

Consolidated Financial Statements of

**THE CAMBRIAN COLLEGE OF  
APPLIED ARTS AND TECHNOLOGY**

Year ended March 31, 2015

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

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Year ended March 31, 2015

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## **INDEPENDENT AUDITORS' REPORT**

To the Governors of The Cambrian College of Applied Arts and Technology

We have audited the accompanying consolidated financial statements of The Cambrian College of Applied Arts and Technology, which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Cambrian College of Applied Arts and Technology as at March 31, 2015, its consolidated results of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

June 11, 2015  
Sudbury, Canada

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

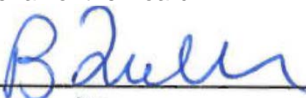
Consolidated Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash	\$ 16,478,576	19,701,534
Investments (note 3)	6,339,599	1,300,273
Accounts receivable (note 15(a))	3,663,271	4,117,097
Grants receivable	3,153,292	5,899,271
Prepayments and inventories	639,630	281,923
Current portion of Student Centre receivable (note 2)	107,685	102,240
	<u>30,382,053</u>	<u>31,402,338</u>
Student Centre receivable (note 2)	2,273,796	2,381,482
Student Centre interest rate swaps	642,297	476,140
Capital assets (note 4)	68,247,746	70,642,739
	<u>\$ 101,545,892</u>	<u>104,902,699</u>
<b>Liabilities, Deferred Contributions and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 6,430,729	6,857,047
Current portion of employment-related obligations (note 6)	3,304,313	3,383,587
Current portion of long-term debt (note 7)	1,412,452	1,338,058
Deferred contributions (note 8)	8,499,784	8,392,785
	<u>19,647,278</u>	<u>19,971,477</u>
Employment-related obligations (note 6)	2,742,000	2,899,030
Long-term debt (note 7)	18,226,620	19,649,529
Deferred capital contributions (note 9)	41,106,870	43,042,702
Interest rate swaps (note 7)	1,276,026	1,147,019
	<u>82,998,794</u>	<u>86,709,757</u>
Net assets:		
Unrestricted	998,505	1,903,411
Capital (note 10)	8,814,302	8,105,121
Internally restricted and endowed (note 11)	8,280,176	7,790,884
	<u>18,092,983</u>	<u>17,799,416</u>
Accumulated remeasurement gains	454,115	393,526
	<u>18,547,098</u>	<u>18,192,942</u>
Commitments and contingencies (note 14)		
	<u>\$ 101,545,892</u>	<u>104,902,699</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

 Chair, Board of Governors

 President

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Consolidated Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Revenue (Schedule):		
Grants and reimbursements	\$ 41,074,156	42,719,982
Tuition fees	18,546,448	17,343,191
Business development	6,609,522	6,474,586
Contract training and other	10,498,284	9,529,463
Restricted	1,250,744	1,400,209
Investment	147,424	117,454
Amortization of deferred capital contributions (note 9)	2,352,816	2,505,285
	<u>80,479,394</u>	<u>80,090,170</u>
Expenses (Schedule):		
Academic	32,306,034	31,508,230
Administration	14,167,518	14,761,669
Special projects	9,819,784	8,645,669
Physical resources	8,283,805	7,891,878
Student services	6,516,666	6,185,228
Business development	4,241,951	4,317,125
Amortization of capital assets	3,876,210	4,040,805
Restricted	956,879	912,273
Other	266,245	653,419
Provision for employment-related obligations (recovery)	(236,304)	34,119
	<u>80,198,788</u>	<u>78,950,415</u>
<b>Excess of revenue over expenses</b>	<b>\$ 280,606</b>	<b>1,139,755</b>

See accompanying notes to consolidated financial statements.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2015, with comparative information for 2014

