CONSOLIDATED FINANCIAL STATEMENTS

The Humber College Institute of Technology and Advanced Learning

March 31, 2023

The Humber College Institute of Technology and Advanced Learning

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Humber College Institute of Technology and Advanced Learning (the "College") are the responsibility of management and have been approved by the Board of Governors (the "Board").

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 series of standards applicable to government not-for-profit organizations. Where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Consolidated 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 consolidated 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 consolidated financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee (the "Committee").

The Committee is appointed by the Board, and includes within its ranks five Board members. The Committee meets periodically 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 consolidated financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

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

Ann Marie Vaughan
Ann Marie Vaughan
President & CEO
June 12, 2023

Sanjay Puri
Vice President, Administration & CFO
June 12, 2023

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Independent Auditor's Report

To the Board of Governors of The Humber College Institute of Technology and Advanced Learning

Opinion

We have audited the consolidated financial statements of The Humber College Institute of Technology and Advanced Learning (the "College"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of operations, consolidated statement of net assets, consolidated statement of cash flows and consolidated statement of remeasurement gains and losses for the year ended March 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the College as at March 31, 2023, and its consolidated results of its operations, its consolidated cash flows, and its consolidated remeasurement gains and losses 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 Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the College'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 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the College to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 12, 2023

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THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING **Statement 1**

Consolidated Statement of Financial Position (in thousands)

	March 31, 2023	Restated (Note 23) March 31, 2022
ASSETS		
Current assets		
Cash	**$70,884**	$121,686
Investments	**332,615**	302,204
Grants receivable (Note 4)	**5,632**	1,656
Accounts receivable (Note 5)	**13,524**	13,385
Loan receivable (Note 7)	**-**	134
Prepaid expenses	**6,438**	4,337
Total current assets	**429,093**	443,402
INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER (Note 6)	**9,774**	10,985
LONG-TERM LOAN RECEIVABLE (Note 7)	**-**	2,008
PREPAID LAND LEASE (Note 8)	**2,786**	2,818
CAPITAL ASSETS (Note 9 and 15)	**570,036**	527,704
TOTAL ASSETS	**$1,011,689**	$986,918
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$33,409**	$32,858
Accrued payroll and employee benefits	**19,883**	14,234
Accrued vacation pay	**18,994**	19,428
Deferred revenue	**154,447**	139,047
Due to University of Guelph-Humber (Note 6)	**22,831**	24,621
Due to IGNITE Student Union (Note 10)	**3,892**	4,589
Bank loan (Note 11)	**17,089**	19,393
Total current liabilities	**270,545**	254,170
POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 12)	**8,998**	8,676
DEFERRED CONTRIBUTIONS (Note 13)	**18,604**	17,035
DEFERRED CAPITAL CONTRIBUTIONS (Note 14)	**184,053**	187,586
ASSET RETIREMENT OBLIGATIONS (Note 15)	**18,686**	18,071
INTEREST RATE SWAP (Note 11)	**964**	1,941
TOTAL LIABILITIES	**501,850**	487,479
NET ASSETS		
Unrestricted		
Operating	**30,517**	30,045
Post-employment benefits and compensated absences (Note 12)	**(8,998)**	(8,676)
Vacation pay	**(18,994)**	(19,428)
Total unrestricted net assets	**2,525**	1,941
INVESTED IN CAPITAL ASSETS (Note 16)	**370,117**	320,341
INTERNALLY RESTRICTED (Note 17)	**144,737**	180,632
EXTERNALLY RESTRICTED (Note 18)	**16,668**	16,243
	534,047	519,157
ACCUMULATED REMEASUREMENT LOSSES	**(24,209)**	(19,718)
TOTAL NET ASSETS	**509,838**	499,439
TOTAL LIABILITIES AND NET ASSETS	**$1,011,689**	$986,918

See accompanying notes to the consolidated financial statements

On behalf of the Board of Governors:

Tom Barlow
Chair, Board of Governors

Ann-Marie Vaughan
President & CEO

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THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Statement 2

Consolidated Statement of Operations (in thousands)

For the year ended	**March 31, 2023**	Restated (Note 23) March 31, 2022
REVENUE		
Grants and reimbursements	**$160,381**	$164,976
Tuition and other fees	**318,076**	296,639
Interest and investment income	**11,283**	8,789
Other (Note 19)	**65,285**	50,036
Amortization of deferred capital contributions (Note 14)	**11,419**	10,529
TOTAL REVENUE	**566,444**	530,969
EXPENSES		
Salaries and benefits	**317,630**	299,376
Contract services	**99,161**	102,040
Maintenance, utilities and municipal taxes	**18,744**	14,972
Advertising and marketing	**7,978**	6,802
Supplies, equipment and other expenses (Note 15)	**44,245**	32,583
Information technology, software and licenses	**12,680**	12,414
Student assistance	**11,412**	10,616
Amortization of capital assets	**40,129**	38,903
TOTAL EXPENSES	**551,979**	517,705
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	**$14,465**	$13,263

