional Accountants
Licensed Chartered Accountants

The Confederation College of Applied Arts and Technology
Statement of Financial Position

As at	March 31, 2022	March 31, 2021
Assets		
Current		
Cash	**$ 66,163,351**	$ 59,345,005
Accounts receivable (Note 3)	**4,567,523**	3,799,203
Inventory	**774,674**	860,448
Current portion of notes and long-term receivable (Note 4)	**252,774**	251,040
Grants receivable	**1,399,839**	298,330
Prepaid expenses	**320,100**	276,850
	73,478,261	64,830,876
Investment portfolio - endowments restricted (Note 5)	**10,983,911**	10,496,169
Notes and long-term receivable (Note 4)	**6,611,891**	6,851,801
Capital assets (Note 6)	**68,247,667**	71,864,207
	$ 159,321,730	$ 154,043,053
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	**$ 24,863,832**	$ 16,596,887
Deferred revenue (Note 8)	**9,867,037**	11,323,438
Vacation pay	**2,966,582**	3,111,637
Current portion of long-term debt (Note 9)	**348,994**	319,360
	38,046,445	31,351,322
Post-employment benefits and compensated absences (Note 10)	**2,236,000**	2,331,000
Deferred capital contributions (Note 11)	**60,217,753**	63,699,022
Long-term debt (Note 9)	**9,122,735**	9,423,197
	109,622,933	106,804,540
Net Assets		
Unrestricted		
Operating	**$ 9,629,986**	$ 8,736,819
Post-employment benefits and compensated absences	**(2,236,000)**	(2,331,000)
Vacation Pay	**(2,966,582)**	(3,111,637)
	4,427,404	3,294,182
Invested in capital assets (Note 12)	**5,716,862**	5,813,295
Internally and externally restricted (Note 13)	**29,058,368**	27,997,742
Endowments restricted (Note 14)	**10,496,165**	10,133,294
	45,271,395	43,944,331
	49,698,799	47,238,513
	$ 159,321,732	$ 154,043,053

On behalf of the Board:

President

Chair, Board of Governors

The Confederation College of Applied Arts and Technology

Statement of Operations

For the year ended March 31	2022	2021
Revenue		
Post Secondary Grants	$ 32,040,312	$ 32,040,545
Other Provincial Grants	15,546,322	10,750,125
Tuition Fees - Domestic	6,738,796	6,907,372
Other Student Fees	3,753,303	3,914,015
Tuition Fees - International	14,686,595	18,392,228
Contracts and Programs	6,072,408	4,855,319
Ancillary Operations	1,850,352	1,571,503
Amortization of deferred capital contributions (Note 12)	5,148,708	5,451,676
Other Revenue	2,246,377	2,373,965
	88,083,173	86,256,748
Expenses		
Full-time Salaries and Benefits	$ 41,311,572	$ 40,569,684
Part-Time Salaries and Benefits	12,640,263	10,400,641
Plant and Property Maintenance	5,532,487	3,933,458
Contract Services	7,999,854	6,634,192
Furniture & Equipment	319,333	330,892
Miscellaneous	939,213	1,732,346
Office and Instructional Supplies	6,817,781	5,615,953
Professional Dues & Audit Fees	775,078	665,180
Scholarships and Tuition Set-Aside	1,270,699	1,749,602
Telecommunications & Software	1,821,214	1,864,986
Travel and Professional Development	389,425	320,161
Depreciation	6,467,600	6,819,961
	86,284,519	80,637,056
Excess of revenue over expenses	$ 1,798,654	$ 5,619,692

The Confederation College of Applied Arts and Technology
Statement of Changes in Net Assets

