Sheridan

Financial Statements and Supplementary Information of

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Year ended March 31, 2015

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
Index of Financial Statements and Supplementary Schedule
Year ended March 31, 2015

KPMG LLP
Box 976
21 King Street West Suite 700
Hamilton ON L8N 3R1

Telephone (905) 523-8200
Telefax (905) 523-2222
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Sheridan College Institute of Technology and Advanced Learning, which comprise the statement of financial position as at March 31, 2015, and the statements of revenue and expenditures, changes in net assets and cash flows for the year ended March 31, 2015 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 3, 2015

The Sheridan College Institute of Technology and Advanced Learning

Statement of Financial Position

March 31, 2015, with comparative figures for 2014

		2015		2014
Assets				
Current assets:				
Cash (note 3)	$	**35,608,714**	$	32,295,473
Investments (note 3)		**113,183,894**		104,983,041
Grants receivable		**1,965,635**		2,610,172
Accounts receivable		**9,322,574**		10,844,255
Prepaid expenses and deposits		**1,564,080**		1,987,272
		161,644,897		152,720,213
Long-term grant receivable (note 4)		**19,022,357**		-
Student levy receivable (note 5)		**2,682,581**		3,139,072
Other notes receivable		**180,000**		207,029
Capital assets (note 6)		**232,759,040**		203,971,741
	$	**416,288,875**	$	360,038,055
Liabilities, Deferred Contributions and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	**39,047,324**	$	35,589,129
Deferred revenue (note 7)		**39,276,957**		31,008,298
Note payable to Sheridan Student Union Incorporated (note 8)		**3,946,983**		3,406,696
		82,271,264		70,004,123
Long-term debt (note 9)		**19,104,484**		20,446,576
Long-term payable (note 4)		**23,032,277**		-
Employee future benefits (note 13)		**1,600,000**		1,479,000
Sick leave benefit entitlements (note 13)		**5,979,000**		6,268,000
Deferred contributions (note 10):				
Capital assets		**117,458,083**		99,358,114
Expenses of future periods		**32,696,149**		23,868,093
		282,141,257		221,423,906
Net assets:				
Unrestricted:				
Operating		**5,128,878**		5,128,878
Vacation pay accrual		**(10,728,849)**		(10,781,912)
Employee future benefits accrual (note 13)		**(1,600,000)**		(1,479,000)
Sick-leave benefit accrual (note 13)		**(5,979,000)**		(6,268,000)
		(13,178,971)		(13,400,034)
Internally restricted (note 16)		**25,069,069**		37,994,858
Invested in capital assets (note 11)		**90,347,819**		82,293,998
Restricted for endowments (note 3)		**31,909,701**		31,725,327
		134,147,618		138,614,149
Commitments (note 12)				
	$	**416,288,875**	$	360,038,055

See accompanying notes to financial statements

APPROVED BY THE BOARD

Bryan Tao... Board Chair

.... President

The Sheridan College Institute of Technology and Advanced Learning

Statement of Revenue and Expenditures

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

		2015		2014
Revenue:				
Grants and reimbursements	$	**98,762,700**	$	100,703,062
Amortization of deferred contributions related to:				
Capital assets		**6,353,451**		6,272,009
Expenses of future periods - other		**7,860,328**		7,955,234
Expenses of future periods - endowment fund		**639,502**		999,116
Student tuition		**115,897,156**		107,792,897
Ancillary operations		**17,640,919**		15,141,257
Student ancillary fees		**19,836,667**		18,432,193
Other		**11,257,309**		11,208,264
(Loss) gain on disposal of capital assets		**(17,754)**		153,504
		278,230,278		268,657,536
Expenditures:				
Salaries and benefits		**180,428,714**		170,452,592
Supplies and services		**79,657,256**		74,698,314
Amortization of capital assets		**14,516,447**		14,189,685
Vacation pay (recovery)		**(53,064)**		945,403
Employee future benefits (recovery)		**121,000**		(47,000)
Sick leave benefit recovery		**(289,000)**		(350,000)
Other expenses related to deferred contributions - schedule 1:				
Awards and bursaries		**6,210,365**		7,106,254
Other		**2,289,465**		1,848,096
		282,881,183		268,843,344
Excess of expenditures over revenue	$	**(4,650,905)**	$	(185,808)

