# AUDITED FINANCIAL STATEMENTS

YEAR ENDING

MARCH 31, 2023

St. Lawrence College

Consolidated Financial Statements of

# THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

And Independent Auditors' Report Thereon

Year ended March 31, 2023

# THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Index of Consolidated Financial Statements and Supplementary Schedules
Year ended March 31, 2023

**Statement/Schedule Number**

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# INDEPENDENT AUDITORS' REPORT

To the Board of Governors of St. Lawrence College of Applied Arts and Technology

## *Opinion*

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

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets 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 notes to the consolidated financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2023, its results of operations, its cash flows and remeasurement gains and losses 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 responsibilities 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 College in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

### *Other Information*

Management is responsible for the other information. Other information comprises:

- the information, other than the consolidated financial statements and the auditors' report thereon, included in the Annual Report document.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

### *Other Information*

We obtained the information, other than the consolidated financial statements and the auditors' report thereon, included in Annual Report document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

### *Other Matter – Comparative Information*

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the consolidated financial statements, management is responsible for assessing the College'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 College or to cease operations, or has no realistic alternative but to do so.

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 these consolidated 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 risks 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, intentional 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 purpose of expressing an opinion on the effectiveness of the College'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 events or conditions that may cast significant doubt on the College'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 consolidated 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 College to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 appropriate audit evidence regarding the financial information of the entities or business activities within the group of the College 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

Kingston, Canada
June 6, 2023

# THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position
As at March 31, 2023, with comparative figures for 2022

Statement 1

| | 2023 | 2022 |
|---|---|---|
| | | Restated – note 2 |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 80,100,862 | $ 102,838,937 |
| Investments (note 3) | 46,660,103 | 16,351,170 |
| Grants and accounts receivable (note 18(a)) | 18,269,586 | 8,813,160 |
| Prepaid expenses | 1,713,651 | 2,085,696 |
| | 146,744,202 | 130,088,963 |
| Long-term receivables (note 4) | 3,384,375 | 4,254,552 |
| Long-term investments (note 3) | 14,558,672 | 14,621,799 |
| Capital assets (note 5) | 96,479,069 | 98,422,549 |
| | $ 261,166,318 | $ 247,387,863 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 27,790,860 | $ 24,441,082 |
| Deferred revenue (note 6) | 49,035,111 | 63,350,427 |
| Trust funds for student enhancement fees (note 7) | 653,411 | 574,747 |
| Current portion of long-term debt (note 9) | 1,738,258 | 1,654,514 |
| | 79,217,640 | 90,020,770 |
| Bankers' acceptance loans due on demand (note 9) | 2,896,620 | 3,455,384 |
| | 82,114,260 | 93,476,154 |
| Employee future benefits (note 8(b)) | 730,000 | 673,000 |
| Sick leave benefit entitlement (note 8(c)) | 2,627,000 | 2,572,000 |
| Long-term debt (note 9) | 8,696,373 | 9,875,866 |
| Interest rate swaps (note 9(d)) | 700,521 | 1,305,751 |
| Deferred capital contributions (note 10) | 55,881,957 | 55,348,535 |
| Asset retirement obligations (note 11) | 1,358,072 | 1,381,508 |
| Total liabilities | 152,108,183 | 164,632,814 |
| Net assets: | | |
| Invested in capital assets (note 12) | 28,128,437 | 28,676,917 |
| Restricted for endowments (note 13) | 12,857,250 | 12,375,844 |
| Internally restricted (note 14) | 5,438,923 | 3,084,438 |
| Unrestricted (note 15) | 57,778,654 | 34,733,477 |
| | 104,203,264 | 78,870,676 |
| Accumulated remeasurement gains | 4,854,871 | 3,884,373 |
| Total net assets | 109,058,135 | 82,755,049 |
| Commitments (note 16) | | |
| Contingent liabilities (note 17) | | |
| | $ 261,166,318 | $ 247,387,863 |

See accompanying notes to these consolidated financial statements.