See accompanying notes to the consolidated financial statements

THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING **Statement 3**

Consolidated Statement of Changes in Net Assets (in thousands)

	March 31, 2023				
	Unrestricted	**Internally restricted** (Note 17)	**Invested in capital assets** (Note 16)	**Externally restricted** (Note 18)	**Total**
Balance, beginning of year	**$1,941**	**$180,632**	**$320,341**	**$16,243**	**$519,157**
Excess of revenue over expenses for the year	**14,465**	**-**	**-**	**-**	**14,465**
Change in internally restricted net assets	**35,895**	**(35,895)**	**-**	**-**	**-**
Net change in invested in capital assets (Note 16)	**(49,776)**	**-**	**49,776**	**-**	**-**
Endowment contributions	**-**	**-**	**-**	**425**	**425**
Balance, end of year	**$2,525**	**$144,737**	**$370,117**	**$16,668**	**$534,047**

	March 31, 2022 Restated (Note 23)				
	Unrestricted	Internally restricted (Note 17)	Invested in capital assets (Note 16)	Externally restricted (Note 18)	Total
Balance, beginning of year	$3,691	$199,903	$301,911	$16,059	$521,564
Change in accounting Policy (Note 23)	-	(15,853)	-	-	(15,853)
Excess of revenue over expenses for the year (Note 23)	13,262	-	-	-	13,262
Change in internally restricted net assets	3,418	(3,418)	-	-	-
Net change in invested in capital assets (Note 16)	(18,430)	-	18,430	-	-
Endowment contributions	-	-	-	184	184
Balance, end of year	$1,941	$180,632	$320,341	$16,243	$519,157

See accompanying notes to the consolidated financial statements

THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING **Statement 4**

Consolidated Statement of Cash Flows (in thousands)

	March 31, 2023	Restated (Note 23) March 31, 2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenue over expenses for the year	**$14,465**	$13,263
Non-cash items:		
Amortization of capital assets	**40,129**	38,903
Amortization of deferred capital contributions	**(11,419)**	(10,529)
Accretion expense asset retirement obligations (Note 15)	**615**	594
Share of excess of revenue over expenses for the year from University of Guelph-Humber (Note 6)	**(7,380)**	(9,037)
	36,410	33,195
Change in post-employment benefits and compensated absences	**322**	(92)
Endowment contributions	**425**	184
Realized gain on investments reclassified to statement of operations	**-**	(460)
Net change in non-cash working capital items (Note 21)	**12,496**	42,734
Cash provided by operating activities	**49,653**	75,561
INVESTING		
Distribution from University of Guelph-Humber (Note 6)	**8,591**	9,791
Net increase in investments (net of fair market value adjustment)	**(30,411)**	(18,799)
Change in investment accumulated remeasurement losses	**(5,468)**	(17,631)
Cash used in investing activities	**(27,288)**	(26,639)
FINANCING		
Deferred contributions (net of fair market value adjustment)	**3,102**	189
Repayment of loan receivable (Note 7)	**2,142**	1,105
Repayment of bank loan (Note 11)	**(2,304)**	(2,182)
Cash (used in) provided by financing activities	**2,940**	(888)
CAPITAL		
Purchase of capital assets and construction in progress	**(82,548)**	(47,484)
Proceeds on sale of capital assets	**89**	-
Contributions received for capital purposes	**6,351**	3,435
Cash used in capital activities	**(76,107)**	(44,049)
Net increase (decrease) in cash during the year	**(50,802)**	3,984
Cash, beginning of year	**121,686**	117,702
Cash, end of year	**$70,884**	$121,686

See accompanying notes to the consolidated financial statements

THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING **Statement 5**

Consolidated Statement of Remeasurement Gains and Losses (in thousands)

	March 31, 2023	March 31, 2022
Accumulated remeasurement (losses) gains at the beginning of year	**$ (19,718)**	$ (3,377)
Unrealized (losses) gains attributable to:		
Derivative - interest rate swap	**977**	1,750
Investments - operating fund	**(5,000)**	(17,631)
Realized gain on investments, reclassified to the statement of operations	**(468)**	(460)
Net remeasurement losses for the year	**(4,491)**	(16,341)
Accumulated remeasurement losses at end of year	**$ (24,209)**	$ (19,718)

See accompanying notes to the consolidated financial statements

1. DESCRIPTION OF THE ORGANIZATION

The College system was created by an Act of the Ontario Legislature on December 30, 1966. Regulation 771 empowered the Ministry of Education (now named Ministry of Colleges and Universities, "MCU") to establish individual colleges. On February 23, 1967, Humber College of Applied Arts and Technology became a reality. By Ontario Regulation 34/03 filed on February 11, 2003, the name of the College was changed to The Humber College Institute of Technology and Advanced Learning (the "College").