	2015							2014	
	Operating	Unrestricted			Total Unrestricted	Capital (note 10)	Internally Restricted & Endowed (note 11)	Total	Total
		Employment related	Interest Rate Swaps						
Net assets (debt), beginning of year	\$ 9,255,105	(6,282,617)	(1,069,077)	1,903,411	8,105,121	7,790,884	17,799,416	16,594,661	
Excess (deficiency) of revenue over expenses	1,273,831	236,304	-	1,510,135	(1,523,394)	293,865	280,606	1,139,755	
Transfers	(273,000)	-	-	(273,000)	-	273,000	-	-	
Endowments received	-	-	-	-	-	12,961	12,961	65,000	
Net change in investment in capital assets	(1,892,041)	-	-	(1,892,041)	2,232,575	(340,534)	-	-	
Appropriation	(250,000)	-	-	(250,000)	-	250,000	-	-	
<b>Net assets (debt), end of the year</b>	<b>\$ 8,113,895</b>	<b>(6,046,313)</b>	<b>(1,069,077)</b>	<b>998,505</b>	<b>8,814,302</b>	<b>8,280,176</b>	<b>18,092,983</b>	<b>17,799,416</b>	

See accompanying notes to consolidated financial statements.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Consolidated Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 280,606	1,139,755
Adjustments for:		
Amortization of deferred capital contributions	(2,352,816)	(2,505,285)
Amortization of capital assets	3,876,210	4,040,805
Endowment contributions	12,961	65,000
Provision for employment-related obligations	(236,304)	34,119
	<u>1,580,657</u>	<u>2,774,394</u>
Changes in non-cash working capital (note 15)	<u>2,522,779</u>	<u>(330,788)</u>
	4,103,436	2,443,606
Financing activities:		
Repayment of long-term debt	(1,348,515)	(1,487,373)
Investing activities:		
Purchase of investments	(5,015,887)	-
Processed on sale of investments	-	4,051,644
Decrease in Student Centre receivable	102,240	139,893
	<u>(4,913,647)</u>	<u>4,191,537</u>
Capital activities:		
Purchase of capital assets	(1,481,216)	(1,665,017)
Net capital contributions received	416,984	460,153
	<u>(1,064,232)</u>	<u>(1,204,864)</u>
<b>Increase (decrease) in cash</b>	<b>(3,222,958)</b>	<b>3,942,906</b>
Cash, beginning of year	19,701,534	15,758,628
<b>Cash, end of year</b>	<b>\$ 16,478,576</b>	<b>19,701,534</b>

See accompanying notes to consolidated financial statements.



# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Accumulated remeasurement gains and losses, beginning of year	\$ 393,526	136,322
Unrealized gains (losses) attributable to:		
Fixed income	18,767	(4,672)
Derivative - interest rate swap	37,150	300,590
Realized gains attributable to:		
Fixed income	4,672	(38,714)
Net remeasurement gains for the year	60,589	257,204
<b>Accumulated remeasurement gains, end of year</b>	<b>\$ 454,115</b>	<b>393,526</b>

See accompanying notes to consolidated financial statements.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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The 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 restricted and endowed funds and include the activities of The Cambrian College of Applied Arts and Technology and Cambrian College Foundation.

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. 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 including 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.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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## 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. Amortization of capital assets is recorded on the straight-line basis at the following annual rates:

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Buildings	2.5%
Parking lots	10%
Property and equipment	10% - 20%

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### (d) Employment future benefits:

Vacation entitlements are accrued for as entitlements are earned (note 6).

The College is liable to pay an employee's accumulated sick leave in the event of sickness or injury. The College is liable to pay 50% of an employee's eligible accumulated sick leave credit on termination or retirement.

For the post-employment benefits (continuation of life, medical and dental during LTD), these benefits are accounted for on a terminal basis, in comparison to the non-pension post-retirement benefit which is accounted for on an accrual basis. This means that the liability for the post-employment benefit is accrued only when a LTD claim occurs. For these benefits, the full change in the liability is being recognized immediately as an expense in the year.

The College is an employer member of the Colleges of Applied Arts and Technology Pension Plan, which is a multi-employer defined benefit pension plan. The College has adopted defined contribution account principles for this Plan because insufficient information is available to apply defined benefit accounting principles (note 12).

