

Consolidated Financial Statements of

**CAMBRIAN COLLEGE OF
APPLIED ARTS AND TECHNOLOGY**

Year ended March 31, 2022

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

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Year ended March 31, 2022

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Management's Responsibility for Financial Reporting

The consolidated financial statements of the Cambrian College of Applied Arts and Technology (the "College") are the responsibility of management and have been approved by the Board of Governors (the "Board").

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. 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 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 Committee. The Audit Committee is appointed by the Board and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditor's report. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements. The Audit Committee also considers, for review and approval by the Board, the engagement or reappointment of the external auditors.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the College's consolidated financial statements.



Kristine Morrissey
VP International, Finance and Administration



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INDEPENDENT AUDITORS' REPORT

To the Governors of Cambrian College of Applied Arts and Technology

Opinion

We have audited the consolidated financial statements of Cambrian College of Applied Arts and Technology (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets (deficit) for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of remeasurement gains for the year then ended
- and the notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2022, and its consolidated results of operations, its consolidated remeasurement gains and its consolidated 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 responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

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

- Identify and assess the risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's 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.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 9, 2022

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 114,192,753	\$ 65,627,736
Short-term investments (note 3)	5,591,644	4,243,960
Accounts receivable	6,774,523	8,775,504
Prepayments and inventories	4,874,286	1,344,764
Current portion of Student Centre receivable (note 2)	154,845	147,016
	<u>131,588,051</u>	<u>80,138,980</u>
Restricted investments (note 3)	8,676,059	8,501,375
Student Centre receivable (note 2)	1,341,127	1,495,971
Student Centre interest rate swaps	147,249	284,663
Capital assets (note 4)	80,591,529	76,106,314
	<u>\$ 222,344,015</u>	<u>\$ 166,527,303</u>

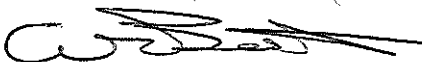
Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 10,957,090	\$ 10,557,137
Deferred contributions (note 6)	78,503,261	33,810,473
Current portion of employment-related obligations (note 7)	3,904,547	3,945,772
Current portion of long-term debt (note 8)	1,800,765	1,436,948
	<u>95,165,663</u>	<u>49,750,330</u>
Employment-related obligations (note 7)	2,222,000	2,243,000
Long-term debt (note 8)	11,258,057	9,333,139
Deferred capital contributions (note 9)	44,837,485	45,159,660
Interest rate swaps (note 8)	167,312	359,483
	<u>153,650,517</u>	<u>106,845,612</u>
Net assets:		
Unrestricted	7,609,899	4,589,962
Capital (note 10)	24,261,089	22,464,821
Internally restricted (note 11)	25,560,563	22,531,860
Endowment (note 11)	8,676,059	8,501,375
	<u>66,107,610</u>	<u>58,088,018</u>
Accumulated remeasurement gains	2,585,888	1,593,673
	<u>68,693,498</u>	<u>59,681,691</u>
Commitments and contingencies (note 13)		
	<u>\$ 222,344,015</u>	<u>\$ 166,527,303</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:


Chair, Board of Governors


President

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

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

	2022	2021
Revenue:		
Grants and reimbursements	\$ 39,711,247	\$ 35,637,261
Domestic tuition fees	13,979,761	13,161,803
International tuition fees	52,654,657	21,197,641
Business development	4,580,312	3,478,799
Other	19,831,221	21,257,131
Restricted	1,354,469	2,146,318
Investment income	452,037	448,669
Amortization of deferred capital contributions (note 9)	2,677,231	2,559,784
	135,240,935	99,887,406
Expenses:		
Academic	44,279,484	41,195,785
Administration	15,565,987	14,922,743
Special projects	9,239,819	6,733,006
Physical resources	8,758,595	8,502,944
Student services	8,488,070	8,100,146
Business development	3,435,651	3,190,291
International activities	32,075,168	3,348,433
Amortization of capital assets	4,613,788	4,220,662
Scholarships, bursaries and other	1,001,690	692,027
Provision (recovery) for employment-related obligations	(62,225)	266,380
	127,396,027	91,172,417
Excess of revenue over expenses	\$ 7,844,908	\$ 8,714,989