See accompanying notes to financial statements

The Sheridan College Institute of Technology and Advanced Learning

Statement of Changes in Net Assets

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

	2015					2014
	Invested in capital assets	Restricted for endowments	Unrestricted including research	Internally restricted	Total	Total
Net assets, beginning of the year	$ 82,293,998	$ 31,725,327	$ (13,400,034)	$ 37,994,858	$ 138,614,149	$ 138,719,210
Excess of (expenditures over revenue) revenue over expenditures (note 11(b))	(8,180,750)	-	3,529,845	-	(4,650,905)	(185,808)
Endowment fund contributions	-	184,374	-	-	184,374	80,747
Investment in capital assets	12,020,832	-	(12,020,832)	-	-	-
Repayment of long-term debt	1,144,941	-	(1,144,941)	-	-	-
Internal restrictions	-	-	9,856,991	(9,856,991)	-	-
Utilized internal restrictions	3,068,798	-	-	(3,068,798)	-	-
Net assets, end of year	$ 90,347,819	$ 31,909,701	$ (13,178,971)	$ 25,069,069	$ 134,147,618	$ 138,614,149

See accompanying notes to financial statements

The Sheridan College Institute of Technology and Advanced Learning

Statement of Cash Flows

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

		2015		2014
Cash provided by (used in):				
Operating activities:				
Excess of expenditures over revenue	$	**(4,650,905)**	$	(185,808)
Items not involving cash:				
Amortization of capital assets		**14,516,447**		14,189,685
Amortization of deferred contributions related to capital assets		**(6,353,451)**		(6,272,009)
Loss (gain) on disposal of capital assets		**17,754**		(153,504)
Employee future benefits (recovery)		**121,000**		(47,000)
Sick leave benefit recovery		**(289,000)**		(350,000)
Change in non-cash operating working capital items:				
Grants receivable		**(331,363)**		244,346
Accounts receivable		**1,513,943**		(1,342,167)
Prepaid expenses and deposits		**423,192**		(233,897)
Accounts payable and accrued liabilities		**3,374,555**		4,792,215
Deferred revenue		**8,268,659**		1,818,078
Note payable to Sheridan Student Union Incorporated		**540,287**		398,094
Net increase in deferred contributions related to expenses of future periods		**8,828,056**		7,848,474
		25,979,174		20,706,507
Financing activities:				
Endowment fund contributions		**184,374**		80,747
Repayment of long-term debt		**(1,258,452)**		(1,180,045)
Long-term payable		**23,032,277**		-
		21,958,199		(1,099,298)
Capital activities:				
Purchase of capital assets, net		**(43,321,500)**		(10,964,439)
Deferred contributions - capital assets		**24,453,420**		2,503,967
		(18,868,080)		(8,460,472)
Investing activities:				
Long-term grant receivable		**(18,046,457)**		929,429
Net (increase) decrease of investments (net of fair market value adjustment)		**(8,200,853)**		2,558,793
Other notes receivable		**41,060**		37,820
Student levy receivable		**450,198**		220,173
		(25,756,052)		3,746,215
Net increase in cash		**3,313,241**		14,892,952
Cash, beginning of year		**32,295,473**		17,402,521
Cash, end of year	$	**35,608,714**	$	32,295,473

See accompanying notes to financial statements

1. Description of Organization:

The Sheridan College Institute of Technology and Advanced Learning ("Sheridan"), established in 1967, is an Ontario college of applied arts and technology duly established pursuant to Ontario Regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. By Ontario Regulation 33/03, which was filed and came into effect on February 11, 2003, the name of Sheridan was changed to The Sheridan College Institute of Technology and Advanced Learning. Sheridan is an agency of the Crown and provides postsecondary and vocationally oriented education and training in areas such as animation, arts and design, applied computing and engineering sciences, business, and community and liberal studies.

Sheridan operates on a not-for-profit basis and is a registered charity and, as such, is exempt from income taxes under the Income Tax Act.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements include the accounts, transactions and operations for which Sheridan has jurisdiction. They do not include the accounts, transactions and operations of Sheridan Student Union Incorporated ("SSUI") which is independently governed and managed, The Sheridan College Foundation, and The U.S. Sheridan College Foundation Inc..

These financial statements are the representation of management and have been prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(b) Revenue recognition:

Sheridan follows the deferral method of accounting for contributions, which include donations and government grants.

Under the Ministry of Training, Colleges and Universities ("Ministry"), Sheridan is funded by the Province of Ontario in accordance with budget arrangements established by the Ministry. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2015.

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

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Deferred revenue consists of student fees paid in advance and other revenue to be recognized when the related service is provided. Tuition fees are recognized as revenue when earned through the provision of service. Tuition fees are deferred to the extent that the related courses provided extend beyond the fiscal year of Sheridan.

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

(c) Cash and investments:

Cash and investments consist of cash on hand, bank balances and short term, highly liquid investments in money market and exchange traded funds. Investments are recorded at fair value on a trade date basis. Fair value is determined based on quoted market prices.

(d) Long-term grant receivable:

Long-term grant receivable is carried at amortized cost using the effective interest method.