### (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.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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## 1. Significant accounting policies (continued):

### (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 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.

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

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 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 7). Payments are consistent with the related debt. The current portion of the amount receivable is \$107,685 (2014 - \$102,240).

## 3. Investments:

	Fair Value Hierarchy	2015	2014
Equity and mutual funds	Level 1	\$ 5,477,940	1,229,980
Fixed income securities and fixed income funds	Level 2	861,659	70,293
		<b>\$ 6,339,599</b>	<b>1,300,273</b>

## 4. Capital assets:

2015	Cost	Accumulated Amortization	Net book Value
Land	\$ 159,066	–	159,066
Buildings	111,230,913	48,406,170	62,824,743
Parking lots	866,414	396,730	469,684
Property and equipment	11,876,773	7,240,520	4,636,253
Land held for resale	158,000	–	158,000
	<b>\$ 124,291,166</b>	<b>56,043,420</b>	<b>68,247,746</b>

2014	Cost	Accumulated Amortization	Net book Value
Land	\$ 159,066	–	159,066
Buildings	110,299,373	45,984,389	64,314,984
Parking lots	1,314,458	758,132	556,326
Property and equipment	13,487,025	8,032,662	5,454,363
Land held for resale	158,000	–	158,000
	<b>\$ 125,417,922</b>	<b>54,775,183</b>	<b>70,642,739</b>

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 5. Accounts payable and accrued liabilities:

	2015	2014
Accounts payable and accrued liabilities	\$ 3,683,178	3,738,511
Accrued salaries, wages and benefits	2,747,551	3,118,536
	<b>\$ 6,430,729</b>	<b>6,857,047</b>

## 6. Employee future benefits:

	2015	2014
Current portion:		
Vacation	\$ 3,094,633	2,974,513
Maternity top-up	209,680	409,074
	<b>3,304,313</b>	<b>3,383,587</b>
WSIB	63,000	154,030
Non-pension post-employment benefits	663,000	637,000
Sick leave benefits - vested	314,000	336,000
- non-vested	1,702,000	1,772,000
	<b>2,742,000</b>	<b>2,899,030</b>
	<b>\$ 6,046,313</b>	<b>6,282,617</b>

### Vacation

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

### Employee Future Benefits

#### Vested Sick Leave:

The College has provided for vested 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 independent actuaries on behalf of the College System as a whole.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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## 6. Employee future benefits (continued):

### Non-Vested Sick Leave:

The College allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by independent actuaries on behalf of the College System as a whole.

### Other employee future benefits:

The College maintains defined benefit and defined contribution plans providing other retirement and employee future benefits to most of its employees.

The costs of other post-employment benefits (including medical benefits, dental care, life insurance, and certain compensated absences) related to the employees' current service is charged to income annually. The cost is computed on an actuarial basis using the projected benefit method estimating the usage frequency and cost of services covered and management's best estimates of investment yields, salary escalation, and other factors. Plan assets are valued at fair value for purposes of calculating the expected return on plan assets.

The fair values of plan assets and accrued benefit obligations were determined by independent actuaries on behalf of the College System as a whole as at January 1, 2014.

The accrued benefit obligations accrued at March 31, 2015 amounted to \$2,433,000 (2014 - \$2,310,000). The net unamortized actuarial gain is \$362,000 (2014 - \$530,000). Benefit plan interest and current service (costs) gain recorded in the year were \$145,000 (2014 - \$(179,000)) and the amortization of actuarial gain of \$36,000 (2014 - \$6,000). The benefits paid out in the year were \$216,000 (2014 - \$324,000).