See accompanying notes to consolidated financial statements.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets (Deficit)

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

	2022							2021	
	Unrestricted				Capital (note 10)	Internally Restricted (note 11)	Endowed (note 11)	Total	Total
	Operating	Employment related	Interest Rate Swaps	Total Unrestricted					
Net assets (deficit), beginning of year	\$ 11,847,811	(6,188,772)	(1,069,077)	4,589,962	22,464,821	22,531,860	8,501,375	\$ 58,088,018	\$ 49,045,207
Excess (deficiency) of revenue over expenses	9,362,686	-	-	9,362,686	(1,936,557)	418,779	-	7,844,908	8,714,989
Endowments received	-	-	-	-	-	-	174,684	174,684	327,822
Net change in investment in capital assets	(1,342,749)	-	-	(1,342,749)	3,732,825	(2,390,076)	-	-	-
Appropriation	(5,000,000)	-	-	(5,000,000)	-	5,000,000	-	-	-
Net assets (deficit), end of year	\$ 14,867,748	(6,188,772)	(1,069,077)	7,609,899	24,261,089	25,560,563	8,676,059	\$ 66,107,610	\$ 58,088,018

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains

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

	2022	2021
Accumulated remeasurement gains, beginning of year	\$ 1,593,673	\$ 825,647
Unrealized gains (losses) attributable to:		
Fixed income	-	(36,046)
Equity Instruments	758,391	(101,324)
Derivative - interest rate swap	54,757	46,849
	813,148	(90,521)
Realized gains attributable to:		
Fixed income	-	26,021
Equity instruments	179,067	832,526
Realized gains for the year	179,067	858,547
Net remeasurement gains for the year	992,215	768,026
Accumulated remeasurement gains, end of year	\$ 2,585,888	\$ 1,593,673

See accompanying notes to consolidated financial statements.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

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

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 7,844,908	\$ 8,714,989
Adjustments for:		
Realized gain (loss) on investments	80,795	(1,619,822)
Amortization of deferred capital contributions	(2,677,231)	(2,559,784)
Amortization of capital assets	4,613,788	4,220,662
Provision (recovery) for employment-related obligations	(62,225)	266,380
	9,800,035	9,022,425
Changes in non-cash working capital (note 15)	43,564,200	10,159,164
	53,364,235	19,181,589
Financing activities:		
Repayment of long-term debt	(1,489,765)	(1,294,410)
Endowment contributions	174,684	327,822
	(1,315,081)	(966,588)
Investing activities:		
Purchase of investments	(4,875,303)	(12,216,422)
Proceeds on sale of investments	4,209,598	11,051,392
Decrease in Student Centre receivable	147,015	139,582
	(518,690)	(1,025,448)
Capital activities:		
Purchase of capital assets	(5,320,503)	(4,394,161)
Net capital contributions received	2,355,056	2,486,636
	(2,965,447)	(1,907,525)
Increase in cash	48,565,017	15,282,028
Cash, beginning of year	65,627,736	50,345,708
Cash, end of year	\$ 114,192,753	\$ 65,627,736

See accompanying notes to consolidated financial statements.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

Cambrian College of Applied Arts and Technology (the “College”) is an Ontario College established as a Community College under The Department of Education Act of the Province of Ontario. The College is a registered charity and is exempt from income taxes under the Income Tax Act.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the unrestricted fund, capital fund and internally restricted and endowed funds and include the activities of The Cambrian College of Applied Arts and Technology and Cambrian College Foundation. All significant intercompany balances and transactions have been eliminated upon consolidation.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

(b) Revenue recognition:

i) Contributions are accounted for under the deferral method of accounting as follows:

Operating grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued.

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

Externally restricted contributions other than endowment contributions are recognized as revenue in the period in which the related expenses are recognized.

