

Consolidated Financial Statements of

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

Year ended March 31, 2019

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Index to Consolidated Financial Statements and Schedules

Year ended March 31, 2019

---

	Page
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Changes in Net Assets (Debt)	3
Consolidated Statement of Cash Flows	4
Consolidated Statement of Remeasurement Gains and Losses	5
Notes to Consolidated Financial Statements	6 - 19
Schedules:	
Consolidated Analysis of Revenue Summary	20
Consolidated Operating Expense by Cost Object	21



KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

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

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations for the year then ended
- the consolidated statement of statement of changes in net assets (debt) 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 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, 2019, and its consolidated results of operations 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 Canadian accounting standards for not-for-profit organizations, 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 6, 2019

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 45,181,946	28,292,583
Investments (note 3)	9,858,063	9,292,552
Accounts receivable (note 15(a))	5,283,271	6,010,927
Grants receivable	2,267,189	1,446,687
Prepayments and inventories	1,482,642	1,227,934
Current portion of Student Centre receivable (note 2)	132,524	125,823
	<u>64,205,635</u>	<u>46,396,506</u>
Student Centre receivable (note 2)	1,782,569	1,915,092
Student Centre interest rate swaps	348,365	346,894
Capital assets (note 4)	71,775,366	67,356,171
	<u>\$ 138,111,935</u>	<u>116,014,663</u>
<b>Liabilities, Deferred Contributions and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 12,165,444	7,356,761
Deferred contributions (note 6)	19,759,565	11,436,232
Current portion of employment-related obligations (note 7)	3,450,832	3,301,184
Current portion of long-term debt (note 8)	1,532,138	1,592,838
	<u>36,907,979</u>	<u>23,687,015</u>
Employment-related obligations (note 7)	2,413,000	2,430,000
Long-term debt (note 8)	12,065,080	13,598,592
Deferred capital contributions (note 9)	44,943,683	42,936,935
Interest rate swaps (note 8)	504,717	557,125
	<u>96,834,459</u>	<u>83,209,667</u>
Net assets:		
Unrestricted	4,591,905	4,670,155
Capital (note 10)	16,878,545	12,371,004
Internally restricted (note 11)	10,217,901	7,278,633
Endowment (note 11)	8,066,037	7,346,612
	<u>39,754,388</u>	<u>31,666,404</u>
Accumulated rereasurement gains	1,523,088	1,138,592
	<u>41,277,476</u>	<u>32,804,996</u>
Commitments and contingencies (note 13)		
	<u>\$ 138,111,935</u>	<u>116,014,663</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, 2019, with comparative information for 2018

	2019	2018
Revenue (Schedule):		
Grants and reimbursements	\$ 43,070,412	39,900,836
Tuition fees	33,237,150	24,016,797
Business development	5,930,598	5,621,342
International programs and other	16,452,570	17,541,187
Restricted	683,345	784,000
Investment income	739,807	387,760
Amortization of deferred capital contributions (note 9)	2,342,785	2,195,978
	<u>102,456,667</u>	<u>90,447,900</u>
Expenses (Schedule):		
Academic	41,214,177	33,276,073
Administration	15,202,501	13,507,151
Special projects	7,771,359	7,209,219
Physical resources	9,214,322	7,773,758
Student services	8,063,056	7,124,766
International activities	4,077,257	5,316,076
Business development	4,484,675	3,431,586
Amortization of capital assets	3,994,996	3,739,445
Scholarships, bursaries and other	933,117	925,728
Provision for employment-related obligations (recovery)	132,648	(165,812)
	<u>95,088,108</u>	<u>82,137,990</u>
Excess of revenue over expenses	<u>\$ 7,368,559</u>	<u>8,309,910</u>

See accompanying notes to consolidated financial statements.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets (Debt)