For the year ended March 31					2022	2021
	Unrestricted	Capital	Internally and Externally Restricted	Endowments Restricted	Total	Total
Balance, beginning of year	$ 3,294,182	$ 5,813,295	$ 27,997,742	$ 10,133,294	$ 47,238,513	$ 39,065,312
Change in endowments during the year (Note 14)	-	-	-	362,871	362,871	1,543,930
Change in internally and externally restricted net assets (Note 13)	1,036,788	-	(737,874)	-	298,914	1,009,579
Excess of revenue over expenses	1,798,654			-	1,798,654	5,619,692
Transfer from unrestricted to internally restricted	(1,798,500)	-	1,798,500	-	-	-
Transfer from internally restricted to unrestricted	-				-	-
Investment in capital assets (Note 12)	96,433	(96,433)		-	-	-
Balance, end of year	$ 4,427,557	$ 5,716,862	$ 29,058,368	$ 10,496,165	$ 49,698,952	$ 47,238,513

The Confederation College of Applied Arts and Technology
Statement of Cash Flows

For the year ended March 31	2022	2021
Net inflow (outflow) of cash related to the following		
Operating		
Excess of revenue over expenses	$ 1,798,654	$ 5,619,692
Items not involving cash:		
Amortization of deferred capital contributions	(5,148,708)	(5,451,676)
Depreciation of capital assets	6,467,600	6,819,963
Change in post-employment benefits	(42,000)	4,000
Change in accrued sick leave liability	(53,000)	60,000
	3,022,546	7,051,979
Change in non-cash working capital balances (Note 17)	4,838,181	2,902,365
	7,860,727	9,954,344
Financing		
Capital Lease	-	-
Repayment of long-term debt	(319,360)	(310,902)
	(319,360)	(310,902)
Capital		
Deferred capital contributions	1,667,439	1,049,110
Construction in progress	-	-
Purchase of capital assets	(2,802,525)	(1,558,105)
	(1,135,086)	(508,995)
Investing		
Decrease in notes and long-term loans receivable	238,175	230,709
(Increase) in investment portfolio - Endowment Rest.	(487,742)	(1,772,941)
Increase in restricted assets	298,760	1,009,579
Increase in endowments, net awards	362,871	1,543,930
	412,065	1,011,277
Net cash inflow for the year	6,818,346	10,145,725
Cash, Beginning of year	59,345,005	49,199,280
Cash, End of year	66,163,351	59,345,005
	-	

1. Significant Accounting Policies

Description of Organization

The Confederation College of Applied Arts and Technology (The College), established in 1967, is an Ontario college of applied arts and technology duly established pursuant to Ontario regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. The College is an agency of the Crown and offers a full range of programs and educational services including full-time post-secondary programs, part-time credit and non-credit courses, specialty programs for business and industry, pre-employment and skills training programs, apprenticeship and cooperative/workplace training programs.

The College is a not-for-profit organization and, as such, is exempt from income taxes under Section 149 of the Income Tax Act (Canada).

Basis of Presentation

The financial statements of the College have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

Revenue Recognition

The College follows the deferral method of accounting for contributions, which include donations and government grants.

Tuition fees and contract training revenues are recognized as income to the extent that the related courses and services are provided within the fiscal year of the College.

Operating grants from the Ministry of Training, Colleges and Universities and other government agencies are recorded as revenue in the year to which they relate. Grants approved but not received at the end of the fiscal year are accrued. Where a portion of a grant relates to a future year it is deferred and recognized in the subsequent year.

Ancillary revenues including parking, bookstore, residence and other sundry revenue are recognized when products are delivered or services are provided to the student or client, the sales price is fixed and determinable, and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions and restricted investment income are recognized as revenue in the year in which the related expenses are incurred.

Capital grants and restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions and investment earnings are recognized as direct increases in endowed net assets.

1. Significant Accounting Policies (cont'd)

Cash and Cash Equivalents

Cash is defined as cash and short-term investments with maturity dates of less than 90 days.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services or the value of future economic benefits associated with the capital asset is less than book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which have been estimated to be as follows:

Buildings	-	40 years
Major equipment	-	10 years
Leasehold improvements	-	10 years
Site improvements	-	5 years
Furniture and equipment	-	5 years
Library books	-	5 years

Construction in progress relates to capital projects that are incomplete and not in service as at March 31, 2021. Amortization will commence upon substantial completion at the applicable rates noted above.