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation include a discount rate of 1.6% (2014 - 2.7%). The average retirement age in the College System is assumed to be 63 and the liability has been recalculated as a result of a separation of the benefit pool for retirees and those on long-term disability from active employees.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 6. Employee future benefits (continued):

For measurement purpose, the annual rate of increase in the per capita cost of covered health care benefits was assumed as follows:

		Other benefit plans
Drug	9% in 2014 (grading to 4% in 2034)	
Hospital		4.0%
Other medical		4.0%
Dental		4.0%

## 7. Long-term debt:

	2015	2014
Ontario Financing Authority - Parking	\$ 155,152	197,067
- Residence	9,313,458	9,720,909
- Chiller	1,548,791	1,849,750
Bankers acceptances - Residence	4,218,411	4,600,147
- Student Centre	2,381,482	2,483,722
NORCAT	2,021,778	2,135,992
	19,639,072	20,987,587
Less: current portion	1,412,452	1,338,058
	\$ 18,226,620	19,649,529

The College has entered into an unsecured loan agreement with the Ontario Financing Authority for the residence, Chiller and parking lot renovations. The parking lot loan bears interest at a fixed rate of 4.81% and is payable in blended monthly payments of \$4,206 with the final payment due on July 31, 2018. 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. The Chiller loan bears interest at a fixed rate of 4.814%, and is payable in blended monthly payments of \$29,961 with the final payment due on November 9, 2019.



# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 7. Long-term debt (continued):

The banker acceptances were advanced under variable rate credit facilities in the principal face amounts of \$2.276 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 on March 31, 2015. 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 \$1,276,026 (2014 - \$1,147,019) has been determined using Level 3 of the fair value hierarchy.

The College has renegotiated the unsecured NORCAT balance with interest at 4.39%, payable in blended monthly payments of \$16,371 maturing October 2030.

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

2016	\$	1,412,452
2017		1,480,408
2018		1,551,544
2019		1,592,839
2020		1,532,139
Thereafter		12,069,690
	\$	19,639,072

## 8. Deferred contributions:

Details of the continuity of these funds are as follows:

	2015	2014
Balance, beginning of year	\$ 8,392,785	7,520,911
Additional contributions received	15,234,914	18,036,428
Amounts taken to revenue	(15,127,915)	(17,164,554)
Balance, end of year	\$ 8,499,784	8,392,785

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 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:

	2015	2014
Balance, beginning of year	\$ 43,042,702	45,087,832
Additional contributions received	983,229	1,126,170
Amounts amortized to revenue	(2,352,816)	(2,505,285)
Transfer to other funds	(566,245)	(666,015)
Balance, end of year	\$ 41,106,870	43,042,702

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

	2015	2014
Unamortized deferred contributions	\$ 39,786,510	41,894,410
Unspent contributions	1,320,360	1,148,292
Balance, end of year	\$ 41,106,870	43,042,702

## 10. Capital net assets:

Capital net assets are calculated as follows:

	2015	2014
Capital assets	\$ 68,247,746	70,642,739
Amounts financed by:		
Deferred capital contributions - unamortized	(39,786,510)	(41,594,410)
Long-term liabilities, net of student receivable	(17,257,591)	(18,503,865)
Inter-fund borrowing, net	(2,389,343)	(2,439,343)
	\$ 8,814,302	8,105,121

At March 31, 2015, an amount of \$2,389,343 (2014 - \$2,439,343) is owing from the operating fund to the capital fund. The amount is non-interest bearing and is repayable over 10 years.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 11. Internally restricted and endowed net assets:

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

	March 31, 2014 Balance, beginning of year	Additions/ Transfers	Disbursements	March 31, 2015 Balance, end of year
Infrastructure appropriation	\$ 1,000,000	–	640,534	359,466
Innovation fund	–	250,000	–	250,000
Student activities fund	8,259	10,814	15,041	4,032
Conferences and projects	289,749	72,773	90,015	272,507
Restricted funds	798,070	1,740,157	851,823	1,686,404
	2,096,078	2,073,744	1,597,413	2,572,409
Endowment	5,694,806	12,961	–	5,707,767
	\$ 7,790,884	2,086,705	1,597,413	8,280,176

	March 31, 2013 Balance, beginning of year	Additions/ Transfers	Disbursements	March 31, 2014 Balance, end of year
Infrastructure appropriation	\$ 247,110	752,890	–	1,000,000
Student activities fund	13,069	6,664	11,474	8,259
Conferences and projects	294,125	64,229	68,605	289,749
Restricted funds	600,948	1,019,315	822,193	798,070
	1,155,252	1,843,098	902,272	2,096,078
Endowment	5,629,806	65,000	–	5,694,806
	\$ 6,785,058	1,908,098	902,272	7,790,884

## 12. Pension plan:

Substantially all of the employees of the College are members of the Colleges of Applied Arts and Technology (“CAAT”) Pension Plan (the “Plan”), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the CAAT. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the highest five consecutive years prior to retirement, termination or death. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan’s governors to ensure the long-term viability of the Plan.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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## 12. Pension plan (continued):

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. 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 asset and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2015 indicated an actuarial surplus of \$773 million.