Year ended March 31, 2019, with comparative information for 2018

	2019							2018	
	Unrestricted				Capital (note 10)	Internally Restricted	Endowed (note 11)	Total	Total
	Operating	Employment related	Interest Rate Swaps	Total Unrestricted					
Net assets (debt), beginning of year	\$ 11,470,417	(5,731,185)	(1,069,077)	4,670,155	12,371,004	7,278,633	7,346,612	31,666,404	22,844,493
Excess (deficiency) of revenue over expenses	9,240,054	(132,648)	-	9,107,406	(1,652,211)	(86,636)	-	7,368,559	8,309,911
Endowments received	-	-	-	-	-	-	719,425	719,425	512,000
Net change in investment in capital assets	(2,385,656)	-	-	(2,385,656)	6,159,752	(3,774,096)	-	-	-
Appropriation	(6,800,000)	-	-	(6,800,000)	-	6,800,000	-	-	-
<b>Net assets (debt), end of the year</b>	<b>\$ 11,524,815</b>	<b>(5,863,833)</b>	<b>(1,069,077)</b>	<b>4,591,905</b>	<b>16,878,545</b>	<b>10,217,901</b>	<b>8,066,037</b>	<b>39,754,388</b>	<b>31,666,404</b>

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 7,368,559	8,309,911
Adjustments for:		
Amortization of deferred capital contributions	(2,342,785)	(2,195,978)
Amortization of capital assets	3,994,996	3,739,445
Provision for employment-related obligations (recovery)	132,648	(165,812)
	<u>9,153,418</u>	<u>9,687,566</u>
Changes in non-cash working capital (note 14)	12,784,462	(1,515,842)
	<u>21,937,880</u>	<u>8,171,724</u>
Financing activities:		
Repayment of long-term debt	(1,594,212)	(1,553,793)
Endowment contributions	719,425	512,000
	<u>(874,787)</u>	<u>(1,041,793)</u>
Investing activities:		
Purchase of investments	(2,614,404)	(4,653,126)
Proceeds on sale of investments	2,379,510	3,125,588
Decrease in Student Centre receivable	125,822	119,461
	<u>(109,072)</u>	<u>(1,408,077)</u>
Capital activities:		
Purchase of capital assets	(8,414,191)	(6,694,595)
Net capital contributions received	4,349,533	5,605,080
	<u>(4,064,658)</u>	<u>(1,089,515)</u>
Increase in cash	16,889,363	4,632,339
Cash, beginning of year	28,292,583	23,660,244
Cash, end of year	\$ 45,181,946	28,292,583

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, 2019, with comparative information for 2018

	2019	2018
Accumulated remeasurement gains, beginning of year	\$ 1,138,592	1,046,042
Unrealized gains (losses) attributable to:		
Fixed income	51,330	4,057
Equity Instruments	306,699	(84,158)
Derivative - interest rate swap	53,879	150,329
Realized (gains) losses attributable to:		
Fixed income	(19,387)	(23,561)
Equity Instruments	(8,025)	45,883
Net remeasurement gains for the year	384,496	92,550
Accumulated remeasurement gains, end of year	\$ 1,523,088	1,138,592

See accompanying notes to consolidated financial statements.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2019

---

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 internally 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, 2019

---

## 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:

---

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 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, 2019

---

## 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 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.

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.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2019

## 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 \$132,524 (2018 - \$125,823).

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

2020	\$	132,524	
2021		139,582	
2022		147,016	
2023		154,845	
2024		163,092	
Thereafter		1,178,033	
			\$ 1,915,092

## 3. Investments:

	Fair Value Hierarchy	2019	2018
Equities	Level 1	\$ 4,908,016	3,649,390
Mutual funds	Level 2	4,388,706	4,582,163
Fixed income	Level 2	561,341	1,060,999
		\$ 9,858,063	9,292,552

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 CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2019

## 4. Capital assets:

2019	Cost	Accumulated Amortization	Net book Value
Land	\$ 159,066	–	159,066
Buildings	123,804,103	59,023,437	64,780,666
Parking lots	2,460,014	823,863	1,636,151
Equipment	12,718,637	7,519,154	5,199,483
	<b>\$ 139,141,820</b>	<b>67,366,454</b>	<b>71,775,366</b>