Retirement and Post-Employment Benefits and Compensated Benefits

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 and non-vesting sick leave. The College has adopted the following policies with respect to accounting for these employee benefits:

(i) The cost 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.

1. Significant Accounting Policies (cont'd)

Retirement and Post-Employment Benefits and Compensated Benefits (Cont'd)

(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 life of the employees.

(iv) The discount rate used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

Financial Instruments

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

Fair Value

This category includes cash and equity instruments quoted in an active market. The College has designated its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the College manages and reports performance of it on a fair value basis.

Equity instruments and bonds are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value for unrestricted investments are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. Changes in fair value on restricted investments are recognized as increases/decreases in the endowments restricted fund.

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.

1. Significant Accounting Policies (cont'd)

Amortized Cost

This category includes accounts receivable, notes and long-term receivable, grants receivable, accounts payable and accrued liabilities, long-term debt and vacation pay. 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.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the College is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

Management Estimates

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of fair value for long-term investments, allowance for doubtful accounts, amortization of capital assets and actuarial estimation of post-employment benefits and compensated absences liabilities.

2. Financial Instrument Classification

The following table provides 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**	**Total**
Cash	**$ 66,163,351**	**$ -**	**$ 66,163,351**
Accounts receivable	**-**	**4,567,523**	**4,567,523**
Investment portfolio	**10,983,911**	**-**	**10,983,911**
Notes and long-term receivable	**-**	**6,864,665**	**6,864,665**
Accounts payable and accrued liabilities	**-**	**24,863,832**	**24,863,832**
Long-term debt		**9,471,729**	**9,471,729**
	$ 77,147,262	**$ 45,767,749**	**$ 122,915,011**

	2021		
	Fair Value	Amortized Cost	Total
Cash	$ 59,345,005	$ -	$ 59,345,005
Accounts receivable	-	3,799,203	3,799,203
Investment portfolio	10,496,169	-	10,496,169
Notes and long-term receivable	-	7,102,841	7,102,841
Accounts payable and accrued liabilities	-	16,596,887	16,596,887
Long-term debt		9,742,557	9,742,557
	$ 69,841,174	$ 37,241,488	$ 107,082,662

The College's bank accounts are held at one chartered bank and as a result are exposed to the credit risk arising from this concentration to the extent that the account balances exceed the federally insured limits. The bank accounts earn interest at prime less 1.75% (0.95% at March 31, 2022).

The College's credit facilities include an approved operating line of credit with the Royal Bank of $1,500,000 with interest at bank prime less 0.6% (2.1% at March 31, 2022). At year end the outstanding balance under this credit facility agreement was $nil (2021 - $nil).

In addition, the College, has an approved revolving credit facility with the Royal Bank in the amount of $1,650,000. Of this amount, $nil (2021 - $nil) was outstanding with respect to the Royal Bank loans described in Note 9.

The College also has total approved financing with the Ontario Financing Authority in the amount of $13,335,844. Of this amount, $9,423,197 (2021-$9,472,557) was outstanding as described in Note 9. Of the approved amount, $6,845,056 is repayable by SUCCI (Student Union of Confederation College Inc.).

2. Financial Instrument Classification (cont'd)

Included in the investment portfolio are Canadian Bonds with a maturity profile as indicated below.