Unrestricted investment income is recognized as revenue when earned. Restricted investment income that must be maintained as an endowment is credited to deferred contributions until the related expense is incurred.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at rates corresponding to those of the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

ii) Tuition fees are recognized as revenue over the teaching days which occur during the fiscal year.

iii) Business development revenue which includes residence, parking and other sundry revenues are recognized when products are delivered on services provided to the student or client, the sales price is fixed and determinable, and collection is reasonably assured.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(c) Capital assets:

Capital asset purchases are recorded at cost. Property and equipment which are donated are recorded at their fair market value at the date of acquisition. When a capital asset no longer contributes to the College's ability to provide services, it is written down to its residual value. Any unamortized deferred capital contribution amount related to the capital asset is recognized in revenue in the Consolidated Statement of Operations, provided that all restrictions have been complied with. Amortization of capital assets is recorded on the straight-line basis at the following annual rates:

Buildings	2.5%
Parking lots	10%
Equipment	10% - 20%

(d) Employment future benefits:

Vacation entitlements are accrued for as entitlements are earned (note 7).

The College is a member of the Colleges of Applied Arts and Technology ("CAAT") Pension Plan, which is a multi-employer, defined benefit plan. The College also provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental and non-vesting sick leave. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service. The most recent actuarial valuation of the benefit plans for funding purposes was as of January 1, 2020, and the next required valuation will be as of January 1, 2023.

The College has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.
- (ii) The costs of the multi-employer defined benefit pension plan are the College's contributions due to the plan in the period.
- (iii) The cost of 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.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(d) Employment future benefits (continued):

- (iv) The cost of short-term disability and other leaves is determined using management's best estimate of the length of the compensated absences.

(e) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Items subject to such estimates and assumptions include the carrying value of capital assets, valuation allowances for receivables; valuation of derivative financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(f) Financial instruments:

All financial instruments are initially recorded on the consolidated statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are 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.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value 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 removed from net assets and recognized in the consolidated statement of operations.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
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

(g) Student organizations:

These consolidated financial statements do not reflect the assets, liabilities and results of operations of the various student organizations at the College.

2. Student Centre receivable:

The Students' Associations have approved annual payments to reimburse the College for the related debt repayment on the Student Centre (note 8). Payments are consistent with the related debt. The current portion of the amount receivable is \$154,845 (2021 - \$147,016).

Under the existing terms and rates, principal due in each of the next five years and thereafter is approximately as follows:

2023	\$ 154,845
2024	163,092
2025	171,778
2026	180,926
2027	190,562
Thereafter	634,769

\$ 1,495,972

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

3. Investments:

	2022	2021
Short-term investments	\$ 5,591,644	\$ 4,243,960
Restricted investments	8,676,059	8,501,375
	\$ 14,267,703	\$ 12,745,335

	Fair Value Hierarchy	2022	2021
Equities	Level 1	\$ 6,099,600	\$ 5,770,756
Mutual funds	Level 2	8,168,103	6,974,579
		\$ 14,267,703	\$ 12,745,335

Equities have been separated from mutual funds to reflect their fair value hierarchy. Unrealized gains (losses) are reflected in the consolidated statement of remeasurement gains.

The restricted investments of \$8,676,059 (2021 - \$8,501,375) are externally restricted for endowments as detailed in note 1.

4. Capital assets:

2022	Cost	Accumulated Amortization	Net book Value
Land	\$ 159,066	\$ —	\$ 159,066
Buildings	138,311,182	67,405,352	70,905,830
Parking lots	2,973,745	1,245,146	1,728,599
Equipment	16,948,528	9,150,494	7,798,034
	\$ 158,392,521	\$ 77,800,992	\$ 80,591,529

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

4. Capital assets (continued):

2021	Cost	Accumulated Amortization	Net book Value
Land	\$ 159,066	\$ –	\$ 159,066
Buildings	130,027,053	64,541,633	65,485,420
Parking lots	2,973,745	955,434	2,018,311
Equipment	16,133,653	7,690,136	8,443,517
	<u>\$ 149,293,517</u>	<u>\$ 73,187,203</u>	<u>\$ 76,106,314</u>

5. Accounts payable and accrued liabilities:

	2022	2021
Accounts payable and accrued liabilities	\$ 8,343,209	\$ 5,777,334
Accrued salaries, wages and benefits	2,613,881	4,779,803
	<u>\$ 10,957,090</u>	<u>\$ 10,557,137</u>