The College's mission statement is as follows:

"Humber develops global citizens with the knowledge and skills to lead and innovate."

The College's consolidated financial statements include the accounts of the Humber College Educational Foundation, which is controlled by the College, and the College's 50% interest in the University of Guelph-Humber joint venture (the "Joint Venture"). These consolidated financial statements do not reflect the assets, liabilities and results of operations of IGNITE Student Union ("IGNITE") or the various other student organizations and clubs of the College.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated 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 Public Sector Accounting Board ("PSAB for Government NPOs"). The significant accounting policies are as follows:

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 recorded as revenue rateably over the term to which the tuition fees revenue applies to the extent that the related courses and services are provided to the student or client.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions externally restricted for purposes other than endowments are recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for the purchase or construction of depreciable capital assets are deferred and amortized over the life of the related capital asset.

Endowment contributions are recognized as direct increases in net assets in the period in which they are received. 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.

Capital assets

Purchased capital assets are recorded at cost while contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

Buildings	25 to 40 years
Site improvements	10 to 25 years
Leasehold improvements	10 to 20 years
Furniture and equipment	3 to 10 years
Automotive equipment	5 years
Software	5 to 7 years
Asset Retirement Obligation – Buildings	49 to 65 years

Construction in progress costs are capitalized as incurred and are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are placed in service. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its net realizable value.

Vacation pay

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

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 and non-vesting sick leave. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 assumptions 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.

Investment in University of Guelph-Humber

The investment in the Joint Venture is accounted for using the modified equity method. No adjustment is made for the basis of accounting of the Joint Venture being different than PSAB for Government NPOs.

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized on a straight-line basis over the productive useful life of the building. If the related building is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Financial instruments

The College classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred except for those instruments designated into the fair value category. The College's accounting policy for each category is as follows:

<u>Fair value</u>
This category includes cash, investments, and derivatives. The College's interest rate swap is considered to be a derivative financial instrument and is included in this category. The College invests its externally restricted funds in pooled funds with its investment management firm. These funds are considered to be equity instruments and are included in this category.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments in this fair value category are initially recognized at cost and subsequently measured at fair value. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations. Unrealized changes in fair value related to externally restricted funds are recognized in deferred contributions until the criterion attached to the restrictions has been met, when they are transferred to the consolidated statement of operations.

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 consolidated statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is transferred and recognized in the consolidated statement of operations.

Amortized cost
This category includes grants receivable, accounts receivable, loan receivable, long-term loan receivable, accounts payable and accrued liabilities, accrued payroll and employee benefits, accrued vacation pay, due to University of Guelph-Humber, due to IGNITE, and bank loan. 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, except for contributions, which are initially recognized at fair value.

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 consolidated statement of operations.

Management estimates

The preparation of consolidated financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Due to inherent uncertainty involved in making such estimates, actual results could differ from those estimates. Areas of key estimation include determination of fair value of investments, determination of fair value of derivatives, determination of percentage of completion of construction in progress, deferred tuition revenue, allowance for doubtful accounts, capital asset amortization, amortization of deferred capital contributions and actuarial estimation of post-employment benefits and compensated absences liabilities.

Public sector salary disclosure act

The Public Sector Salary Disclosure Act, 1996 (the “Act”) requires the disclosure of the salaries and benefits of employees in the public sector who are paid a salary of $100,000 or more in a year. The College complies with this Act by providing the information to MCU for disclosure on the public website.

(expressed in thousands of dollars)

3. 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.

	2023		
	Fair Value	**Amortized Cost**	**Total**
Cash	**$70,884**	**-**	**$70,884**
Investments	**332,615**	**-**	**332,615**
Grants receivable	**-**	**$5,632**	**5,632**
Accounts receivable	**-**	**13,524**	**13,524**
Accounts payable and accrued liabilities	**-**	**33,409**	**33,409**
Accrued payroll and employee benefits	**-**	**19,883**	**19,883**
Accrued vacation pay	**-**	**18,994**	**18,994**
Due to University of Guelph-Humber	**-**	**22,831**	**22,831**
Due to IGNITE	**-**	**3,892**	**3,892**
Bank loan	**-**	**17,089**	**17,089**
Interest rate swap	**964**	**-**	**964**

	2022		
	Fair Value	Amortized Cost	Total
Cash	$121,686	-	$121,686
Investments	302,204	-	302,204
Grants receivable	-	$1,656	1,656
Accounts receivable	-	13,385	13,385
Loan receivable	-	134	134
Long-term loan receivable	-	2,008	2,008
Accounts payable and accrued liabilities	-	32,858	32,858
Accrued payroll and employee benefits	-	14,234	14,234
Accrued vacation pay	-	19,428	19,428
Due to University of Guelph-Humber	-	24,621	24,621
Due to IGNITE	-	4,589	4,589
Bank loan	-	19,393	19,393
Interest rate swap	1,941	-	1,941

Investments consist of cash, daily interest deposits, guaranteed investment certificates, Canadian federal bonds, Canadian provincial bonds, Canadian corporate bonds and pooled funds.