	2022				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
Carrying Value: Bonds	$ 940,417	$ 2,428,027	$ 1,079,712	$ 715,520	$ 5,163,675
Total	$ 940,417	$ 2,428,027	$ 1,079,712	$ 715,520	$ 5,163,675
Percent of total	18%	47%	21%	14%	

	2021				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
Carrying Value: Bonds	$ 1,714,307	$ 2,542,692	$ 846,542	$ 1,199,623	$ 6,303,164
Total	$ 1,714,307	$ 2,542,692	$ 846,542	$ 1,199,623	$ 6,303,164
Percent of total	28%	40%	13%	19%	

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. Financial Instrument Classification (cont'd)

2022

	Level 1	Level 2	Level 3	Total
Cash	$ 66,163,351	$ -	$ -	$ 66,163,351
Investment portfolio	4,037,167	6,946,744	-	10,983,911
	$ 70,200,518	$ 6,946,744	$ -	$ 77,147,262

2021

	Level 1	Level 2	Level 3	Total
Cash	$ 59,345,005	$ -	$ -	$ 59,345,005
Investment portfolio	4,588,697	5,907,472	-	10,496,169
	$ 63,933,702	$ 5,907,472	$ -	$ 69,841,174

There were transfers of $1,039,272 between Level 1 and Level 2 for the years ended March 31, 2022 and transfers of $5,907,472 for 2021. There were also no transfers in or out of Level 3.

3. Accounts Receivable

Accounts receivable are comprised of balances receivable from students, Sponsoring agencies and Corporate clients for contract training. Credit risk is mitigated to some extent by requiring that payment be received before a student is allowed to register, unless they have certain pre-qualified conditions, such as funding through the Ontario Student Assistance Program, sponsorship funding, or split-fee tuition fee option.

	2022	2021
Students and sponsors	**$ 362,884**	$ 214,574
General	**4,407,330**	3,737,320
Allowance for doubtful accounts	**(202,691)**	(152,691)
	$ 4,567,523	$ 3,799,203

4. Notes and Long-term Receivable

In April 2016, the Student Union of Confederation College Inc. (SUCCI) entered into a funding and contribution agreement with the College to finance a contribution towards the new Wellness Centre. Amounts are to be paid to the College until the SUCCI contribution of $8.5 million, together with the deemed Ontario Financing Authority (OFA). Interest rate thereon per annum, is paid in full. The OFA debt is repayable over the next 21years, and bears a fixed interest rate of 2.969% (Note 10). The current portion of the long-term receivable represents the principal loan payments due within one year.

	2022	2021
General	**$ 19,608**	$ 25,793
SUCCI Student Levy Receivable	**6,845,057**	7,077,048
Total	**6,864,665**	7,102,841
Current Portion	**252,774**	251,040
	$ 6,611,891	$ 6,851,801

5. Investment Portfolio - Endowments Restricted

The College's investment portfolio is comprised of a number of different securities carrying a variety of terms and conditions. Investments consist of the following:

	2022		2021	
	Market	**Cost**	Market	Cost
Endowed				
Canadian equities	**$ 3,032,400**	**$ 2,635,859**	$ 1,894,107	$ 1,906,044
Canadian fixed income	**4,695,309**	**4,998,012**	4,722,737	4,724,068
Foreign equities	**2,471,884**	**2,719,693**	1,633,451	1,634,297
Foreign fixed income	**266,810**	**269,757**	266,810	269,757
Cash and equivalents account	**517,508**	**520,387**	1,979,064	1,717,283
	$ 10,983,911	**$ 11,143,708**	$ 10,496,169	$ 10,251,449

The cash and equivalents account does not earn interest. Canadian and foreign bonds are comprised of a number of different bonds, with maturity dates ranging from 2022 to 2065, and yield an average of 4.95% (2021 – 4.89%) over the term of the investments.