6. Deferred contributions:

	2022	2021
Student tuition fees	\$ 68,530,375	\$ 25,776,365
Externally restricted donations	4,447,673	3,718,434
Expenses for future periods	5,525,213	4,315,674
	<u>\$ 78,503,261</u>	<u>\$ 33,810,473</u>

Details of the continuity of these funds are as follows:

	2022	2021
Balance, beginning of year	\$ 33,810,473	\$ 22,433,414
Additional contributions received	82,495,406	34,382,928
Amounts taken to revenue	(37,802,618)	(23,005,869)
Balance, end of year	<u>\$ 78,503,261</u>	<u>\$ 33,810,473</u>

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

7. Employee future benefits:

	2022	2021
Current portion:		
Vacation	\$ 3,750,096	\$ 3,733,411
Maternity top-up	154,451	212,361
	<u>3,904,547</u>	<u>3,945,772</u>
Non-pension employee future benefits	530,000	580,000
Sick leave benefits - non-vested	1,692,000	1,663,000
	<u>2,222,000</u>	<u>2,243,000</u>
	<u>\$ 6,126,547</u>	<u>\$ 6,188,772</u>

Vacation

The accrual for vacation represents the liability for earned but unpaid vacation entitlements.

Employee Future Benefits

Other employee future benefits:

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 employee's illness or injury exceeds the current year's allocation of days. Sick leave is paid out at the salary in effect at the time of usage. The most recent actuarial valuation of these sick leave benefits was completed February 11, 2020 and the result of this valuation have been extrapolated to March 31, 2021. The related benefit liability was determined by independent actuaries on behalf of the college system as a whole.

The following tables outline the components of the College's sick leave benefit entitlement:

	2022	2021
Accrued benefit obligation	\$ 1,684,000	\$ 1,920,000
Unamortized actuarial loss (gains)	8,000	(257,000)
Sick leave benefit entitlement liability	<u>\$ 1,692,000</u>	<u>\$ 1,663,000</u>

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

7. Employee future benefits (continued):

	2022	2021
Current service cost	\$ 151,000	\$ 203,000
Interest on accrued benefit obligation	33,000	32,000
Benefit payments	(200,000)	(217,000)
Amortized actuarial losses	45,000	27,000
Sick leave benefit expense	\$ 29,000	\$ 45,000

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% (2021 - 0% to 26.2%) and 0 to 51 days (2021 - 0 to 51.0 days) respectively for age groups ranging from 20 and under to 65 and over in bands of five years.

Non-pension Employee future benefits:

The College provides extended health care, dental insurance and life insurance benefits to certain of its employees under a multi-employer plan under CAAT. This coverage may be extended to the post-employment period. The most recent actuarial valuation of these employee future benefits was completed February 5, 2020 for the non-pension post-retirement plan and February 11, 2020 for the continuation of medical and dental benefits and the life waiver of premium benefit for employees currently on long-term disability. The results of these valuations have been extrapolated to March 31, 2022.

The related benefit liability was determined by independent actuaries on behalf of the college system as a whole. Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The College recognizes as expense for current services the amount of its required contribution in a given year and the change in the accrued benefit liability in the year.

The following tables outline the components of the College's employee future benefits liability and the related recovery:

	2022	2021
Accrued benefit obligations	\$ 621,000	\$ 654,000
Fair value of plan assets	(166,000)	(153,000)
Funded status – plan deficit	455,000	501,000
Unamortized actuarial gains	75,000	79,000
Employee future benefits liability	\$ 530,000	\$ 580,000

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

7. Employee future benefits (continued):

Non-pension Employee future benefits (continued):

The significant actuarial assumptions adopted in estimating the College's accrued benefit liability are as follows:

	2022	2021
Discount rate	2.9%	1.70%
Dental benefit cost escalation	4.0%	4.0%
Medical benefits cost escalation:		
Hospital and other medical drugs	4.0%	4.0%
Drugs	6.9% decreasing To 4.0% in 2040	8.0% decreasing to 4.0% in 2040