(e) Long-term notes receivable:

Long-term notes receivable are carried at amortized cost using the effective interest method.

(f) Capital assets:

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to Sheridan's ability to provide services, its carrying amount is written down to its residual value.

2. Significant accounting policies (continued):

(f) Capital assets (continued):

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2-1/2%
Parking lots and roadway	6-2/3%
Building renovations	Over the useful life
Leasehold improvements	Over term of lease
Furniture and fixtures	20%
Computer equipment	33-1/3%
Major equipment	10%
Equipment and vehicles	20%
Software implementation	14%

(g) Construction in progress:

Construction in progress includes interest and financing costs on funds borrowed for construction purposes. These costs are capitalized at the end of the construction period. Upon commencing use of the facility, capitalized construction costs are transferred to the various categories of capital assets and will be amortized on a basis consistent with similar assets.

(h) Vacation pay:

Sheridan recognizes vacation pay as an expense as it is earned by employees.

(i) Sick leave benefit entitlements:

Vesting sick leave:

Sheridan 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 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-vesting sick leave:

Sheridan 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.

2. Significant accounting policies (continued):

(j) Employee future benefits:

Sheridan maintains separate defined benefit plans providing non-pension, retirement and post-employment benefits for substantially all full-time employees. Sheridan uses the deferral and amortization approach to account for its defined benefit plans. The costs of post retirement and post-employment benefits related to current service are charged to income annually. The current service cost and the accrued benefit obligation are actuarially determined for each plan using the projected benefit method prorated on service, and management's estimates of investment yields, salary escalation, health care trends and other factors. The most recent actuarial valuation of the benefit plans for funding purposes was as of January 1, 2014, and the next required valuation will be as of January 1, 2017.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the post-retirement benefits plan is 11.7 years (2014 – 11.7 years).

(k) Internally restricted net assets:

Net assets, internally restricted by Sheridan, are for capital projects, strategic initiatives and future operating expenses approved by the Board of Governors.

(l) Expendable funds, including bursaries/scholarships and student building fund:

These funds are contributed or pledged for specific purposes; the total funds received, including income earned, are expendable for the specific purpose outlined when the funds were donated.

(m) Endowment funds:

These funds are contributed for specific purposes; the principal sum must be held for investment while the income earned is expendable for the specific purpose(s) outlined when the funds were donated.

(n) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at fair value or amortized cost. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

2. Significant accounting policies (continued):

(n) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight line method.

All financial assets are assessed for impairment on an annual basis. When a decline in derivatives and non-endowment investments is determined to be other than temporary, the amount of the loss is reported in the statement of revenue and expenditures and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of revenue and expenditures.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(o) Use of estimates:

The preparation of financial statements in conformity with public sector accounting standards 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 date of the financial statements and the reported amounts of revenue and expenditures during the period. In estimating the net realizable value of accounts receivable and in estimating accrued liabilities and obligations related to employee future benefits and sick leave benefits, Sheridan relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. Actual results could differ from those estimates.

3. Cash and investments:

(a) Cash and investments include the following amounts:

		2015		2014
Cash	$	**35,608,714**	$	32,295,473
Investments		**113,183,894**		104,983,041
Total Cash and Investments	$	**148,792,608**	$	137,278,514

3. Cash and investments (continued):

(a) Cash and investments include the following amounts (continued):

Sheridan's cash and investments include the amounts restricted for specific purposes that are not available to be spent at Sheridan's discretion.

		2015		2014
Restricted (trust) funds, measured at fair value	$	**8,929,739**	$	6,813,875
Restricted for endowment purposes, measured at fair value (note 3(b))		**55,676,111**		48,779,545
		64,605,850		55,593,420
Unrestricted cash and short-term investments, measured at fair value		**84,186,758**		81,685,094
	$	**148,792,608**	$	137,278,514

Included in cash and short-term investments are cashable Guaranteed Investment Certificates with a principal value of $50,000,000 paying interest at rates between 2.00% and 2.10%, maturing during the month of October 2015, and $8,178,715 paying interest at rate of 2.00% maturing February 2016. At March 31, 2014, cash and short-term investments included cashable Guaranteed Investment Certificates with a principal value of $56,841,454 paying interest at rates between 2.20% and 2.31%, maturing during the month of October 2014.

The maximum exposure to credit risk of cash and short-term investments is the carrying value noted above. All cash and short-term investments are measured at fair value as Level 1/Level 2.

(b) Restricted for endowment purposes:

Funds restricted for endowment purposes consist of exchange traded funds, cash on hand, bank balances and short-term highly liquid investments.