6. Capital Assets

	2022		2021	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 295,057**	**$ -**	$ 295,057	$ -
Site improvements	**2,014,986**	**2,014,986**	2,014,986	2,014,986
Buildings	**111,245,291**	**52,408,777**	111,244,353	50,105,430
Bridge	**2,910,386**	**428,674**	2,910,369	312,258
Leasehold improvements	**333,188**	**333,188**	333,188	333,188
Furniture and equipment	**94,257,710**	**88,392,308**	92,025,181	84,441,155
Library books	**20,000**	**20,000**	20,000	20,000
Major equipment	**4,383,781**	**4,232,373**	4,383,781	4,135,691
Work in Progress	**617,573**	**-**	-	-
	$ 216,077,972	**$ 147,830,306**	$ 213,226,915	$ 141,362,708
Capital Assets Net book value		**$ 68,247,667**		$ 71,864,207

Included in the Work in Progress is a deposit of $515,160 ($400,000USD) for the purchase of 5 aircrafts. In accordance with the purchase agreement an additional $2,536,000 ($2,029,750USD) is due upon delivery, anticipated in late 2022.

7. Accounts Payable and Accrued Liabilities

		2022		2021
Trade	$	**21,907,248**	$	13,606,644
Accrued liabilities		**582,227**		1,359,987
Government remittances		**730,305**		754,017
Accrued salaries		**1,644,052**		876,238
	$	**24,863,832**	$	16,596,887

8. Deferred Revenue

		2022		2021
Ontario Ministry of Colleges and Universities				
Aboriginal Educational and Training Strategy	$	**-**	$	-
Apprentice training		**-**		-
Campus safety		**15,172**		39,360
Capital Campaign TEC Hub		**63,937**		63,937
Collaborative nursing		**598,469**		741,316
Employment programs		**836,180**		86,764
Other MTCU		**1,079,415**		3,467,514
Second career		**500,345**		509,350
Special needs and tutoring		**-**		11,346
CODE SCWI		**431,828**		647,713
College service fee		**382,923**		278,451
IT residence infrastructure		**33,065**		58,065
Miscellaneous contracts and projects		**3,185,496**		2,441,409
Post-secondary Tuition		**2,042,315**		2,496,587
Student IT fee		**159,978**		178,946
Student tech fee		**259,539**		302,680
	$	**9,867,037**	$	11,323,438

9. Long-term Debt

		2022	2021
Ontario Financing Authority loan for Wellness Centre repayable at $303,132 semi-annually including interest at 2.969% due 2042	$	**9,423,197**	9,742,557
			-
Current portion		**328,912**	319,360
Total		**9,094,285**	9,423,197

The scheduled principal amounts repayable within the next five years and thereafter are as follows:

Date		OFA
2023		328,912
2024		338,750
2025		348,124
2026		359,973
2027		370,069
Thereafter		7,677,369
	$	9,423,197

Of the approved amount of the OFA loan for the Wellness Centre, $6.8 million is repayable by SUCCI (Student Union of Confederation College Inc.) (Note 4).

Obligations Under Capital Leases

		2022	2021
Kubota Capital Lease for Tractor, repayable $1,618 monthly repaid in year 2024	$	**48,532**	-
Current Portion		**20,082**	-
Total		**28,450**	-

Obligations under capital leases are secured by certain plant and office equipment. The future minimum lease payments for the next five years and thereafter are as follows:

Date		Amount
2023		20,082
2024		20,082
2025		8,368
2026		-
2027		-
Thereafter		-
	$	48,532

10. Post-employment Benefits and Compensated Absences Liability

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

2022

	Post-employee Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$ 546,000	$ 1,945,000	$ 35,000	$ 2,526,000
Value of plan assets	(142,000)	-	-	(142,000)
Unamortized actuarial gains (losses)	48,000	(281,000)	85,000	(148,000)
	$ 452,000	$ 1,664,000	$ 120,000	$ 2,236,000

2021

	Post-employee Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$ 573,000	$ 2,177,000	$ 41,000	$ 2,791,000
Value of plan assets	(130,000)	-	-	(130,000)
Unamortized actuarial gains (losses)	51,000	(547,000)	166,000	(330,000)
	$ 494,000	$ 1,630,000	$ 207,000	$ 2,331,000