2018	Cost	Accumulated Amortization	Net book Value
Land	\$ 159,066	–	159,066
Buildings	119,720,187	56,420,343	63,299,844
Parking lots	1,024,596	665,881	358,715
Equipment	11,545,236	8,006,690	3,538,546
	<b>\$ 132,449,085</b>	<b>65,092,914</b>	<b>67,356,171</b>

## 5. Accounts payable and accrued liabilities:

	2019	2018
Accounts payable and accrued liabilities	\$ 8,950,070	2,831,280
Accrued salaries, wages and benefits	3,215,375	4,525,481
	<b>\$ 12,165,445</b>	<b>7,356,761</b>

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2019

## 6. Deferred contributions:

Details of the continuity of these funds are as follows:

	2019	2018
Balance, beginning of year	\$ 11,436,232	8,365,845
Additional contributions received	19,513,116	9,283,940
Amounts taken to revenue	(11,189,783)	(6,213,553)
<b>Balance, end of year</b>	<b>\$ 19,759,565</b>	<b>11,436,232</b>

## 7. Employee future benefits:

	2019	2018
Current portion:		
Vacation	\$ 3,279,686	3,083,507
Maternity top-up	171,146	217,677
	<b>3,450,832</b>	<b>3,301,184</b>
Non-pension post-employment benefits	585,000	566,000
Sick leave benefits - vested	217,000	237,000
- non-vested	1,611,000	1,627,000
	<b>2,413,000</b>	<b>2,430,000</b>
	<b>\$ 5,863,832</b>	<b>5,731,184</b>

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2019

---

## 7. Employee future benefits (continued):

### 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.

#### 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, 2017.

The accrued benefit obligations accrued at March 31, 2019 amounted to \$2,187,000 (2018 - \$2,202,000). The net unamortized actuarial gain is \$339,000 (2018 - \$363,000). Benefit plan interest and current service (costs) gain recorded in the year were \$125,000 (2018 - \$118,000) and the amortization of actuarial gain of \$17,000 (2018 - \$45,000). The benefits paid out in the year were \$157,000 (2018 - \$211,000).

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2019

## 7. Employee future benefits (continued):

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation include a discount rate of 2.2% (2018 – 2.6%). 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.

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	8% (grading to 4% in 2040)
Hospital	4.0%
Other medical	4.0%
Dental	4.0%

## 8. Long-term debt:

	2019	2018
Ontario Financing Authority - Parking	\$ –	16,660
- Residence	7,451,941	7,954,573
- Chiller	236,649	581,673
Bankers acceptances - Residence	2,464,799	2,939,172
- Student Centre	1,915,093	2,040,915
NORCAT	1,528,736	1,658,437
	13,597,218	15,191,430
Less: current portion	(1,532,138)	(1,592,838)
	\$ 12,065,080	13,598,592

The College has entered into an unsecured loan agreement with the Ontario Financing Authority for the residence and chiller. 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 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, 2019. 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 CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2019

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

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 \$504,717 (2018 - \$557,125) 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:

2020	\$ 1,532,138
2021	1,364,798
2022	1,438,185
2023	1,511,759
2024	1,261,436
Thereafter	6,488,902
	<b>\$ 13,597,218</b>

## 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:

	2019	2018
Balance, beginning of year	\$ 42,936,935	39,527,833
Additional contributions received, net	4,474,015	5,765,196
Amounts amortized to revenue	(2,342,785)	(2,195,978)
Transfer to other funds	(124,482)	(160,116)
Balance, end of year	<b>\$ 44,943,683</b>	<b>42,936,935</b>

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

	2019	2018
Unamortized deferred contributions	\$ 43,214,696	40,917,386
Unspent contributions	1,728,987	2,019,549
	<b>\$ 44,943,683</b>	<b>42,936,935</b>

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2019

## 10. Capital net assets:

Capital net assets are calculated as follows:

	2019	2018
Capital assets	\$ 71,775,366	67,356,171
Amounts financed by:		
Deferred capital contributions - unamortized	(43,214,696)	(40,917,386)
Long-term liabilities, net of student receivable	(11,682,125)	(13,150,515)
Inter-fund borrowing, net	-	(917,266)
	\$ 16,878,545	12,371,004

At March 31, 2018, a non-interest borrowing in the amount of \$917,266 was owing from the operating fund to the capital fund which was repaid in 2019.

