

Consolidated Financial Statements of

**CAMBRIAN COLLEGE OF
APPLIED ARTS AND TECHNOLOGY**

Year ended March 31, 2021

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Index to Consolidated Financial Statements and Schedules

Year ended March 31, 2021

	Page
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Changes in Net Assets (Deficit)	3
Consolidated Statement of Cash Flows	4
Consolidated Statement of Remeasurement Gains and Losses	5
Notes to Consolidated Financial Statements	6 - 23
Schedules:	
Consolidated Analysis of Revenue Summary	24
Consolidated Operating Expense by Cost Object	25



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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, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of 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 and losses 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, 2021, and its consolidated results of operations, its consolidated remeasurement gains and losses 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.



- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 10, 2021

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY


Consolidated Statement of Financial Position


March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 65,627,736	\$ 50,345,708
Short-term investments (note 3)	4,243,960	1,065,753
Accounts receivable (note 15(a))	8,433,531	7,528,788
Grants receivable	341,973	2,599,889
Prepayments and inventories	1,344,764	1,401,884
Current portion of Student Centre receivable (note 2)	147,016	139,852
	<u>80,138,980</u>	<u>63,081,874</u>
Restricted investments (note 3)	8,501,375	8,173,553
Student Centre receivable (note 2)	1,495,971	1,642,717
Student Centre interest rate swaps	284,663	396,278
Capital assets (note 4)	76,106,314	75,932,815
	<u>\$ 166,527,303</u>	<u>\$ 149,227,237</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 10,557,137	\$ 13,185,325
Deferred contributions (note 6)	33,810,473	22,433,414
Current portion of employment-related obligations (note 7)	3,945,772	3,733,392
Current portion of long-term debt (note 8)	1,436,948	1,365,555
	<u>49,750,330</u>	<u>40,717,686</u>
Employment-related obligations (note 7)	2,243,000	2,189,000
Long-term debt (note 8)	9,333,139	10,698,942
Deferred capital contributions (note 9)	45,159,660	45,232,808
Interest rate swaps (note 8)	359,483	517,947
	<u>106,845,612</u>	<u>99,356,383</u>
Net assets:		
Unrestricted	4,589,962	4,573,214
Capital (note 10)	22,464,821	20,587,975
Internally restricted (note 11)	22,531,860	15,710,465
Endowment (note 11)	8,501,375	8,173,553
	<u>58,088,018</u>	<u>49,045,207</u>
Accumulated remeasurement gains	1,593,673	825,647
	<u>59,681,691</u>	<u>49,870,854</u>
Commitments and contingencies (note 13)		
	<u>\$ 166,527,303</u>	<u>\$ 149,227,237</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, 2021, with comparative information for 2020

	2021	2020
Revenue (Schedule):		
Grants and reimbursements	\$ 35,637,261	\$ 38,077,045
Tuition fees	34,359,444	38,406,959
Business development	3,478,799	5,827,351
International programs and other	21,257,131	18,744,952
Restricted	2,146,318	760,721
Investment income	448,669	988,000
Amortization of deferred capital contributions (note 9)	2,559,784	2,436,430
	<u>99,887,406</u>	<u>105,241,458</u>
Expenses (Schedule):		
Academic	41,195,785	42,385,389
Administration	14,922,743	16,238,473
Special projects	6,733,006	7,517,841
Physical resources	8,502,944	8,049,479
Student services	8,100,146	7,945,732
Business development	3,190,291	3,946,110
International activities	3,348,433	4,907,617
Amortization of capital assets	4,220,662	4,132,725
Scholarships, bursaries and other	692,027	876,229
Provision for employment-related obligations	266,380	58,560
	<u>91,172,417</u>	<u>96,058,155</u>
Excess of revenue over expenses	<u>\$ 8,714,989</u>	<u>\$ 9,183,303</u>

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, 2021, with comparative information for 2020

	2021							2020	
	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	\$ 11,564,683	(5,922,392)	(1,069,077)	4,573,214	20,587,975	15,710,465	8,173,553	\$ 49,045,207	\$ 39,754,388
Excess (deficiency) of revenue over expenses	9,438,604	(266,380)	-	9,172,224	(1,661,526)	1,204,291	-	8,714,989	9,183,303
Endowments received	-	-	-	-	-	-	327,822	327,822	107,516
Net change in investment in capital assets	(1,155,476)	-	-	(1,155,476)	3,538,372	(2,382,896)	-	-	-
Appropriation	(8,000,000)	-	-	(8,000,000)	-	8,000,000	-	-	-
Net assets (deficit), end 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