		2015		2014
Net assets restricted for endowments (note15)	$	**31,909,701**	$	31,725,327
Realized investment income on endowment funds in excess of disbursements		**8,354,531**		5,857,171
Unrealized gains on endowment fund investments		**15,411,879**		11,197,047
Total endowment funds, measured at fair value		**55,676,111**		48,779,545
Cumulative capital contribution (book value)		**31,909,701**		31,725,327
Funds available for use	$	**23,766,410**	$	17,054,218

(c) Investment income and realized investment gains and losses from the cash and investment portfolio related to endowment funds are $3,136,862 for the year ended March 31, 2015 (2014 - $2,242,961).

4. Hazel McCallion Campus – North Building:

The second phase of the Hazel McCallion Campus is to construct a new building of up to 220,000 square feet. Sheridan has committed to invest $18 million in this building with the remaining funds to be provided by the Ontario Government. The building is expected to be ready for use by September 2016.

(a) Long-term grant receivable:

Sheridan entered into an agreement with the Ministry of Training, Colleges and Universities on October 15, 2014 and partnered with Infrastructure Ontario to build the second phase of the Hazel McCallion Campus in Mississauga. The Ministry will provide funding to Sheridan of up to the lesser of $67,741,526 or 80% of the project costs once the project reaches substantial completion. Infrastructure Ontario awarded the project management contract to 2433486 Ontario Inc.. Ministry funding to cover the costs incurred to date by 2433486 Ontario Inc. has been recorded as a long-term grant receivable in the amount of $19,022,357 at March 31, 2015.

(b) Long-term payable:

The value of construction in progress is based on the percentage of construction completed and payments made to date for fees associated with the project. As at March 31, 2015, $27,874,021 has been recorded as construction in progress with an amount of $23,032,277 recorded as a long-term payable. Under the terms of the project management contract, once the building reaches substantial completion, Sheridan will pay 2433486 Ontario Inc. the full amount of the project costs. Imputed interest at a rate of 2.35% is included in the estimated project costs.

A change in the estimated percentage of completion by 1% would increase/decrease the construction in progress by $635,527, with a corresponding increase/decrease in the long-term payable.

5. Student levy receivable:

In September 2005, a new gymnasium was constructed at the Davis Campus. Payment for the gymnasium will be provided by future student levies as approved by the Sheridan Student Union Incorporated ("SSUI").

The principal amount due within one year has been grouped with accounts receivable in the statement of financial position. The principal amount included in accounts receivable at March 31, 2015 is $119,804 (2014 - $113,511).

In Fall 2012, the Athletic Stadium at the Trafalgar Campus was built. Payment for the construction will be provided by future student levies as approved by SSUI.

The principal amount due within one year has been grouped with accounts receivable in the statement of financial position. The principal amount included in accounts receivable at March 31, 2015 is $250,000 (2014 - $250,000).

6. Capital assets:

2015		**Cost**		**Accumulated Amortization**		**Net Carrying Value**
Land	**$**	**2,893,317**	**$**	**-**	**$**	**2,893,317**
Buildings		**246,486,205**		**84,520,507**		**161,965,698**
Parking lots and roadway		**2,988,016**		**1,380,251**		**1,607,765**
Building renovations		**27,507,939**		**12,771,262**		**14,736,677**
Leasehold improvements		**1,175,139**		**1,175,139**		**-**
Furniture and fixtures		**20,445,692**		**15,654,106**		**4,791,586**
Computer equipment		**11,720,357**		**11,212,826**		**507,531**
Major equipment		**16,919,369**		**6,422,609**		**10,496,760**
Equipment and vehicles		**35,411,007**		**29,407,129**		**6,003,878**
Construction in progress		**29,755,828**		**-**		**29,755,828**
Software implementation		**4,072,250**		**4,072,250**		**-**
	$	**399,375,119**	**$**	**166,616,079**	**$**	**232,759,040**

2014		Cost		Accumulated Amortization		Net Carrying Value
Land	$	2,893,317	$	-	$	2,893,317
Buildings		245,646,241		78,399,580		167,246,661
Parking lots and roadway		2,988,016		1,181,050		1,806,966
Building renovations		21,727,002		9,848,479		11,878,523
Leasehold improvements		1,175,139		1,175,139		-
Furniture and fixtures		19,548,334		13,644,177		5,904,157
Computer equipment		12,863,008		12,173,928		689,080
Major equipment		9,828,013		5,602,192		4,225,821
Equipment and vehicles		33,099,506		27,727,310		5,372,196
Construction in progress		3,955,020		-		3,955,020
Software implementation		4,072,250		4,072,250		-
	$	357,795,846	$	153,824,105	$	203,971,741

During the year, Sheridan acquired capital assets at an aggregated cost of $43,321,500 (2014 - $10,964,439). Of this amount $23,032,277 was financed by means of a long-term payable, $1,027,966 (2014 - $140,555) was financed by means of transfer from restricted funds, $16,740 (2014 - $nil) was a gift in kind donation, and the remaining $19,244,517 was purchased with cash. Remaining commitments related to construction in progress at March 31, 2015 total $88,332,283 (2014 - $1,303,533).