Maturity profile of investments held at fair value is as follows:

	2023				
	Within 1 year	**1 to 5 years**	**5 to 10 years**	**Over 10 years**	**Total**
Fair value	**$97,460**	**$103,772**	**$131,383**	**-**	**$332,615**
Percent of Total	**29.3%**	**31.2%**	**39.5%**	**0.0%**	

(expressed in thousands of dollars)

3. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2022				
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Fair value	$55,670	$113,406	$133,128	-	$302,204
Percent of Total	18.4%	37.5%	44.1%	0.0%	

The following table provides an analysis of investments that are measured subsequent to initial recognition at fair value, 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).

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash	**$70,884**	**-**	**-**	**$70,884**
Investments	**332,615**	**-**	**-**	**332,615**
Interest rate swap	**-**	**-**	**(964)**	**(964)**
Total	**$403,499**	**-**	**$(964)**	**$402,535**

	2022			
	Level 1	Level 2	Level 3	Total
Cash	$121,686	-	-	$121,686
Investments	302,204	-	-	302,204
Interest rate swap	-	-	(1,941)	(1,941)
Total	$423,890	-	$(1,941)	$421,950

There were no other transfers between levels for the years ended March 31, 2023 and 2022. For a sensitivity analysis of financial instruments recognized in Level 3, see Note 22.

4. GRANTS RECEIVABLE

Grants receivable represent amounts receivable from the MCU and other agencies to fund programs delivered by the College.

(expressed in thousands of dollars)

5. ACCOUNTS RECEIVABLE

	2023	2022
Investment interest receivable	**$2,600**	$1,897
Commodity taxes receivable	**2,861**	2,594
Other accounts receivable	**1,802**	3,509
Student accounts receivable	**9,636**	8,921
Allowance for doubtful accounts	**(3,375)**	(3,536)
Total current accounts receivable	**$13,524**	$13,385

Other accounts receivable represent sundry receivables such as revenues earned by faculties, for corporate training or teaching sessions, research projects and commissions earned on ancillary businesses.

6. INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER

In 1999, the College entered into a Memorandum of Understanding with the University of Guelph, known as the University of Guelph-Humber joint venture. The purpose of the Joint Venture is to provide students with a four-year collaborative learning opportunity which results in the conferment of both a university degree and a college diploma.

The following is the College's combined 50% share of the components of the consolidated financial statements of the Joint Venture:

	2023	2022
Total assets	**$15,037**	$16,159
Total liabilities	**5,263**	5,174
Net assets	**$9,774**	$10,985
Revenue	**$33,129**	$33,578
Expenses	**25,749**	24,541
Excess of revenue over expenses for the year	**$7,380**	$9,037
Cash provided by operating activities	**$8,714**	$10,704
Cash used in investing activities	**(123)**	(913)
Cash used in financing activities	**(8,591)**	(9,791)
Net cash flows	-	-

Excess of revenue over expenses for the year has been included in other revenue (see Note 19).

During the year, the College earned $15,882 (2022 - $14,447) of fees from the Joint Venture for services provided which has been included in other revenue (Note 19).

6. INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER (continued)

The amount due to the Joint Venture is unsecured, non-interest bearing and due on demand.

During the year, the Joint Venture distributed $8,591 (2022 - $9,791) to the College which was applied against the investment.

The Joint Venture is a not-for-profit organization, and follows the recommendations of CPA Canada Handbook Part III – Accounting Standards for Not-for-Profit Organizations. As such, there may be differences between the accounting policies of the College under PSAB and the Joint Venture under Part III of the CPA Handbook. Under the modified equity approach, the College makes no adjustment to the amounts disclosed or recognized in its consolidated financial statements for these differences. For the year ended March 31, 2023, there were no accounting policy differences that would have resulted in an adjustment to amounts or disclosures in these consolidated financial statements.

7. LONG-TERM LOAN RECEIVABLE

On October 23, 2018, the College entered into a mortgage agreement with Colleges Ontario to provide a mortgage supporting the purchase of Colleges Ontario’s office facility. On February 1, 2023, Colleges Ontario made a lump-sum payment of $2,008 to pay off the remaining balance of the loan.

8. PREPAID LAND LEASE

In 2014, the College negotiated a land lease with the City of Toronto. This amount, recorded as a prepaid land lease, includes the original payment made to the City of Toronto for a ninety-five year lease upon which the College has constructed an administrative building. The amount is being expensed over the term of the lease.