## 11. Internally restricted and endowed net assets:

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

	March 31, 2018 Balance, beginning of year	Additions/ Transfers	Disbursements	March 31, 2019 Balance, end of year
Infrastructure appropriation	\$ 4,901,133	6,800,000	(3,774,096)	7,927,037
Student activities fund	13,942	1,500	(9,742)	5,700
Conferences and projects	275,190	126,930	(114,075)	288,045
Restricted funds	2,088,368	718,051	(809,300)	1,997,119
	7,278,633	7,646,481	(4,707,213)	10,217,901
Endowment	7,346,612	719,425	-	8,066,037
	\$ 14,625,245	8,365,906	(4,707,213)	18,283,938

	March 31, 2017 Balance, beginning of year	Additions/ Transfers	Disbursements	March 31, 2018 Balance, end of year
Infrastructure appropriation	\$ 2,471,021	3,300,000	(869,888)	4,901,133
Innovation fund	250,000	-	(250,000)	-
Student activities fund	7,379	22,900	(16,337)	13,942
Conferences and projects	289,932	64,754	(79,496)	275,190
Restricted funds	1,862,725	1,055,538	(829,895)	2,088,368
	4,881,057	4,443,192	(2,045,616)	7,278,633
Endowment	6,834,612	512,000	-	7,346,612
	\$ 11,715,669	4,955,192	(2,045,616)	14,625,245

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2019

---

## 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, 2019 indicated an actuarial surplus of \$2.6 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of \$5,005,025 (2018 - \$4,559,264), 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:

---

2020	\$	834,932
2021		718,248
2022		420,596
2023		119,466
	\$	2,093,242

---

- (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) 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, 2019

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

	2019	2018
Cash provided by (used in):		
Decrease (increase) in accounts receivable	\$ 727,656	(4,328,545)
Decrease (increase) in grants receivable	(820,502)	415,150
Increase in prepayment and inventories	(254,708)	(526,690)
Increase (decrease) in accounts payable and accrued liabilities	4,808,684	(146,144)
Increase in deferred contributions	8,323,333	3,070,387
	<u>\$ 12,784,463</u>	<u>(1,515,842)</u>

## 15. 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 (2018 - \$300,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the Ministry of Training Colleges and Universities ("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 \$796,331 of which 36% is over 90 days. An amount of \$314,108 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, 2019

---

## 15. 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 instruments (interest rate swaps) that exchange the variable rate inherent in the term debt for a fixed rate (see note 8). 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 \$135,972 and a \$19,151 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, 2019

---

## 15. 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 8.

Derivative financial liabilities mature as described in note 8.

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.

## 16. Comparative information:

Certain 2018 comparative information has been reclassified to conform with the presentation adopted in 2019.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Consolidated Analysis of Revenue Summary