7. Deferred revenue:

		2015		2014
Student fees and tuition	$	**34,329,802**	$	25,888,249
Ministry funding		**651,961**		292,688
Special projects		**1,997,562**		2,691,021
Residence		**2,297,632**		2,136,340
	$	**39,276,957**	$	31,008,298

8. Note payable to Sheridan Student Union Incorporated:

Note payable to Sheridan Student Union Incorporated is unsecured, due on demand and bears interest at the overnight rate (variable) earned by Sheridan on daily cash balances.

9. Long-term debt:

		2015		2014
Student Centre and Residences:				
Sun Life loan facility (Davis Residence) with interest at 6.80% and total principal of $15,250,000. Repayable $105,846 monthly including interest commencing February 2002 to January 2027	$	**10,258,456**	$	10,810,489
Sun Life loan facility (Trafalgar Residence) with interest at 6.41% and total principal of $13,610,000. Repayable $565,938 semi-annually including interest commencing September 1999 to September 2024		**7,961,212**		8,554,120
Canada Life loan facility (Davis Gymnasium) with interest at 5.47% and total principal of $3,024,000. Repayable $120,000 semi-annually including interest commencing December 2006 to December 2027		**2,226,908**		2,340,419
		20,446,576		21,705,028
Less principal amounts due within one year		**1,342,092**		1,258,452
	$	**19,104,484**	$	20,446,576

9. Long-term debt (continued):

The principal amounts due within one year have been included in accounts payable and accrued liabilities in the statement of financial position.

The long-term debt related to the student centre, residences and the Davis gymnasium totalling $20,446,576 (2014 - $21,705,028) will be repaid from future student levies and residence fees.

Interest on long-term debt amounted to $1,253,885 (2014 - $1,326,526) and has been included in supplies and services in the statement of revenue and expenditures.

The anticipated future annual payments under the loan facilities on a fiscal year basis are as follows:

2016	$	**1,342,092**
2017		**1,431,311**
2018		**1,526,487**
2019		**1,628,015**
2020		**1,736,324**
Thereafter		**12,782,347**
Total minimum payments		**20,446,576**
Less current portion of obligations included in accounts payable and accrued liabilities		**1,342,092**
Value of long-term outstanding obligations	$	**19,104,484**

10. Deferred contributions:

(a) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenditures.

		2015		2014
Balance, beginning of year	$	**99,358,114**	$	103,126,156
Transfer from deferred contributions for expenses of future periods		**1,027,966**		140,555
Amounts amortized to revenue		**(6,353,451)**		(6,272,009)
Contributions received or receivable		**23,425,454**		2,363,412
Balance, end of year	$	**117,458,083**	$	99,358,114

10. Deferred contributions (continued):

(b) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent restricted grants and donations for bursary and other specific purposes, unrealized gains on investments in the endowment fund and realized investment income on endowment funds in excess of disbursements.

		2015		2014
Balance, beginning of year	$	**23,868,093**	$	16,019,619
Unrealized gains on endowment fund investments		**4,214,832**		4,893,438
Realized investment income on endowment funds		**3,136,862**		2,242,961
Amounts recognized to revenue for endowment disbursements		**(639,502)**		(999,116)
Amounts recognized to revenue		**(7,860,328)**		(7,955,234)
Transfer to deferred contributions for capital assets		**(1,027,966)**		(140,555)
Contributions from Sheridan Student Union Incorporated		**-**		350,000
Amounts received related to future periods		**11,004,158**		9,456,980
Balance, end of year	$	**32,696,149**	$	23,868,093

11. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

		2015		2014
Capital assets	$	**232,759,040**	$	203,971,741
Amounts financed by:				
Construction in progress (interim financing)		**(29,755,828)**		(3,955,020)
Deferred contributions		**(117,458,083)**		(99,358,114)
Deferred contributions not in use		**23,022,358**		1,000,000
Long-term debt:				
Residences		**(18,219,668)**		(19,364,609)
Balance, end of year	$	**90,347,819**	$	82,293,998

11. Invested in capital assets (continued):

(b) The excess of expenditures over revenue related to investment in capital assets is calculated as follows:

		2015		2014
Excess of expenditures over revenue:				
Amortization of deferred capital contributions	$	**6,353,451**	$	6,272,009
Amortization of capital assets		**(14,516,447)**		(14,189,685)
(Loss) gain on disposal of capital assets		**(17,754)**		153,504
	$	**(8,180,750)**	$	(7,764,172)