(expressed in thousands of dollars)

9. CAPITAL ASSETS

	2023		
	Cost	**Accumulated Amortization**	**Net**
Land	**$22,366**	**-**	**$22,366**
Buildings	**515,418**	**196,768**	**318,650**
Site improvements	**164,211**	**85,741**	**78,470**
Leasehold improvements	**83,726**	**81,439**	**2,287**
Furniture and equipment	**121,719**	**95,532**	**26,187**
Automotive equipment	**3,083**	**2,797**	**286**
Software	**47,377**	**30,011**	**17,366**
Artwork	**204**	**-**	**204**
Buildings - Asset Retirement Obligations (Note 15)	**5,458**	**4,055**	**1,403**
	963,562	**496,344**	**467,219**
Construction in progress	**102,817**	**-**	**102,817**
	$1,066,380	**$496,344**	**$570,036**

	2022		
	Cost	Accumulated Amortization	Net
Land	$22,366	-	$22,366
Buildings	515,418	184,805	330,612
Site improvements	155,044	71,670	83,374
Leasehold improvements	83,726	81,092	2,634
Furniture and equipment	109,310	86,759	22,551
Automotive equipment	3,097	2,721	376
Software	46,956	25,271	21,685
Artwork	204	-	204
Buildings - Asset Retirement Obligations (Note 15)	5,458	3,945	1,513
	941,580	456,263	485,316
Construction in progress	42,388	-	42,388
	$983,967	$456,263	$527,704

Certain prior year comparatives have been restated. See Note 23 for details.

(expressed in thousands of dollars)

10. DUE TO IGNITE STUDENT UNION

The amount due to IGNITE is unsecured, bears interest at the bank's prime rate less 1.60% with an effective rate at March 31, 2023 of 5.10% (2022 – 1.10%) and is due on demand.

11. BANK LOAN

The College has unsecured loan facilities to a maximum amount of $62,000 to finance the construction of two student residences, an interest rate swap arrangement and an operating line of credit. The College has utilized $17,089 (2022 - $19,393) under this facility as described below. The balance of the facility is available in either prime rate loans bearing interest at the bank's prime rate of 6.70% (2022 – 2.70%) per annum or Bankers' Acceptances bearing interest of 4.94% (2022 – 0.96%) plus 1.25% per annum.

The original loan of $45,000 obtained on April 1, 2004 for the residences is scheduled to be repaid over twenty-five years, bears interest at prime rate per annum and is repayable monthly on the first of each month in blended payments of $276 and is scheduled to be repaid by April 1, 2029.

The loan is due on demand and has therefore been classified as current. The College has fixed its interest rate at 5.98% (2022 – 5.98%) through an interest rate swap arrangement for the term of the loan. The interest rate includes a bank stamping fee of 0.50%. The interest rate swap is a derivative financial instrument. It has effectively locked in a fixed rate through 2029.

The fair value of the interest rate swap, in favour of the counterparty, of $964 (2022 - $1,941) is recorded in the consolidated statement of financial position with the fluctuations in fair value being recorded in the consolidated statement of remeasurement gains and losses.

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

2024	$2,434
2025	2,570
2026	2,715
2027	2,867
2028	3,029
Thereafter (2029)	3,474
Total	**$17,089**

Interest and bank fees on the demand loan amounted to $1,086 (2022 - $1,220) and is included in supplies, equipment and other expenses.

(expressed in thousands of dollars)

12. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

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

	2023			
	Post-employment Benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total liability**
Accrued employee future benefits obligations	**$2,603**	**$10,690**	**$272**	**$13,565**
Value of plan assets	**(632)**	**-**	**-**	**(632)**
Unamortized actuarial (gains) losses	**53**	**(3,965)**	**(23)**	**(3,935)**
Total liability	**$2,024**	**$6,725**	**$249**	**$8,998**

	2022			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$2,301	$8,726	$278	$11,305
Value of plan assets	(628)	-	-	(628)
Unamortized actuarial (gains) losses	84	(2,074)	(11)	(2,001)
Total liability	$1,757	$6,652	$267	$8,676

	2023			
	Post-employment Benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total expense**
Current year benefit cost	**$302**	**$675**	**$10**	**$987**
Interest cost on accrued benefit obligation	**5**	**259**	**6**	**270**
Amortized actuarial (gains) losses	**(29)**	**94**	**41**	**106**
Total expense	**$278**	**$1,028**	**$57**	**$1,363**

(expressed in thousands of dollars)

12. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

	2022			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost (recovery)	$(153)	$785	$11	$643
Interest cost on accrued benefit obligation	3	171	5	179
Amortized actuarial (gains) losses	(22)	234	(11)	201
Total expense (recovery)	$(172)	$1,190	$5	$1,023

Post-employment benefits and compensated absences expense has been included in salaries and benefits expense.

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

Retirement Benefits

<u>CAAT Pension Plan</u>

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 eligible employees of public colleges and other employers in 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 expensed in the period they come due.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan’s pension surplus or deficit as insufficient information is available to identify the College’s share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2023 indicated an actuarial surplus on a going concern basis of $4.7 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of $24,513 in 2023 (2022 - $23,037), which has been included in the consolidated statement of operations in salaries and benefits.

12. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

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 College also provide continuation of medical and dental benefits to certain employee groups while receiving long-term disability benefits. The related benefit liabilities were 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, 2023 of the future benefits was determined using a discount rate of 3.40% (2022 – 2.90%).

b) Drug Costs

Drug costs were assumed to increase at a rate of 6.16% (2022 – 6.29%) and decrease proportionately thereafter to an ultimate rate of 4.00% in 2040.

c) Medical Costs

Medical premiums were assumed to increase at a rate of 6.16% per annum (2022 – 6.29%) and decrease proportionately thereafter to an ultimate rate of 4.00% in 2040.

d) Dental costs

Dental costs were assumed to increase at a rate of 4.00% per annum (2022 – 4.00%).

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 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. Certain employee groups 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.

(expressed in thousands of dollars)

12. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

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

a) Discount rate

The present value as at March 31, 2023 of the future benefits was determined using a discount rate of 3.40% (2022 – 2.90%).

b) Wage and salary escalation rates

Academic full-time and academic partial load salaries were assumed to increase at a rate of 2.00% in 2020 and 1.00% per annum thereafter.

Support staff full-time salaries were assumed to increase at a rate of 1.00% per annum in 2020, 2.00% in 2021, 1.25% in 2022 and 1.00% per annum thereafter.

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 0.00% 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.

13. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations for awards, scholarships and bursaries, and other restricted purposes. The change in the deferred contributions balance are as follows:

	2023	2022
Balance, beginning of year	**$17,035**	$16,846
Amounts received during the year	**57,363**	58,537
Amounts recognized as revenue during the year	**(55,794)**	(58,348)
Balance, end of year	**$18,604**	$17,035

Deferred contributions are comprised of:

	2023	2022
Externally restricted funds (net of fair market value adjustments)	**$2,889**	$4,501
Joint employment stability funds	**588**	497
Student building levy	**8,559**	5,975
Other restricted grants and contributions	**6,568**	6,062
Balance, end of year	**$18,604**	$17,035

(expressed in thousands of dollars)

14. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount and unspent amount of restricted donations and grants received for the purchase of capital assets. The change in the deferred capital contributions balance are as follows:

	2023	2022
Balance, beginning of year	**$187,586**	$194,679
Add: contributions received for capital purposes	**7,886**	3,436
Less: amortization of deferred capital contributions	**(11,419)**	(10,529)
Balance, end of year	**$184,053**	$187,586

15. ASSET RETIREMENT OLBIGATIONS

The College's financial statements include an asset retirement obligation for the expected future remediation of asbestos contained within campus buildings. The related asset retirement costs are being amortized on a straight-line basis over the productive useful life of these buildings. The liability has been estimated using a net present value technique with a discount rate of 3.4% (2022 - 3.4%). The estimated total undiscounted future expenditures are $29,831 (2022 - $29,831), which are to be incurred over the remaining productive useful life of the buildings. The liability is expected to be settled at the end of the buildings' productive useful lives.

The carrying amount of the liability is as follows:

	2023	2022
Balance, beginning of year	**$18,071**	$17,477
Add: accretion costs	**615**	594
Asset retirement obligation, closing	**$18,686**	$18,071

Note that the total amount of the liability may change due to changes in estimates noted above, such as the discount rate, estimated total undiscounted future expenditures, and expected remediation date.

Certain prior year comparatives have been restated. See Note 23 for details.

16. INVESTED IN CAPITAL ASSETS

Invested in capital assets consists of the following:

	2023	2022
Net book value of capital assets (Note 9)	**$570,036**	$527,704
Less amounts financed by:		
Bank loan (Note 11)	**17,089**	19,393
Spent deferred capital contributions	**181,427**	186,456
Building Asset Retirement Obligation (Note 9)	**1,403**	1,514
Balance, end of year	**$370,117**	$320,341

(expressed in thousands of dollars)

16. INVESTED IN CAPITAL ASSETS (continued)

The change in invested in capital assets is as follows:

	2023	2022
Amortization of deferred capital contributions	**$11,419**	$10,529
Amortization of capital assets	**(40,129)**	(38,903)
Amortization of asset retirement obligation	**110**	110
Acquisition of capital assets and construction in progress	**82,457**	47,484
Amounts funded by deferred capital contributions	**(6,385)**	(2,972)
Repayment of bank loan	**2,304**	2,182
Total change in invested in capital assets	**$49,776**	$18,430

Certain prior year comparatives have been restated. See Note 23 for details.

17. INTERNALLY RESTRICTED NET ASSETS

The College, by resolution of the Board of Governors, internally restricts amounts from net assets as follows:

	2023	2022
Strategic investments	**$113,002**	$167,845
Operating contingency	**31,735**	12,787
Total internally restricted net assets	**$144,737**	$180,632

Certain prior year comparatives have been restated. See Note 23 for details.

18. EXTERNALLY RESTRICTED NET ASSETS

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 various purposes established by the 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.