2022

	Post-employee Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	$ (31,000)	$ 175,000	$ 1,000	$ 145,000
Interest on accrued benefit obligation	1,000	38,000	1,000	40,000
Amortized actuarial losses	(8,000)	52,000	(81,000)	(37,000)
	$ (38,000)	$ 265,000	$ (79,000)	$ 148,000

2021

	Post-employee Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	$ 14,000	$ 230,000	$ 1,000	$ 245,000
Interest on accrued benefit obligation	1,000	36,000	1,000	38,000
Amortized actuarial losses	(7,000)	50,000	(3,000)	40,000
	$ 8,000	$ 316,000	$ (1,000)	$ 323,000

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

10. Post-Employment Benefits and Compensated Absences Liability (cont'd.)

Retirement Benefits

CAAT Pension Plan

All full-time employees of the College, and any part-time employees who opt to participate, are members of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), a multi-employer jointly-sponsored defined benefit plan for public colleges in Ontario and other employers. 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 and its associated retirement compensation arrangement of $4,459,050 (2021 - $4,312,954), which has been included in the statement of operations.

Post-Employment Benefits

The College extends post employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The College recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

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

a) Discount rate

   The present value as at March 31, 2022 of the future benefits was determined using a discount rate of 2.9% (2021 - 1.70%)

b) Hospital and other medical

   Medical premium increases were assumed to increase at 6.29% per annum in 2022 and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040 (2021 – 4.0% in 2040).

10. Post-Employment Benefits and Compensated Absences Liability (Cont'd.)

Post-Employment Benefits (Cont'd)

c) Dental costs

Dental costs were assumed to increase at 4.0% per annum (2021 - 4.0%).

Compensated Absences

Vesting Sick Leave

The College has provided for vesting sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive payment for their accumulated sick days at 50% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

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		
Academic	**1.00%**	1.00%
Support	**1.25%**	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% to 26.2% and 0 to 51 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

11. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations and is calculated on the same basis as the amortization expense related to the acquired/constructed capital assets. The changes in the deferred capital contributions balances are as follows:

		2022		2021
Balance, beginning of year	$	**63,699,022**	$	68,101,588
Add contributions for capital purposes		**1,667,439**		1,049,110
Less amortization of deferred capital contributions		**(5,148,708)**		(5,451,676)
Balance, end of year		**60,217,753**		63,699,022
Deferred capital contributions relating to construction in progress, end of year		**-**		-
Deferred capital contributions balance, end of year	$	**60,217,753**	$	63,699,022

12. Net Assets - Investment in Capital Assets

		2022		2021
Capital assets, net book value	$	**68,247,667**	$	71,864,207
Less amounts financed by:				
Working capital		**313,620**		313,620
SUCCI Student Levy Receivable (Note 4)		**6,845,057**		7,077,047
Long-term debt (Note 9)		**(9,471,729)**		(9,742,557)
Deferred capital contributions (Note 11)		**(60,217,753)**		(63,699,022)
Invested in capital assets, end of year	$	**5,716,862**	$	5,813,295

13. Net Assets - Internally and Externally Restricted

Internally restricted net assets represents money set aside by College senior management for various strategic initiatives and committed for specific purposes as identified below.

	2022	2021
Tuition set aside for student assistance	$ 2,045,048	$ 2,020,949
Scholarships and bursaries	156,250	231,553
Contributions for capital expenditures	196,304	168,610
Donations	741,212	418,788
Special Projects	13,235,326	14,226,202
TEC Hub Campaign Commitment	295,000	800,000
Student Village	-	-
Parking Lot Development	2,400,000	400,000
Critical IT Infrastructure Upgrade	1,102,032	1,204,444
Long-term Sustainability	8,293,567	8,293,567
Employee professional development	93,629	93,629
Environmental Sustainability	500,000	140,000
	$ 29,058,368	$ 27,997,742

The Ministry of Colleges and Universities requires a certain portion of the additional tuition fee revenue generated by announced fee increases to be set aside for student assistance.