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Accumulated remeasurement gains, beginning of year	\$ 825,647	\$ 1,523,088
Unrealized gains (losses) attributable to:		
Fixed income	(36,046)	23,102
Equity Instruments	(101,324)	(803,515)
Derivative - interest rate swap	46,849	34,683
	(90,521)	(745,730)
Realized (gains) losses attributable to:		
Fixed income	26,021	(2,616)
Equity instruments	832,526	50,905
Net remeasurement gains for the year	858,547	48,289
Accumulated remeasurement gains, end of year	\$ 1,593,673	\$ 825,647

See accompanying notes to consolidated financial statements.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 8,714,989	\$ 9,183,303
Adjustments for:		
Realized gain (loss) on investments	(1,619,822)	258,437
Amortization of deferred capital contributions	(2,559,784)	(2,436,430)
Amortization of capital assets	4,220,662	4,132,725
Provision for employment-related obligations	266,380	58,560
	9,022,425	11,196,595
Changes in non-cash working capital (note 14)	10,159,164	1,196,271
	19,181,589	12,392,866
Financing activities:		
Repayment of long-term debt	(1,294,410)	(1,532,721)
Endowment contributions	327,822	107,516
	(966,588)	(1,425,205)
Investing activities:		
Purchase of investments	(12,216,422)	(4,110,009)
Proceeds on sale of investments	11,051,392	3,738,205
Decrease in Student Centre receivable	139,582	132,524
	(1,025,448)	(239,280)
Capital activities:		
Purchase of capital assets	(4,394,161)	(8,290,174)
Net capital contributions received	2,486,636	2,725,555
	(1,907,525)	(5,564,619)
Increase in cash	15,282,028	5,163,762
Cash, beginning of year	50,345,708	45,181,946
Cash, end of year	\$ 65,627,736	\$ 50,345,708

See accompanying notes to consolidated financial statements.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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 or 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, 2021

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, 2021

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, 2021

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 \$147,016 (2020 - \$139,852).

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

2022	\$ 147,016
2023	154,845
2024	163,092
2025	171,778
2026	180,926
Thereafter	825,330

| | \$ 1,642,987 |

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

3. Investments:

	2021	2020
Short-term investments	\$ 4,243,960	\$ 1,065,753
Restricted investments	8,501,375	8,173,553
	\$ 12,745,335	\$ 9,239,306

	Fair Value Hierarchy	2021	2020
Equities	Level 1	\$ 5,770,756	\$ 4,625,273
Mutual funds	Level 2	6,974,579	4,099,128
Fixed income	Level 2	–	514,905
		\$ 12,745,335	\$ 9,239,306

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 and losses.

The restricted investments of \$8,501,375 (2019 - \$8,173,553) are externally restricted for endowments as detailed in note 1.

4. Capital assets:

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
	\$ 149,293,517	\$ 73,187,203	\$ 76,106,314

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

4. Capital assets (continued):

2020	Cost	Accumulated Amortization	Net book Value
Land	\$ 159,066	\$ —	\$ 159,066
Buildings	128,191,685	61,758,312	66,433,373
Parking lots	2,973,745	662,529	2,311,216
Equipment	14,258,329	7,229,169	7,029,160
	\$ 145,582,825	\$ 69,650,010	\$ 75,932,815

5. Accounts payable and accrued liabilities:

	2021	2020
Accounts payable and accrued liabilities	\$ 5,777,334	\$ 8,445,991
Accrued salaries, wages and benefits	4,779,803	4,739,334
	\$ 10,557,137	\$ 13,185,325

6. Deferred contributions:

	2021	2020
Student tuition fees	\$ 25,776,365	\$ 15,601,347
Externally restricted donations	3,718,434	3,408,252
Expenses for future periods	4,315,674	3,423,815
	\$ 33,810,473	\$ 22,433,414

Details of the continuity of these funds are as follows:

	2021	2020
Balance, beginning of year	\$ 22,433,414	\$ 19,759,565
Additional contributions received	34,382,928	22,089,862
Amounts taken to revenue	(23,005,869)	(19,416,013)
Balance, end of year	\$ 33,810,473	\$ 22,433,414