8. Long-term debt:

	2022	2021
i) Ontario Financing Authority- Residence	\$ 5,775,614	\$ 6,363,960
ii) Bankers acceptances - Residence	878,396	1,438,485
- Student Centre	1,495,972	1,642,987
iii) NORCAT	1,182,070	1,324,655
iv) Equitable Life Insurance Company	3,726,770	—
	13,058,822	10,770,087
Less: current portion	(1,800,765)	(1,436,948)
	\$ 11,258,057	\$ 9,333,139

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

8. Long-term debt (continued):

- i) The College has entered into an unsecured loan agreement with the Ontario Financing Authority for the residence. The residence loan bears interest at a fixed rate of 5.26%, and is repayable in blended monthly payments of \$75,753 with the final payment due on December 31, 2029.
- ii) The banker's acceptances were advanced under variable rate credit facilities in the principal face amounts of \$2.276 million and \$2.690 million for the residence and \$2.580 million for the Student Centre. Interest rates are adjusted monthly and were 1.2% - 1.49% plus stamping fees at March 31, 2021. The facilities are secured by a general security agreement. The Students' Associations are responsible to reimburse the College for the debt repayments on the Student Centre (note 2).

The College has entered into interest rate derivative agreements to manage the volatility of interest rates. The College converted floating rate debt for fixed rate debt at 5.2% to 5.74%. The fair value of the interest rate swaps of \$167,312 (2021 - \$359,483) has been determined using Level 3 of the fair value hierarchy.

- iii) The College has entered into an unsecured NORCAT balance with interest at 3.58%, payable in blended monthly payments of \$15,612 maturing November 2030.
- iv) The College has entered into an agreement with Equitable Life Insurance Company for certain energy efficiency improvements. Under the terms of the agreement, financing up to \$3,943,460 is available under the contract. As of March 31, 2022, \$3,778,500 has been obtained from the financing agreement of which \$3,726,770 is outstanding as of the year end date. The financing arrangement bears interest at 3.76% and requires quarterly payments of \$52,500 commencing June 1, 2021 increasing to \$161,465 at June 1, 2030. The payments are based on the achievement of certain energy savings throughout the period of 2022 to 2030. Should these energy savings not be achieved the quarterly payments would be supplemented by a third party.

Under the existing terms and rates, principal due in each of the next five years and thereafter is approximately as follows:

2023	\$ 1,800,765
2024	1,525,677
2025	1,377,917
2026	1,458,040
2027	1,542,694
Thereafter	5,353,729
	\$ 13,058,822

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of donations and grants received for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2022	2021
Balance, beginning of year	\$ 45,159,660	\$ 45,232,808
Additional contributions received, net	2,355,056	2,727,463
Amounts amortized to revenue	(2,677,231)	(2,559,784)
Transfer to other funds	-	(240,827)
Balance, end of year	\$ 44,837,485	\$ 45,159,660

The balance of unamortized and unspent funds consists of the following:

	2022	2021
Unamortized deferred contributions	\$ 44,767,589	\$ 44,514,393
Unspent contributions	69,896	645,267
	\$ 44,837,485	\$ 45,159,660

10. Capital net assets:

Capital net assets are calculated as follows:

	2022	2021
Capital assets	\$ 80,591,529	\$ 76,106,314
Amounts financed by:		
Deferred capital contributions - unamortized	(44,767,589)	(44,514,393)
Long-term liabilities, net of student receivable	(11,562,851)	(9,127,100)
	\$ 24,261,089	\$ 22,464,821

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

11. Internally restricted and endowed net assets:

Details of internally restricted and endowed net assets are as follows:

	March 31, 2021			March 31, 2022
	Balance, beginning of year	Additions/ Transfers	Disbursements/ Transfers	Balance, end of year
Infrastructure appropriation	\$ 19,138,613	\$ 5,172,658	\$ 2,390,076	\$ 21,921,195
Student activities fund	5,530	–	–	5,530
Conferences and projects	288,593	89,237	15,433	362,397
Restricted funds	3,099,124	1,158,574	986,257	3,271,441
	22,531,860	6,420,469	3,391,766	25,560,563
Endowment	8,501,375	174,684	–	8,676,059
	\$ 31,033,235	\$ 6,595,153	\$ 3,391,766	\$ 34,236,122