12. Commitments:

(a) Leases:

Sheridan's commitments to annual rental payments in the aggregate and in each of the next five years principally as a result of operating equipment leases and premise rental leases are as follows:

2016	**$**	**9,662,274**
2017		**6,603,004**
2018		**4,126,622**
2019		**3,123,858**
2020		**3,011,735**
	$	**26,527,493**

(b) Letters of credit:

Sheridan has posted letters of credit totalling $1,086,245 as security deposits with municipal governments in Halton and Peel regions relating to new building constructions at both the Davis and Trafalgar campuses. Furthermore, a letter of credit for US $13,002 has been posted as required by the U.S. Department of Education for administering U.S. loans to eligible students.

(c) Trafalgar second residence:

A second residence was built at Sheridan's Trafalgar campus by Campus Development Corp. and opened in September 2013. The residence accommodates 476 students. Collegiate Management Services Corp. manages the new residence by way of a property management agreement.

13. Employee future benefits and sick leave entitlements:

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

The cost of other post-employment benefits (including medical benefits, dental care, and life insurance premiums waived during long-term disability ("LTD") 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 value of plan assets and accrued benefit obligations were determined by independent actuaries on behalf of the College System as a whole as at January 1, 2014 for the obligations set out below.

The following tables outline the components of Sheridan's post-employment benefits and the related expense:

		2015		2014
Accrued benefit obligations	$	**1,839,000**	$	1,612,000
Fair value of plan assets		**327,000**		263,000
Funded status-plan deficit		**1,512,000**		1,349,000
Unamortized actuarial loss		**88,000**		130,000
Employee future benefits accrual	$	**1,600,000**	$	1,479,000

		2015		2014
Current service cost	$	**151,000**	$	9,000
Interest on accrued benefit obligation		**3,000**		7,000
Experience (gains) losses		**2,000**		(19,000)
Amortization of actuarial loss (gain)		**(13,000)**		4,000
Benefit payments		**(22,000)**		(48,000)
Total expense (recovery)	$	**121,000**	$	(47,000)

13. Employee future benefits and sick leave entitlements (continued):

The following tables outline the components of Sheridan's sick leave benefit entitlements:

		2015		2014
Vesting sick leave:				
Accrued benefit obligation	$	**472,000**	$	514,000
Unamortized actuarial gain		**(45,000)**		(42,000)
Sick leave benefit entitlements		**427,000**		472,000
Non-vesting sick leave:				
Accrued benefit obligation		**5,307,000**		5,042,000
Unamortized actuarial loss		**245,000**		754,000
Non-vesting sick leave benefit entitlements		**5,552,000**		5,796,000
Total sick leave benefit entitlements	$	**5,979,000**	$	6,268,000

		2015		2014
Vesting sick leave:				
Current service cost	$	**16,000**	$	27,000
Interest on accrued benefit obligation		**13.000**		9,000
Amortization of actuarial loss		**29,000**		1,000
Benefit payments		**(103,000)**		(143,000)
		(45,000)		(106,000)
Non-vesting sick leave:				
Current service cost		**301,000**		381,000
Interest on accrued benefit obligation		**137,000**		144,000
Amortization of actuarial (gain) loss		**(148,000)**		13,000
Benefit payments		**(534,000)**		(782,000)
		(244,000)		(244,000)
Total sick leave benefit recovery	$	**(289,000)**	$	(350,000)

The unamortized actuarial loss is amortized over the expected average remaining service life as listed below:

Sick leave benefit entitlements	8.9 years
Post employment benefits	11.7 years

These amounts represent the results of the actuarial valuation completed effective January 1, 2014 and extrapolated to March 31, 2015.

13. Employee future benefits and sick leave entitlements (continued):

The main actuarial assumptions employed for the valuations are as follows:

Assumptions	**2015**	2014
Discount rate	**1.6% per annum**	2.7% per annum
Medical cost increase		
Hospital:	**4% per annum**	4% per annum
Drugs:	**9% per annum in 2014, grading down to 4% by 2034**	9% per annum in 2014, grading down to 4% by 2034
Other Medical:	**4% per annum**	4% per annum
Vision/Hearing Care:	**4% per annum**	4% per annum
Dental costs increase	**4% per annum**	4% per annum
Expected return on plan assets	**1.4%**	1.7%

14. Pension plans:

Qualifying employees of Sheridan are members of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), which is a multi-employer jointly-sponsored defined benefit plan for eligible employees of public colleges and related employers in Ontario. Sheridan makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governors to ensure the long-term viability of the Plan.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. Sheridan does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify Sheridan's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2015 indicated an actuarial surplus of $773 million. For the year ending March 31, 2015, Sheridan made contributions to the Plan and its associated retirement compensation arrangement of $14,714,504 (2014 - $13,283,291), which has been recorded in salaries and benefits in the statement of revenue and expenditures.