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

7. Employee future benefits:

	2021	2020
Current portion:		
Vacation	\$ 3,733,411	\$ 3,532,620
Maternity top-up	212,361	200,772
	<u>3,945,772</u>	<u>3,733,392</u>
Non-pension employee future benefits	580,000	571,000
Sick leave benefits - non-vested	1,663,000	1,618,000
	<u>2,243,000</u>	<u>2,189,000</u>
	<u>\$ 6,188,772</u>	<u>\$ 5,922,392</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:

	2021	2020
Accrued benefit obligation	\$ 1,920,000	\$ 2,010,000
Unamortized actuarial gains	(257,000)	(392,000)
Sick leave benefit entitlement liability	<u>\$ 1,663,000</u>	<u>\$ 1,618,000</u>

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

7. Employee future benefits (continued):

	2021	2020
Current service cost	\$ 203,000	\$ 81,000
Interest on accrued benefit obligation	32,000	30,000
Benefit payments	(217,000)	(120,000)
Amortized actuarial losses	27,000	16,000
Sick leave benefit expense	\$ 45,000	\$ 7,000

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% (2020 - 0% to 23.7%) and 0 to 51.0 days (2020 - 0 to 48.0 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, 2021.

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:

	2021	2020
Accrued benefit obligations	\$ 654,000	\$ 637,000
Fair value of plan assets	(153,000)	(142,000)
Funded status – plan deficit	501,000	495,000
Unamortized actuarial gains	79,000	76,000
Employee future benefits liability	\$ 580,000	\$ 571,000

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

7. Employee future benefits (continued):

	2021	2020
Current service cost	\$ 3,000	\$ 4,000
Interest on accrued benefit obligation	1,000	2,000
Experience (gains) losses	15,000	(9,000)
Benefit payments	(4,000)	(5,000)
Amortized actuarial gains	(6,000)	(6,000)
Employee future benefits (recovery) expense	\$ 9,000	\$ (14,000)

Non-pension Employee future benefits (continued):

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

	2021	2020
Discount rate	1.70%	1.60%
Dental benefit cost escalation	4.0%	4.0%
Medical benefits cost escalation:		
Hospital and other medical drugs	4.0%	4.0%
Drugs	8.0% decreasing To 4.0% in 2040	8.0% decreasing to 4.0% in 2040

8. Long-term debt:

	2021	2020
Ontario Financing Authority - Residence	\$ 6,363,960	\$ 6,922,222
Bankers acceptances - Residence	1,438,485	1,965,335
- Student Centre	1,642,987	1,782,569
NORCAT	1,324,655	1,394,371
	10,770,087	12,064,497
Less: current portion	(1,436,948)	(1,365,555)
	\$ 9,333,139	\$ 10,698,942

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

8. Long-term debt (continued):

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.

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 \$359,483 (2020 - \$517,947) has been determined using Level 3 of the fair value hierarchy.

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.

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

2022	\$ 1,436,948
2023	1,510,630
2024	1,261,110
2025	1,019,054
2026	1,071,041
Thereafter	4,471,304
	\$ 10,770,087

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:

	2021	2020
Balance, beginning of year	\$ 45,232,808	\$ 44,943,683
Additional contributions received, net	2,727,463	2,963,429
Amounts amortized to revenue	(2,559,784)	(2,436,430)
Transfer to other funds	(240,827)	(237,874)
Balance, end of year	\$ 45,159,660	\$ 45,232,808

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

9. Deferred capital contributions (continued):

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

	2021	2020
Unamortized deferred contributions	\$ 44,514,393	\$ 45,062,912
Unspent contributions	645,267	169,896
	<u>\$ 45,159,660</u>	<u>\$ 45,232,808</u>

10. Capital net assets:

Capital net assets are calculated as follows:

	2021	2020
Capital assets	\$ 76,106,314	\$ 75,932,815
Amounts financed by:		
Deferred capital contributions - unamortized	(44,514,393)	(45,062,912)
Long-term liabilities, net of student receivable	(9,127,100)	(10,281,928)
	<u>\$ 22,464,821</u>	<u>\$ 20,587,975</u>