	March 31, 2020			March 31, 2021
	Balance, beginning of year	Additions/ Transfers	Disbursements/ Transfers	Balance, end of year
Infrastructure appropriation	\$ 13,521,509	\$ 8,000,000	\$ 2,382,896	\$ 19,138,613
Student activities fund	5,530	–	–	5,530
Conferences and projects	310,145	–	21,552	288,593
Restricted funds	1,873,281	2,028,104	802,261	3,099,124
	15,710,465	10,028,104	3,206,709	22,531,860
Endowment	8,173,553	327,822	–	8,501,375
	\$ 23,884,018	\$ 10,355,926	\$ 3,206,709	\$ 31,033,235

12. 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, 2020 indicated an actuarial surplus of \$2.9 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of \$5,437,665 (2021 - \$5,305,107), which has been included in the consolidated statement of operations.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

13. Commitments and contingencies:

- (a) The College has entered into agreements to lease equipment and premises. The total annual minimum lease payments to maturity are approximately as follows:

2023	\$	895,130
2024		613,116
2025		268,934
2026		270,660
	\$	2,047,840

- (b) Contingencies: The College is involved with outstanding and pending litigation and claims which arise in the normal course of operations, primarily as a result of grievances filed under the provisions of the union collective agreements. In management's opinion any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the College. Losses in excess of the provision recorded in the consolidated financial statements, if any, arising from these contingencies will be accounted for in the year in which they are determined.
- (c) The College has entered into a capital lease of equipment. The College is not required to make payments on this lease unless energy savings are realized.

14. Public college private partnership:

The College has entered into a ten year agreement with a public college private partner effective as of July 1, 2021 to deliver programming as stipulated within the agreement. The agreement allows for revenues to be earned by the College encompassing tuition, ancillary fees and certain commissions. Revenue and related expenses paid to the private partner have been reflected within the consolidated statement of operations.

15. Changes in non-cash working capital:

	2022	2021
Cash provided by (used in):		
Increase in accounts receivable	\$ 2,000,981	\$ 1,353,173
Decrease (increase) in prepayment and inventories	(3,529,522)	57,120
Increase (decrease) in accounts payable and accrued liabilities	399,953	(2,628,188)
Increase in deferred contributions	44,692,788	11,377,059
	\$ 43,564,200	\$ 10,159,164

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

16. Risk management:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. The College is exposed to credit risk relating to its cash, grants and accounts receivable and current and long-term investments. 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 \$300,000 (2021 - \$300,000).

Accounts receivable are comprised of government, student receivables, the current portion of long-term receivables and other receivables. Student receivables are ultimately due from students, and credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. Government receivables are ultimately due primarily from MCU, as well as other government entities, and credit risk is mitigated by the governmental nature of the funding source. Other receivables arise during the course of the College's normal operations and are due from a diverse customer base. The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections.

Student and other receivables not impaired are collectible based on the College's assessment and past experience regarding collection rates. The maximum exposure to credit risk of the College at March 31, 2022 is the carrying value of these assets.

The amounts outstanding at year end were as follows:

As at March 31, 2022	1 - 90 days	91 - 180 days	181 - 270 days	270+ days	Total
Grants receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	4,400,133	2,297,571	296,923	435,396	7,430,023
Current portion of student centre receivables	154,845	-	-	-	154,845
Student centre receivables	-	-	-	1,341,127	1,341,127
Gross receivables	4,554,978	2,297,571	296,923	1,776,523	8,925,995
Impairment allowances	268,605	170,786	72,979	143,130	655,500
Net receivables	\$ 4,286,373	\$ 2,126,785	\$ 223,944	\$ 1,633,393	\$ 8,270,495

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

16. Risk management (continued):

(a) Credit risk (continued):

As at March 31, 2021	1 - 90 days	91 - 180 days	181 - 270 days	270+ days	Total
Grants receivable	\$ 341,973	\$ –	\$ –	\$ –	\$ 341,973
Accounts receivable	7,728,168	734,137	196,977	499,347	9,158,629
Current portion of student centre receivables	147,016	–	–	–	147,016
Student centre receivables	–	–	–	1,495,971	1,495,971
Gross receivables	8,217,157	734,137	196,977	1,995,318	11,143,589
Impairment allowances	431,883	75,698	51,068	166,449	725,098
Net receivables	\$ 7,785,274	\$ 658,439	\$ 145,909	\$ 1,828,869	\$ 10,418,491