15. Ontario Student Opportunity Trust Fund and other endowments:

Endowments represent restricted donations received by Sheridan where the principal is required to be maintained. The investment income generated from the endowments must be used in accordance with the various purposes specified by the donors. Sheridan ensures that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on endowments that was disbursed during the year has been recorded in the statement of revenue and expenditures once the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions for expenses of future periods. Total investment income on endowed assets recognized during the year is $639,502 (2014 - $999,116). Total investment income deferred during the year in excess of disbursements is $6,712,192 (2014 - $6,137,283).

The Ministry requires Sheridan to include in its financial statements the following disclosures for its Ontario Student Opportunity Trust Funds ("OSOTF I" and "OSOTF II"), and Ontario Trust for Student Support ("OTSS"):

OSOTF I

Schedule of changes in endowed funds related to OSOTF I within the Endowment Fund balance for the year ended March 31, 2015 (schedule based on book value):

		2015		2014
Fund balance, beginning of year	$	25,258,608	$	25,258,608
Cash donations received		-		-
Preservation of capital		-		-
Fund balance, end of year	$	25,258,608	$	25,258,608

Schedule of changes in expendable funds related to OSOTF I available for awards for the year ended March 31, 2015 (schedule based on book value):

		2015		2014
Balance, beginning of year	$	5,373,163	$	4,257,741
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		2,528,607		1,811,684
Bursaries awarded (2015-332; 2014-242)		(335,357)		(696,262)
Balance, end of year	$	7,566,413	$	5,373,163
Endowment total based on book value	$	32,825,021	$	30,631,771

The market value of the endowment as at March 31, 2015 is $46,447,722 (2014 - $40,688,632).

15. Ontario Student Opportunity Trust Fund and other endowments (continued):

OSOTF II

Schedule of changes in endowed funds related to OSOTF II within the Endowment Fund balance for the year ended March 31, 2015 (schedule based on book value):

		2015		2014
Fund balance, beginning of year	**$**	**615,174**	$	615,174
Cash donations received		**-**		-
Preservation of capital		**-**		-
Fund balance, end of year	**$**	**615,174**	$	615,174

Schedule of changes in expendable funds related to OSOTF II available for awards for the year ended March 31, 2015 (schedule based on book value):

		2015		2014
Balance, beginning of year	**$**	**20,111**	$	13,671
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		**62,053**		46,097
Bursaries awarded (2015-14; 2014-37)		**(15,771)**		(39,657)
Balance, end of year	**$**	**66,393**	$	20,111
Endowment total based on book value	**$**	**681,567**	$	635,285

The market value of the endowment as at March 31, 2015 is $987,850 (2014 - $871,284).

15. Ontario Student Opportunity Trust Fund and other endowments (continued):

OTSS

Schedule of changes in endowed funds related to OTSS within the Endowment Fund balance for the year ended March 31, 2015 (schedule based on book value):

		2015		2014
Fund balance, beginning of year	$	**4,312,997**	$	4,291,225
Cash donations received		**30,660**		21,772
Matching funds from the Ministry		**-**		-
Preservation of capital		**-**		-
Fund balance, end of year	$	**4,343,657**	$	4,312,997

Schedule of changes in expendable funds related to OTSS available for awards for the year ended March 31, 2015 (schedule based on book value):

		2015		2014
Balance, beginning of year	$	**368,663**	$	249,691
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		**330,798**		209,683
Bursaries awarded (2015-70; 2014-56)		**(131,655)**		(90,711)
Balance, end of year	$	**567,806**	$	368,663
Endowment total based on book value	$	**4,911,463**	$	4,681,660

The market value of the endowment as at March 31, 2015 is $6,197,755 (2014 - $5,477,643).

15. Ontario Student Opportunity Trust Fund and other endowments (continued):

Total endowment fund balance is comprised of:

		2015		2014
Endowed fund related to OSOFT I, OSOTF II and OTSS within endowment fund	$	**30,217,439**	$	30,186,779
Other endowed funds		**1,692,262**		1,538,548
Endowment fund balance, end of year		**31,909,701**		31,725,327
Expendable funds available for OSOTF I, OSOTF II and OTSS awards		**8,200,612**		5,761,937
Expendable funds available for other endowed funds		**153,919**		95,234
Expendable funds within deferred contribution - expenses of future periods based on book value	$	**8,354,531**	$	5,857,171

The market value of other endowed funds as at March 31, 2015 is $2,042,784 (2014 - $1,741,986).