11. Internally restricted and endowed net assets:

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

	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
	<u>15,710,465</u>	<u>10,028,104</u>	<u>3,206,709</u>	<u>22,531,860</u>
Endowment	8,173,553	327,822	-	8,501,375
	<u>\$ 23,884,018</u>	<u>\$ 10,355,926</u>	<u>\$ 3,206,709</u>	<u>\$ 31,033,235</u>

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

11. Internally restricted and endowed net assets (continued):

	March 31, 2019		March 31, 2020	
	Balance, beginning of year	Additions/ Transfers	Disbursements/ Transfers	Balance, end of year
Infrastructure appropriation	\$ 7,927,037	\$ 9,600,000	\$ 4,005,528	\$ 13,521,509
Student activities fund	5,700	–	170	5,530
Conferences and projects	288,045	66,142	44,042	310,145
Restricted funds	1,997,119	757,078	880,916	1,873,281
	10,217,901	10,423,220	4,930,656	15,710,465
Endowment	8,066,037	107,516	–	8,173,553
	\$ 18,283,938	\$ 10,530,736	\$ 4,930,656	\$ 23,884,018

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 \$5,305,107 (2020 - \$5,125,861), which has been included in the consolidated statement of operations.

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:

2022	\$ 759,051
2023	287,478
2024	261,691
2025	194,038
	\$ 1,502,258

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

13. Commitments and contingencies (continued):

- (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. Changes in non-cash working capital:

	2021	2020
Cash provided by (used in):		
Increase in accounts receivable	\$ (904,743)	\$ (2,245,517)
Decrease (increase) in grants receivable	2,257,916	(332,700)
Decrease in prepayment and inventories	57,120	80,758
Increase (decrease) in accounts payable and accrued liabilities	(2,628,188)	1,019,881
Increase in deferred contributions	11,377,059	2,673,849
	<hr/> \$ 10,159,164	<hr/> \$ 1,196,271

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

15. 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 (2020 - \$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, 2021 is the carrying value of these assets.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

15. Risk management (continued):

(a) Credit risk (continued):

The amounts outstanding at year end were as follows:

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

As at March 31, 2020	1 - 90 days	91 - 180 days	181 - 270 days	270+ days	Total
Grants receivable	\$ 2,599,889	\$ -	\$ -	\$ -	\$ 2,599,889
Accounts receivable	7,502,619	236,457	91,327	117,264	7,947,667
Current portion of student centre receivables	139,852	-	-	-	139,852
Student centre receivables	-	-	-	1,642,717	1,642,717
Gross receivables	10,242,360	236,457	91,327	1,759,981	12,330,125
Impairment allowances)	367,677	15,077	15,941	20,184	418,879
Net receivables	\$ 9,874,683	\$ 221,380	\$ 75,386	\$ 1,739,797	\$ 11,911,246

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.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

15. Risk management (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 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, 2021, 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 \$1,275,000 (2020 - \$923,000).

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

15. 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, 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

As at March 31, 2020	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable	\$13,185,325	\$ -	\$ -	\$ -	\$ 13,185,325
Long-term debt	-	1,365,555	5,236,169	5,462,773	12,064,497
Lease commitments	-	626,512	666,218	-	1,292,730
	\$ 13,185,325	\$ 1,992,067	\$ 5,902,387	\$ 5,462,773	\$ 26,542,552

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

15. Risk management (continued):

(d) Other risk:

The College's main sources of revenue are tuition fees and government operating grants. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The College halted all in-person activity and closed its facilities to staff and students and moved to an online education format in March 2020 based on recommendations from Public Health Ontario. In spring 2020, the College allowed for essential staff to return to campus and practical training to be completed in person. The College will continue to operate in this hybrid model with online program delivery and practical training until government and Ministry regulations allow a full return to campus.

In response to the adverse impact the pandemic has had on domestic and international tuition fee revenue, as well as ancillary revenue including residence and parking fees, the College has undertaken certain cost cutting measures. The Provincial government has provided financial relief in the form of grants totaling \$775,256.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the College is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

16. Comparative information:

Certain 2020 comparative information has been reclassified to conform with the presentation adopted in 2021.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Revenue