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Grants and reimbursements:		
MTCU		
Operating	\$ 23,406,241	21,428,495
Specific purpose	11,480,966	11,425,455
Other	6,635,317	6,240,408
Federal government - other	786,749	350,338
Ontario government grants - other	761,139	456,140
	<u>\$ 43,070,412</u>	<u>39,900,836</u>
Tuition fees:		
Full-time	\$ 31,265,081	22,578,200
Part-time	1,972,069	1,438,597
	<u>\$ 33,237,150</u>	<u>24,016,797</u>
Business Development:		
Residence	\$ 4,301,887	4,044,224
Parking	1,099,719	1,012,186
Hospitality/conference planning	371,889	392,274
Rentals	157,103	172,658
	<u>\$ 5,930,598</u>	<u>5,621,342</u>
International programs and other:		
Miscellaneous	\$ 2,344,014	2,052,033
Other tuition related fees	2,403,123	2,084,281
International programs	11,525,681	13,276,131
Contract training/Enterprise Centre	179,752	128,742
	<u>\$ 16,452,570</u>	<u>17,541,187</u>
Restricted:		
Donations	\$ 379,894	548,453
Investment income	180,021	147,893
Other	123,430	87,654
	<u>\$ 683,345</u>	<u>784,000</u>

# CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Consolidated Operating Expense by Cost Object

Year ended March 31, 2019, with comparative information for 2018

	Academic	Administration	Special Projects	Physical Resources	Student Services	International Activities	Business Development	Total 2019	Total 2018
Academic salaries	\$ 25,892,825	130,559	956,493	-	266,807	-	-	\$ 27,246,684	\$ 21,511,504
Support salaries	3,570,202	2,938,759	2,304,620	1,473,150	3,333,476	343,249	140,943	14,104,399	13,339,071
Fringe benefits	6,175,669	1,569,250	880,966	469,457	1,153,924	193,411	75,661	10,518,338	9,559,443
Administration salaries	1,815,203	3,813,575	975,311	468,019	1,130,210	501,394	221,449	8,925,161	8,886,266
Contracted services	430,032	904,681	401,417	1,892,506	530,187	1,871,423	1,710,398	7,740,644	7,614,674
Utilities and services	11,048	-	8,375	1,936,986	-	-	359,257	2,315,666	2,045,756
Interest on long-term debt	-	50,475	-	13,807	-	-	556,073	620,355	702,234
Instructional supplies and development	1,567,844	769,559	90,295	-	260,983	333,501	-	3,022,182	1,811,305
Supplies and other	202,850	140,340	253,451	98,001	97,740	35,727	739,502	1,567,611	929,133
Promotion and public relations	69,090	632,767	167,502	-	154,781	43,709	45,488	1,113,337	977,897
Equipment maintenance	202,834	1,562,072	5,238	761,887	30,322	-	3,377	2,565,730	1,969,189
Information technology	59,590	656,131	9,217	4,636	188	-	-	729,762	523,766
Professional fees	7,090	761,203	26,095	21,407	84,280	243,830	209,062	1,352,967	1,214,469
Travel	97,045	99,111	190,970	8,508	192,158	290,190	1,188	879,170	954,545
Stipends and allowances	22,832	-	1,024,963	-	-	-	-	1,047,795	992,503
Rentals	5,942	-	243,906	-	34	-	21,192	271,074	295,809
Facilities maintenance	9,634	-	-	1,711,928	68,075	-	190,153	1,979,790	893,558
Clinical and field work	672,210	-	-	-	-	-	-	672,210	710,225
Bursaries	1,497	276,718	30,292	-	371,058	61,639	-	741,204	500,711
Professional development	98,639	182,063	13,300	3,604	47,115	12,443	12,164	369,328	174,397
Special events	128,081	80,420	148,954	2,269	290,715	136,413	29,019	815,871	731,557
Insurance	-	294,667	-	-	-	-	-	294,667	291,424
Municipal taxation	-	-	-	331,538	-	-	-	331,538	313,013
Cost of sales	-	-	-	-	-	-	152,949	152,949	200,005
Printing and duplicating	147,901	50,022	19,039	648	31,240	6,432	13,874	269,156	211,440
Telecommunications	17,860	165,553	20,955	15,971	16,393	3,896	2,731	243,359	199,950
Fees and memberships	8,259	124,576	-	-	3,370	-	195	136,400	84,784
	\$ 41,214,177	15,202,501	7,771,359	9,214,322	8,063,056	4,077,257	4,484,675	\$ 90,027,347	\$ 77,638,628