Under these arrangements, the College makes contributions equal to those of the employees. Contributions made by the College during the year amounted to approximately \$4,375,435 (2014 - \$4,285,257).

## 13. Adoption of new accounting policy:

The College adopted Public Sector Accounting Board Standard *PS 3260 Liability for Contaminated Sites* effective April 1, 2014. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. The College adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

## 14. 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:

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2016	\$	504,899
2017		404,041
2018		368,119
2019		163,774
2020		52,787
		<hr/>
	\$	1,493,620

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(b) The College is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

(c) Under its credit agreement with the Royal Bank of Canada, the College has a \$2 million unutilized operating line facility, bearing interest at the bank's prime rate less 0.75% per annum.

(d) 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.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 15. Changes in non-cash working capital:

	2015	2014
Cash provided by (used in):		
Increase (decrease) in accounts receivable	\$ 453,826	(906,513)
Increase (decrease) in grants receivable	2,745,979	(1,005,419)
Increase (decrease) in prepayment and inventories	(357,707)	75,007
Decrease (increase) in accounts payable and accrued liabilities	(426,318)	561,715
Decrease in deferred contributions	106,999	944,422
	<u>\$ 2,522,779</u>	<u>(330,788)</u>

## 16. Financial instruments:

### (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 this risk relating to its cash and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to \$300,000 (2014 - \$300,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the MTCU and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis. The guidelines permit the College's funds to be invested in bonds issued by the Government of Canada, a Canadian province or a Canadian municipality having a rating of A or better, or corporate investments having a rating of A (R-1) or better. Investments are outlined in Note 3.

Included in accounts receivable are student receivables in the amount of \$1,737,151 of which 53% is over 90 days. All other accounts receivables and long-term receivables are current. An amount of \$144,750 has been provided for an impairment allowance.

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

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

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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## 16. Financial instruments (continued):

### (b) Market risk:

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

The College's investment policy operates within the constraints of the investment guidelines issued by the MTCU. The policy's 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 exposure to risk or policies, procedures and methods used to measure the risk.

### (c) Currency risk:

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time at different foreign College levels when adverse changes in foreign currency College rates occur. 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.

### (d) 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, bank loans and term debt.

The College mitigates interest rate risk on its term debt through derivative financial instrument (interest rate swaps) that exchanges the variable rate inherent in the term debt for a fixed rate (see note 7). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College's bank loans of \$164,877 and a \$23,815 impact on interest income related to the College's long-term receivable.

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 CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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## 16. Financial instruments (continued):

### (e) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio.

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.

### (f) 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.

Accounts payable are all current and the terms of the long-term debt are disclosed in note 7.

Derivative financial liabilities mature as described in note 7.

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.

## 17. Comparative information:

Certain 2014 comparative information has been reclassified to conform with the presentation adopted in 2015.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Consolidated Analysis of Revenue Summary