Investment income on endowments that was disbursed during the year has been recorded in the consolidated statement of operations since this income is available for disbursement as the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions.

Externally restricted endowment funds include grants provided by the MCU from the Ontario Student Opportunity Trust Fund 1 ("OSOTF 1") matching program, the Ontario Student Opportunity Trust Fund 2 ("OSOTF 2") matching program, and the Ontario Trust for Student Support Fund ("OTSS") matching program. Under these programs the government matched the funds raised by the College. The purpose of these programs is to assist students who, for financial reasons, would not otherwise be able to attend College.

(expressed in thousands of dollars)

18. EXTERNALLY RESTRICTED NET ASSETS (continued)

Changes in expendable funds available for awards under the OSOTF 1, OSOTF 2 and OTSS matching programs are as follows:

	OSOTF 1	OSOTF 2	OTSS	2023 TOTAL	2022 TOTAL
Balance, beginning of year	$172	$43	$1,107	$1,322	$917
Investment income, net of direct expenses	48	19	307	374	752
Bursaries awarded	(28)	(22)	(305)	(355)	(347)
Balance, end of year	$192	$40	$1,109	$1,341	$1,322
Bursaries awarded (#)	23	19	175	217	225

The bursaries awarded under OTSS comprise 117 to OSAP recipients totaling $194 and 58 to non-OSAP recipients totaling $111.

19. OTHER REVENUE

Other revenue consists of the following:

	2023	2022
Excess of revenue over expenses from Joint Venture	$7,380	$9,037
Fees from Joint Venture	15,882	14,447
Residence fees	14,404	7,185
Parking revenue	4,582	1,468
Miscellaneous revenues	23,037	17,899
Total other revenue	$65,285	$50,036

20. COMMITMENTS

The College has entered into a ninety-nine (99) year lease agreement with Her Majesty the Queen in Right of Ontario for the property now known as the Robert A. Gordon Learning Centre. The base rent is one dollar ($1) per year for the term of the lease which expires January 31, 2094.

The College has provided letters of credit to certain third parties amounting to $1,032 (2022 - $1,032) primarily related to possible defaults in agreements for certain construction projects.

The College has also entered into various other agreements to lease premises on behalf of the College and to receive payments for leased space owned by the College. The anticipated annual payments for the next five fiscal years and thereafter under current lease arrangements are as follows:

(expressed in thousands of dollars)

20. COMMITMENTS (continued)

2024	$3,286
2025	3,088
2026	3,075
2027	3,101
2028	3,164
and Thereafter	26,389
Total commitments	**$42,103**

Effective June 2019, the Province of Ontario enacted Bill 124 “Protecting a Sustainable Public Sector for Future Generations Act, 2019”. This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups.

On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be “void and of no effect”. On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. The impact, if any, to the organization as a result of the Ontario Superior Court decision is not determinable at this time. As such, no provision has been made in the consolidated financial statements.

21. CONSOLIDATED STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2023	2022
Grants receivable	**$(3,976)**	$(532)
Accounts receivable	**(139)**	(5,789)
Prepaid expenses	**(2,101)**	(1,117)
Prepaid land lease	**32**	32
Accounts payable and accrued liabilities	**551**	8,199
Accrued payroll and employee benefits	**5,649**	1,718
Accrued vacation pay	**(434)**	(548)
Deferred revenue	**15,400**	47,300
Due to University of Guelph-Humber	**(1,789)**	(2,642)
Due to IGNITE Student Union	**(697)**	(3,887)
Net change, non-cash working capital	**$12,496**	$42,734

(expressed in thousands of dollars)

22. 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, bond holdings in its investment portfolio, grants receivable, accounts receivable, loan receivable, and long-term loan 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 to $100 at each financial institution.

The College's investment guideline operates within the constraints of the investment directive issued by the MCU. The guideline puts limits on its portfolio investments including portfolio composition limits, issuer type limits, investment quality limits, aggregate issuer limits and sector limits. All portfolios are measured for performance by the Committee on an annual basis while monitored by management on a monthly basis.

The maximum exposure to investment credit risk is outlined in Note 3.

A significant portion of accounts receivable are due from students. Credit risk is mitigated by the highly diversified nature of the student population.

Grants receivable are ultimately due from the MCU, as well as other government entities. Credit risk is mitigated by the governmental nature of the funding source.