14. Net Assets - Endowments Restricted

Externally restricted net assets include restricted donations received by the College where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with the various purposes established by donors. 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 were provided.

14. Net Assets - Endowments Restricted (Cont'd)

Externally restricted endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund (“OSOTF”) Phase I and II, and the Ontario Trust for Student Support (“OTSS”) programs and other such restricted contributions that were not matched. Under these government programs, the government matches funds raised by the College. The purpose of the programs is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend College. The investment income generated from endowments must be used in accordance with the OSOTF and the OTSS guidelines.

The College has recorded the following amounts under the programs:

OSOTF I

		2022		2021
Schedule of changes in Endowment Fund Balance				
Fund balance, beginning of year	$	**3,675,930**	$	3,675,930
Cash donations received		**964**		-
Fund balance, end of year		**3,676,894**		3,675,930
Schedule of changes in Expendable Funds Available for Awards				
Fund balance, beginning of year		**1,427,565**		677,263
Corrections to Endowed/Realized Gain Amounts (Rate Stabilization)		**115,306**		767,951
Unrealized investment gain (loss) net of direct investment-related expenses and preservation of capital contributions		**130,066**		130,596
Bursaries awarded (2021 = 381, 2020 = 178)		**(59,360)**		(148,245)
Expendable fund balance, end of year		**1,613,577**		1,427,565
Total endowment fund balance, end of year	$	**5,290,471**	$	5,103,495
Market value of fund, end of year	$	**5,290,471**	$	5,103,495

14. Net Assets - Endowments Restricted (Cont'd)

OSOTF II Second Phase

		2022		2021
Schedule of changes in Endowment Fund Balance				
Fund balance, beginning of year	$	**252,078**	$	252,078
Eligible cash donations received		**-**		-
		252,078		252,078
Schedule of changes in Expendable Funds Available for Awards				
Fund balance, beginning of year		**205,279**		128,734
Corrections to Endowed/Realized Gain Amounts (Rate Stabilization)		**10,377**		67,180
Unrealized investment gain (loss) net of direct investment-related expenses and preservation of capital contributions		**11,705**		11,425
Bursaries awarded (2021 = 7, 2020 = 7)		**(2,105)**		(2,060)
Expendable fund balance, end of year		**225,256**		205,279
Total endowment fund balance, end of year	$	**477,334**	$	457,357
Market value of fund, end of year	$	**477,334**	$	457,357

OTSS

		2022		2021
Schedule of changes in Endowment Fund Balance				
Fund balance, beginning of year	$	**3,381,487**	$	3,381,487
Eligible cash donations received		**23,420**		-
		3,404,907		3,381,487
Schedule of changes in Expendable Funds Available for Awards				
Fund balance, beginning of year		**1,190,955**		473,872
Corrections to Endowed/Realized Gain Amounts (Rate Stabilization)		**103,519**		680,128
Unrealized investment gain (loss) net of direct investment-related expenses and preservation of capital contributions		**116,769**		115,661
Bursaries awarded (2021 = 103 2020 = 132)		**(87,790)**		(78,706)
Expendable fund balance, end of year		**1,323,453**		1,190,955
Total endowment fund balance, end of year	$	**4,728,360**	$	4,572,442
Market value of fund, end of year	$	**4,728,360**	$	4,572,442

14. Net Assets - Endowments Restricted (Cont'd)

Reports of OTSS awards issued for the period of April 1, 2021 to March 31, 2022:

Status of Recipients	OSAP Number	Recipients Amount	Non-OSAP Number	Recipients Amount	Number	Total Amount
Full-time	52	$ 35,190	46	$ 31,500	98	$ 66,690
Part-time	n/a	n/a	n/a	n/a	n/a	n/a
Total	52	$ 35,190	46	$ 31,500	98	$ 66,690

	2022	2021
Grand total of endowment funds, end of year	$ 10,496,165	$ 10,133,294

15. Commitments

The College has leased realty for the Aviation Centre of Excellence at an annual rental of approximately $94,245, with annual increases of 2.5%, and an expiry date of 2053.