The market value of total endowment fund as at March 31, 2015 is $55,676,111 (2014 - $48,779,545).

16. Internally restricted net assets:

Internally restricted net assets are for:

		2015		2014
Capital projects	$	**15,167,027**	$	23,391,561
Strategic initiatives		**4,205,147**		9,342,885
Operating expenses for the following year		**5,696,895**		5,260,412
Total	$	**25,069,069**	$	37,994,858

17. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Sheridan is exposed to credit risk with respect to the accounts receivable, grants receivable, student levy receivable, other notes receivable, cash and investments.

17. Financial risks and concentration of credit risk (continued):

(a) Credit risk (continued):

Sheridan assesses, on a continuous basis, all receivable balances and provides for any amounts that are not collectible in the allowance for doubtful accounts. Accounts receivable and student levy receivable are due from students. Credit risk is mitigated by financial approval processes before a student is enrolled. Sheridan measures its exposure to credit risk based on how long the amounts have been outstanding. The maximum exposure to credit risk of Sheridan at March 31, 2015 is the carrying value of these assets.

The carrying amount of all receivable balances is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of revenue and expenditures. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of revenue and expenditures. The balance of the allowance for doubtful accounts at March 31, 2015 is $703,794 (2014 - $513,750).

As at March 31, 2015, $2,763,141 (2014 - $2,099,465) of accounts receivable were past due, but not impaired.

Sheridan holds its cash accounts with federally regulated chartered banks and credit unions who are insured by the Canadian Deposit Insurance Corporation. In the event of default, Sheridan's cash accounts are insured up to $200,000 (2014 - $200,000).

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

There have been no significant changes to the credit risk exposure from 2014.

(b) Liquidity risk:

Liquidity risk is the risk that Sheridan will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Sheridan manages its liquidity risk by monitoring its operating requirements. Sheridan prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice. The contractual maturities of long-term debt are disclosed in Note 9.

There have been no significant changes to the liquidity risk exposure from 2014.

17. Financial risks and concentration of credit risk (continued):

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect Sheridan's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

(i) Foreign exchange risk:

Sheridan is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, Sheridan makes purchases denominated in U.S. dollars. Sheridan does not currently enter into forward contracts to mitigate this risk. Sheridan does not have any material transactions during the year or financial instruments denominated in foreign currencies at year end.

There have been no significant changes to the foreign exchange risk exposure from 2014.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose Sheridan to cash flow interest rate risk. Sheridan is exposed to this risk through its interest bearing investments and long-term debt.

Sheridan's long-term debt is fixed rate debt as disclosed in Note 9. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

As at March 31, 2015, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the estimated impact on the market value of investments would approximate $1,130,170.

Sheridan's investments are disclosed in Note 3.

There has been no change to the interest rate risk exposure from 2014.

18. Comparative figures:

Certain comparative figures have been reclassified from those previously presented to conform to the current year's presentation. The changes do not affect prior year's excess of expenditures over revenue.

The Sheridan College Institute of
Technology and Advanced Learning

Schedule 1 - Endowment and Deferred Contributions for Expenses of Future Periods

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

	Endowment fund (note 3 (b))	Endowment fund investment income and disbursements	Bursaries and scholarships	Other	Student Centre	2015 Total	2014 Total
Balance, beginning of year	$ 31,725,327	$ 17,054,218	$ 677,052	$ 2,583,018	$ 3,553,805	$ 55,593,420	$ 47,664,199
Receipts:							
Donations	184,374	-	1,436,779	2,116,161	1,470,229	5,207,543	4,342,921
Gain and interest on investments	-	3,136,862	695	7,037	52,228	3,196,822	2,283,660
Unrealized gain	-	4,214,832	-	-	-	4,214,832	4,893,438
Tuition reinvestment fund contributions	-	-	5,921,029	-	-	5,921,029	5,154,107
Contribution from Sheridan Student Union Incorporated	-	-	-	-	-	-	350,000
	184,374	7,351,694	7,358,503	2,123,198	1,522,457	18,540,226	17,024,126
	31,909,701	24,405,912	8,035,555	4,706,216	5,076,262	74,133,646	64,688,325
Disbursements:							
Awards	-	499,433	5,700,960	9,972	-	6,210,365	7,106,254
Other	-	140,069	951,768	939,431	258,197	2,289,465	1,848,096
Transfer to deferred capital contributions	-	-	-	1,027,966	-	1,027,966	140,555
	-	639,502	6,652,728	1,977,369	258,197	9,527,796	9,094,905
Balance, end of year	$ 31,909,701	$ 23,766,410	$ 1,382,827	$ 2,728,847	$ 4,818,065	$ 64,605,850	$ 55,593,420