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
<b>Grants and reimbursements:</b>		
MTCU:		
Operating	\$ 22,409,965	23,039,504
Specific purpose	11,579,945	11,702,673
Other	6,213,766	6,985,782
Other funding sources	179,014	401,248
Federal government - other	302,162	393,563
Ontario government grants - other	389,304	197,212
	<b>\$ 41,074,156</b>	<b>42,719,982</b>
<b>Tuition fees:</b>		
Full-time	\$ 16,636,689	14,659,730
Part-time	1,909,759	2,683,461
	<b>\$ 18,546,448</b>	<b>17,343,191</b>
<b>Business Development:</b>		
Residence	\$ 4,478,328	4,530,324
Parking	936,293	852,812
Records Centre	297,428	268,068
Other	320,419	220,893
Print Shop	156,766	156,711
Hospitality/conference planning	243,350	281,747
Rentals	176,938	164,031
	<b>\$ 6,609,522</b>	<b>6,474,586</b>
<b>Contract Training and Other:</b>		
Miscellaneous	\$ 2,601,306	2,390,983
Other tuition related fees	2,365,006	2,228,260
International programs	4,409,508	4,168,217
Contract training/Enterprise Centre	1,122,464	742,003
	<b>\$ 10,498,284</b>	<b>9,529,463</b>
<b>Restricted:</b>		
Donations	\$ 659,690	912,633
Investment income	507,466	416,682
Other	83,588	70,894
	<b>\$ 1,250,744</b>	<b>1,400,209</b>

See accompanying notes to consolidated financial statements.



# CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Schedule - Consolidated Operating Expense by Cost Object

Year ended March 31, 2015, with comparative information for 2014

	Academic	Administration	Special Projects	Physical Resources	Student Services	Business Development	Total 2015	Total 2014
Academic salaries	\$ 19,756,018	66,414	1,182,896	-	204,360	-	\$ 21,209,688	\$ 21,247,276
Support salaries	2,449,617	2,724,149	2,517,790	1,861,780	2,544,009	261,565	12,358,910	12,006,613
Fringe benefits	4,904,586	1,193,366	1,084,366	624,344	925,914	134,622	8,867,198	8,858,397
Administration salaries	1,392,151	3,525,939	1,314,720	617,381	1,049,694	292,300	8,192,185	8,291,065
Contracted services	378,468	676,391	885,794	994,833	625,262	1,524,210	5,084,958	5,295,320
Utilities and services	-	-	8,668	2,289,004	-	385,386	2,683,058	2,236,641
Interest on long-term debt	-	82,183	-	57,952	-	770,786	910,921	984,378
Instructional supplies and development	1,117,996	876,432	286,889	-	137,165	212	2,418,694	2,398,744
Supplies and other	120,356	634,037	111,797	99,675	148,599	52,160	1,166,624	1,245,024
Promotion and public relations	446,415	807,442	187,075	-	135,112	6,107	1,582,151	1,044,945
Equipment maintenance	139,813	981,515	10,772	511,733	9,807	4,168	1,657,808	1,382,838
Information technology	60,823	149,757	176,702	6,838	-	-	394,120	446,534
Professional fees	106,274	509,110	28,040	2,520	137,504	231,673	1,015,121	995,196
Travel	243,343	106,115	317,704	5,944	99,173	3,706	775,985	668,159
Stipends and allowances	-	-	1,230,437	-	-	-	1,230,437	653,691
Rentals	27,714	-	239,536	3,979	-	179,443	450,672	419,798
Facilities maintenance	2,513	-	-	869,145	-	97,303	968,961	995,274
Clinical and field work	773,895	-	-	-	-	-	773,895	665,335
Bursaries	225	970,093	66,500	-	275,343	16,983	1,329,144	1,203,164
Professional development	25,569	161,508	14,801	11,176	7,277	10,498	230,829	213,683
Special events	67,009	201,426	100,723	7,666	171,755	19,814	568,393	525,739
Insurance	134,036	230,559	-	-	-	-	364,595	334,745
Municipal taxation	-	-	-	310,643	-	-	310,643	296,988
Cost of sales	-	-	-	-	-	225,605	225,605	254,404
Printing and duplicating	135,667	84,130	33,935	2,195	37,200	14,709	307,836	289,807
Telecommunications	14,919	97,669	20,579	6,997	8,317	7,850	156,331	249,706
Fees and memberships	8,627	89,283	60	-	175	2,851	100,996	106,335
	\$ 32,306,034	14,167,518	9,819,784	8,283,805	6,516,666	4,241,951	\$ 75,335,758	\$ 73,309,799

See accompanying notes to consolidated financial statements.