16. Contingencies

In the normal course of operations, the College is involved in a number of grievances and disputes. As of the date of this financial statement preparation, the likelihood and impact of these matters on the College's financial statements is unknown. Should any costs be incurred as a result of these matters, they will be expensed in the year of settlement.

17. Statement of Cash Flows

The change in non-cash working capital balances consists of the following:

		2022		2021
Grants receivable	$	**(1,101,509)**	$	1,548,270
Accounts receivable		**(768,320)**		1,712,582
Inventory		**85,774**		(171,913)
Prepaid expenses		**(43,250)**		(31,614)
Accounts payable and accrued liabilities		**8,266,942**		(1,574,976)
Vacation pay		**(145,055)**		(21,711)
Deferred revenue		**(1,456,401)**		1,441,727
	$	**4,838,181**	$	2,902,365

18. Capital Disclosures

The College considers its capital to be the balance retained in net assets, which is generally the difference between its assets and liabilities as reported on the statement of financial position and includes unrestricted net assets, internally restricted net assets, investment in capital assets and restricted endowment net assets. The College receives funding from the provincial government for the delivery of its programs. These funds are maintained and disbursed under the terms of the funding agreements and management is responsible for adhering to the provisions of these agreements.

The College's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide delivery of its programs to the public. Colleges are required, under the current Ministry guidelines, to balance their budgets each year through a combination of managing expenses and utilizing reserves. Any in-year deficit not covered by reserves (accumulated deficits) must be recovered within two successive years under the Ministry's deficit recovery procedures.

Management maintains its capital by ensuring that annual operating and capital budgets are developed and approved by the Board of Governors based on both known and estimated sources of funding and financing available each year. These budgets are shared with all management to ensure that the capital of the College is maintained and are also published on the College's website or distributed to the public in hard copy upon request.

19. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, debt holdings in its investment portfolio, notes and long-term receivable and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up $300,000 (2021 - $300,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the MTCU and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis. The guidelines permit the College's funds to be invested in bonds issued by the Government of Canada, a Canadian province or a Canadian municipality having a rating of A or better, or corporate investments having a rating of A (R-1) or better.

The maximum exposure to investment credit risk is outlined in Note 2.

Accounts receivable are ultimately due from students, sponsors or corporate agencies. An amount of $202,691 (2021- $152,691) has been set up as an allowance for doubtful accounts. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population, and other internal controls built into the registration process.

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 the MCU. The policy's application is monitored by management, the investment managers and the Board of Governors. Diversification techniques are utilized to minimize risk. The Policy limits the investment in any one corporate issuer to a maximum of 10% of the College's total fixed income bonds.

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

19. Financial Instrument Risk Management (Cont'd)

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 College levels when adverse changes in foreign currency College rates occur.

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

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value 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 (see note 5) and long-term debt (see note 9).

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

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, total equity in the portfolio was $5,600,000, 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 $560,000. Equities represent approximately 51.0% of the fair value of the College's endowed investments, which is held for long-term investment gains, which mitigates the impact to market fluctuations on the value of the equities.

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

19. Financial Instrument Risk Management (Cont'd)

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.

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

20. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. On March 24, 2020 the College made the announcement to limit the access to its campuses and learning sites due to Public Health guidance. Two years later, the College administration decided that on May 1, 2022, it would lift most pandemic restrictions with some precautions to remain in place, such as masking, hand washing and encouraging physical distancing.

As the impacts of the COVID-19 pandemic continue, there could be further impact on the College, its students and its funding sources. College administration is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, and its workforce. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the College is not able to estimate the effects of the COVID-19 outbreak on its future results of operations, financial condition, or liquidity at this time.

21. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.