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Grants and reimbursements:		
MCU		
Operating	\$ 18,975,096	20,068,930
Specific purpose	10,393,820	10,624,428
Other	4,981,580	5,780,312
Federal government - other	886,115	939,340
Ontario government grants - other	400,650	664,035
	<u>\$ 35,637,261</u>	<u>38,077,045</u>
Tuition fees:		
Full-time	\$ 33,071,299	36,397,611
Part-time	1,288,145	2,009,348
	<u>\$ 34,359,444</u>	<u>38,406,959</u>
Business Development:		
Residence	\$ 3,199,053	4,630,600
Parking	171,905	732,015
Hospitality/conference planning	66,441	257,575
Rentals	41,400	207,161
	<u>\$ 3,478,799</u>	<u>5,827,351</u>
International programs and other:		
Miscellaneous	\$ 1,577,295	3,142,096
Other tuition related fees	2,330,825	2,214,859
International programs	17,160,845	12,775,926
Contract training/Enterprise Centre	188,166	612,071
	<u>\$ 21,257,131</u>	<u>18,744,952</u>
Restricted:		
Donations	\$ 545,487	621,268
Investment income	1,455,340	73,311
Other	145,491	66,142
	<u>\$ 2,146,318</u>	<u>760,721</u>

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Consolidated Operating Expenses by Cost Object

Year ended March 31, 2021, with comparative information for 2020

	Academic	Administration	Special Projects	Physical Resources	Student Services	Business Development	International Activities	Total 2021	Total 2020
Academic salaries	\$ 25,991,049	96,775	983,349	-	190,725	-	-	\$ 27,261,898	\$ 27,748,063
Support salaries	3,500,578	3,191,014	2,061,091	1,223,929	3,804,694	166,077	163,054	14,110,437	15,330,289
Fringe benefits	6,572,449	1,582,453	981,989	495,837	1,479,059	110,805	175,524	11,398,118	11,131,099
Administration salaries	2,214,879	3,159,251	1,296,225	599,688	1,496,604	258,324	565,809	9,590,780	8,955,203
Contracted services	350,706	783,661	149,375	2,123,455	338,661	1,354,144	1,583,054	6,683,056	9,320,969
Utilities and services	2,039	-	5,800	1,130,779	-	372,149	-	1,510,767	1,376,314
Interest on long-term debt	-	49,323	-	-	-	449,445	-	498,768	569,258
Instructional supplies and development	1,512,309	287,461	165,074	-	174,808	-	-	2,139,653	1,790,204
Supplies and other	29,602	621,924	71,166	139,150	54,636	12,871	1,420	930,770	1,396,554
Promotion and public relations	18,299	447,800	108,385	686	224,087	10,863	99,515	909,635	1,009,819
Equipment maintenance	207,160	1,791,374	4,641	685,613	23,439	34,566	-	2,746,793	2,476,756
Information technology	55,708	716,964	12,436	-	5,626	-	-	790,734	674,245
Professional fees	30,372	725,189	1,665	5,657	46,102	176,233	177,777	1,162,996	1,287,446
Travel	14,194	5,913	48,599	2,652	1,685	-	16,415	89,457	879,423
Promotion and public relations	18,299	447,800	108,385	686	224,087	10,863	99,515	909,635	1,009,819
Equipment maintenance	207,160	1,791,374	4,641	685,613	23,439	34,566	-	2,746,793	2,476,756
Information technology	55,708	716,964	12,436	-	5,626	-	-	790,734	674,245
Professional fees	30,372	725,189	1,665	5,657	46,102	176,233	177,777	1,162,996	1,287,446
Travel	14,194	5,913	48,599	2,652	1,685	-	16,415	89,457	879,423
Stipends and allowances	-	-	470,215	-	-	-	-	470,215	565,963
Rentals	-	12,431	205,132	-	-	22,204	-	239,766	258,766
Facilities maintenance	43,114	-	-	1,728,525	-	182,847	-	1,954,485	1,630,391
Clinical and field work	508,388	32,874	-	-	-	-	-	541,262	542,150
Bursaries	8,209	417,276	-	-	146,753	-	555,724	1,127,962	1,254,595
Professional development	5,442	109,717	19,282	1,279	14,075	-	3,282	153,077	338,643
Special events	7,390	70,268	113,030	-	80,633	578	3,848	275,748	857,154
Insurance	-	341,794	-	-	-	-	-	341,794	302,190
Municipal taxation	-	-	-	353,250	-	-	-	353,250	348,038
Cost of sales	73,545	-	-	-	-	33,864	-	107,410	279,127
Donations and donations	45,888	45,488	8,888	487	8,888	488	-	99,817	887,878