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

The amounts outstanding at year end were as follows:

As at March 31, 2022	1 - 90 days	91 - 180 days	181 - 270 days	270+ days	Total
Grants receivable	\$ –	\$ –	\$ –	\$ –	\$ –
Accounts receivable	4,380,133	2,297,571	296,923	435,396	7,410,023
Current portion of student centre receivables	154,845	–	–	–	154,845
Student centre receivables	–	–	–	1,341,127	1,341,127
Gross receivables	4,534,978	2,297,571	296,923	1,776,523	8,905,995
Impairment allowances	268,605	170,786	72,979	143,130	655,500
Net receivables	\$ 4,266,373	\$ 2,126,785	\$ 223,944	\$ 1,633,393	\$ 8,250,495

As at March 31, 2021	1 - 90 days	91 - 180 days	181 - 270 days	270+ days	Total
Grants receivable	\$ 341,973	\$ –	\$ –	\$ –	\$ 341,973
Accounts receivable	7,728,168	734,137	196,977	499,347	9,158,629
Current portion of student centre receivables	147,016	–	–	–	147,016
Student centre receivables	–	–	–	1,495,971	1,495,971
Gross receivables	8,217,157	734,137	196,977	1,995,318	11,143,589
Impairment allowances	431,883	75,698	51,068	166,449	725,098
Net receivables	\$ 7,785,274	\$ 658,439	\$ 145,909	\$ 1,828,869	\$ 10,418,491

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

16. Risk management (continued):

(a) Credit risk (continued):

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

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

(b) Market risk:

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

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

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

(i) Currency risk:

Currency risk arises from the College's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The College does not have any material transactions or financial instruments denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The College is exposed to this risk through its interest bearing investments, bankers' acceptance loans and long-term debt.

The College mitigates interest rate risk on its long-term debt through derivative financial instruments (interest rate swaps) that exchange the variable rate inherent in the bankers' acceptance loans and long-term debt for a fixed rate as described in note 8. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its mutual fund holdings within its investment portfolio. At March 31, 2022, a 10% movement in the stock markets, with all other variables held constant, would have an estimated effect on the fair values of the College's equity and mutual fund holdings of \$1,426,700 (2021 - \$1,275,000).

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2022

16. Risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet all of its 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. Accounts payable are all current and the terms of the long-term debt are disclosed in note 8.

Derivative financial liabilities mature as described in note 8.

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

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at March 31, 2022	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable	\$ 10,957,090	\$ -	\$ -	\$ -	\$ 10,957,090
Long-term debt	-	1,800,765	5,904,328	5,353,729	13,058,822
Lease commitments	-	895,130	1,152,710	-	2,047,840
	\$ 10,957,090	\$ 2,695,895	\$ 7,057,038	\$ 5,353,729	\$ 26,063,752

As at March 31, 2021	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable	\$ 10,557,137	\$ -	\$ -	\$ -	\$ 10,557,137
Long-term debt	-	1,436,948	4,861,837	4,471,302	10,770,087
Lease commitments	-	759,051	743,207	-	1,502,258
	\$ 10,557,137	\$ 2,195,999	\$ 5,605,044	\$ 4,471,302	\$ 22,829,482

17. Comparative information:

Certain 2021 comparative information has been reclassified to conform with the presentation adopted in 2022.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Revenue