The College measures its exposure to credit risk based on how long the amounts have been outstanding or the academic term that the receivable relates to. An impairment allowance is set up based on the College's historical experience regarding collections. The amounts outstanding at year end were as follows:

Student Receivables

	Total	Future Terms	Winter 2023	Fall 2022	Summer 2022	Winter 2022 & Prior
Student receivable	**$9,636**	**$6,946**	**$1,064**	**$371**	**$108**	**$1,147**
Less: impairment allowance	**(2,923)**	**(365)**	**(932)**	**(371)**	**(108)**	**(1,147)**
Net receivables	**$6,713**	**$6,581**	**$132**	**-**	**-**	**-**

	Total	Future Terms	Winter 2022	Fall 2021	Summer 2021	Winter 2021 & Prior
Student receivable	$8,921	$5,864	$935	$437	$255	$1,430
Less: impairment allowance	(3,057)	-	(935)	(437)	(255)	(1,430)
Net receivables	$5,864	$5,864	-	-	-	-

(expressed in thousands of dollars)

22. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Government Grants and Other Receivables

As at March 31, 2023			***Past Due***			
	Total	**Current**	**0 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**
Government grants receivable	**$5,632**	**$5,632**	**-**	**-**	**-**	**-**
Interest receivable	**2,600**	**2,600**	**-**	**-**	**-**	**-**
Commodity taxes receivable	**2,862**	**2,862**	**-**	**-**	**-**	**-**
Other accounts receivable	**1,802**	**944**	**345**	**44**	**18**	**452**
Gross receivables	**12,896**	**12,038**	**345**	**44**	**18**	**452**
Less: impairment allowances	**(452)**	**-**	**-**	**-**	**-**	**(452)**
Net receivables	**$12,444**	**$12,038**	**$345**	**$44**	**$18**	**$0**

As at March 31, 2022			*Past Due*			
	Total	Current	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days
Government grants receivable	$1,656	$1,656	-	-	-	-
Interest receivable	1,897	1,897	-	-	-	-
Commodity taxes receivable	2,594	2,594	-	-	-	-
Other accounts receivable	3,509	2,128	841	51	10	479
Gross receivables	9,656	8,275	841	51	10	479
Less: impairment allowances	(479)	-	-	-	-	(479)
Net receivables	$9,177	$8,275	$841	$51	$10	$0

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.

<u>Market risk</u>

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 guideline operates within the constraints of the investment directive 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 guideline puts certain sector limits and individual issuer limits on the asset mix of investments.

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.

The extent of any future impact on the College's investments or operations as a result of current geopolitical events is yet to be determined.

22. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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 currency exchange rates when adverse changes in foreign currency College rates occur. The College does not have any material transactions or financial instruments denominated in foreign currencies.

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 and bank loan.

The College mitigates interest rate risk on its term debt through a derivative financial instrument that exchanges the variable rate inherent in the term debt for a fixed rate (see Note 11). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

At March 31, 2023, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the market value of the interest rate swap of $524 (2022 - $721).

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 externally restricted funds being held in pooled fund investments with its investment management firm. At March 31, 2022, a 10% movement in equity prices with all other variables held constant would have an estimated effect on the fair value of the College's equities of $3,007 (2022 - $2,562).

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.

(expressed in thousands of dollars)

22. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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 expected maturities, representing undiscounted cash-flows of financial liabilities:

	2023		
	Within 1 year	**1 to 5 years**	**Over 5 years**
Accounts payable and accrued liabilities	**$33,409**	**-**	**-**
Accrued payroll and employee benefits	**19,883**	**-**	**-**
Accrued vacation pay	**9,497**	**9,497**	**-**
Bank loan	**2,434**	**14,380**	**275**
Due to University of Guelph-Humber	**22,831**	**-**	**-**
Due to IGNITE Student Union	**3,892**	**-**	**-**
	$91,946	**$23,877**	**$275**

	2022		
	Within 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	$32,858	-	-
Accrued payroll and employee benefits	14,234	-	-
Accrued vacation pay	9,714	9,714	-
Bank loan	2,304	13,616	3,473
Due to University of Guelph-Humber	24,621	-	-
Due to IGNITE Student Union	4,589	-	-
	$88,320	$23,330	$3,473

Derivative financial liabilities mature as described in Note 11.

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.

(expressed in thousands of dollars)

23. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2022 the College adopted new Public Sector Accounting Handbook Standard, Section PS 3280, Asset Retirement Obligations. As a result of the adoption, the presentation of the consolidated financial statements changed from the prior year.

This change in accounting policy has been applied retroactively with restatement of prior periods, using modified retrospective approach. The opening adjustment was made against the internally restricted net assets (operating contingency) in line with the purpose of this fund. The impact of the adoption of this standard was as follows:

	2022
Consolidated Statement of Operations	
Increase in supplies, equipment and other expenses (accretion costs)	**$ 594**
Increase in amortization expense	**110**
Decrease in excess of revenue over expenses for the year	**(704)**
Consolidated Statement of Financial Position	
Increase in capital assets (cost net of accumulated amortization)	**$ 1,513**
Increase in asset retirement obligations	**18,071**
Decrease in internally restricted net assets	**(16,558)**
Consolidated Statement of Changes in Net Assets	
Decrease in internally restricted net assets (as at April 1, 2021)	**$ (15,853)**
Decrease in internally restricted net assets	**(704)**
Decrease in excess of revenue over expenses for the year	**(704)**
Increase in unrestricted net assets	**704**