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

	2022	2021
Grants and reimbursements:		
MCU		
Operating	\$ 17,951,160	\$ 18,975,096
Specific purpose	10,407,276	10,393,820
Other	5,804,855	4,981,580
Federal government - other	1,310,470	886,115
Ontario government grants - other	4,237,486	400,650
	<u>\$ 39,711,247</u>	<u>\$ 35,637,261</u>
Domestic Tuition fees:		
Full-time	\$ 12,528,023	\$ 11,873,658
Part-time	1,451,738	1,288,145
	<u>\$ 13,979,761</u>	<u>\$ 13,161,803</u>
Business Development:		
Residence	\$ 4,064,931	\$ 3,199,053
Parking	408,156	171,905
Hospitality/conference planning	64,725	66,441
Rentals	42,500	41,400
	<u>\$ 4,580,312</u>	<u>\$ 3,478,799</u>
Other:		
Miscellaneous	\$ 2,948,971	\$ 1,577,295
International programs	8,360,810	17,160,845
Other tuition related fees	8,100,931	2,330,825
Contract training/Enterprise Centre	420,509	188,166
	<u>\$ 19,831,221</u>	<u>\$ 21,257,131</u>
Restricted:		
Donations	\$ 943,362	\$ 545,487
Investment income	149,212	1,455,340
Other	261,895	145,491
	<u>\$ 1,354,469</u>	<u>\$ 2,146,318</u>

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Consolidated Operating Expenses by Cost Object

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

	Academic	Administration	Special Projects	Physical Resources	Student Services	Business Development	International Activities	Total 2022	Total 2021
Academic salaries	\$ 27,158,339	\$ 81,119	\$ 1,016,561	\$ -	\$ 229,216	\$ -	\$ -	\$ 28,485,235	\$ 27,261,898
Support salaries	3,699,178	2,935,547	2,459,519	1,348,181	4,072,391	243,242	205,327	14,963,385	14,110,437
Fringe benefits	7,399,161	1,582,052	2,082,781	431,513	304,479	122,155	182,246	12,104,387	11,398,118
Administration salaries	2,150,588	3,763,373	1,568,404	576,826	1,303,623	301,699	607,684	10,272,197	9,590,780
Contracted services	591,723	1,017,412	221,700	2,914,549	1,268,935	1,605,337	29,949,294	37,568,950	6,683,056
Utilities and services	479	-	5,723	1,329,403	-	438,608	-	1,774,213	1,510,767
Interest on long-term debt	-	191,439	-	-	-	387,876	4,448	583,763	498,768
Instructional supplies and development	1,038,644	642,485	94,594	-	220,694	3,024	126	1,999,567	2,139,653
Supplies and other	16,050	1,147,207	365,405	104,575	74,306	18,310	4,401	1,730,254	930,771
Promotion and public relations	359,869	115,756	128,513	-	412,225	12,659	102,036	1,131,058	909,635
Equipment maintenance	206,436	1,905,627	11,105	530,314	25,535	16,193	-	2,695,210	2,746,793
Information technology	91,572	471,676	35,355	22,980	52,211	-	-	673,794	790,734
Professional fees	84,179	595,028	1,872	4,443	128,565	209,155	404,665	1,427,907	1,162,996
Travel	5,745	9,249	92,061	14,668	13,684	460	9,194	145,061	89,457
Stipends and allowances	3,458	-	654,387	-	-	-	-	657,845	470,215
Rentals	2,079	-	222,056	-	-	29,766	-	253,901	239,766
Facilities maintenance	1,653	46,388	-	1,178,796	2,118	-	-	1,228,955	1,954,485
Clinical and field work	1,154,785	-	-	-	-	-	-	1,154,785	541,262
Bursaries	184,366	151,197	22,000	-	193,798	-	597,715	1,149,076	1,127,962
Professional development	3,601	89,096	28,172	3,858	21,202	1,123	2,437	149,489	153,077
Special events	17,110	62,756	168,505	-	137,876	-	1,023	387,270	275,748
Insurance	-	398,508	-	-	-	-	-	398,508	341,794
Municipal taxation	-	-	-	290,529	-	-	-	290,529	353,250
Cost of sales	63,312	-	-	-	-	36,603	-	99,915	107,410
Printing and duplicating	21,517	53,382	2,067	471	9,103	(796)	14	85,758	66,217
Telecommunications	21,511	143,697	30,321	7,489	13,114	2,599	4,528	223,259	450,134
Fees and memberships	4,129	162,993	28,718	-	4,995	7,638	30	208,503	88,165
	\$ 44,279,484	\$ 15,565,987	\$ 9,239,819	\$ 8,758,595	\$ 8,488,070	\$ 3,435,651	\$ 32,075,168	\$ 121,842,774	\$ 85,993,348