Approved by the Board of Governors:

__________________ Chair __________________ President

# THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Statement 2

Year ended March 31, 2023, with comparative figures for 2022

| | | 2023 | | 2022 |
|---|---|---|---|---|
| | | | | Restated – note 2 |
| Revenue: | | | | |
| Grants and reimbursements (schedule 1) | $ | 51,690,646 | $ | 59,676,555 |
| Tuition and related fees | | 102,288,571 | | 68,596,143 |
| Ancillary (schedule 1) | | 7,321,813 | | 5,120,485 |
| Contract educational services | | 1,896,759 | | 973,617 |
| Other | | 3,834,695 | | 2,607,965 |
| Amortization of deferred capital contributions (note 10) | | 5,104,754 | | 4,537,238 |
| Realized gain on settlement of interest rate swap | | - | | 775,448 |
| Realized loss on sale of investments | | (133,684) | | (6,508) |
| Donations | | 627,360 | | 602,163 |
| Interest | | 5,045,506 | | 1,363,436 |
| Total revenue | | 177,676,420 | | 144,246,542 |
| Expenses: | | | | |
| Salaries, wages and benefits (schedule 2) | | 96,776,282 | | 87,834,949 |
| Non-payroll (schedule 3) | | 46,438,844 | | 39,699,624 |
| Amortization of capital assets | | 9,412,867 | | 9,110,374 |
| Remeasurement of employee future benefits (note 8(b)) | | 57,000 | | (42,000) |
| Remeasurement of sick leave benefit entitlements (note 8(c)) | | 55,000 | | 51,000 |
| Remeasurement of other non-pension benefits | | 85,245 | | 149,170 |
| Total expenses | | 152,825,238 | | 136,803,117 |
| Excess of revenue over expenses | $ | 24,851,182 | $ | 7,443,425 |

See accompanying notes to these consolidated financial statements.

# THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Statement 3

Year ended March 31, 2023, with comparative figures for 2022

| | Invested in capital assets | Restricted for endowments | Internally restricted | Unrestricted | Total |
|---|---|---|---|---|---|
| Balance, April 1, 2022 | $ 28,676,917 | $ 12,375,844 | $ 3,084,438 | $ 34,733,477 | $ 78,870,676 |
| Excess / (deficiency) of revenue over expenses (note 12) | (4,308,113) | - | - | 29,159,295 | 24,851,182 |
| Net change in investment in capital assets (note 12) | 3,759,633 | - | - | (3,759,633) | - |
| Transfer between funds (note 14) | - | - | 2,354,485 | (2,354,485) | - |
| Endowment contributions (note 13) | - | 481,406 | - | - | 481,406 |
| Balance, March 31, 2023 | $ 28,128,437 | $ 12,857,250 | $ 5,438,923 | $ 57,778,654 | $ 104,203,264 |

| | Invested in capital assets | Restricted for endowments | Internally restricted | Unrestricted | Total |
|---|---|---|---|---|---|
| | | | | | Restated – note 2 |
| Balance, April 1, 2021 | $ 29,525,581 | $ 11,663,840 | $ 2,524,817 | $ 28,393,102 | $ 72,107,340 |
| Adjustment upon adoption of PS 3280 (note 2) | - | - | - | (1,392,093) | (1,392,093) |
| Balance, April 1, 2021 as restated | 29,525,581 | 11,663,840 | 2,524,817 | 27,001,099 | 70,715,247 |
| Excess / (deficiency) of revenue over expenses (note 12) | (4,573,136) | - | - | 12,016,561 | 7,443,425 |
| Net change in investment in capital assets (note 12) | 3,724,472 | - | - | (3,724,472) | - |
| Transfer between funds (note 14) | - | - | 559,621 | (559,621) | - |
| Endowment contributions (note 13) | - | 712,004 | - | - | 712,004 |
| Balance, March 31, 2022 | $ 28,676,917 | $ 12,375,844 | $ 3,084,438 | $ 34,733,477 | $ 78,870,676 |

See accompanying notes to these consolidated financial statements.

# THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows — Statement 4

Year ended March 31, 2023, with comparative figures for 2022

| | 2023 | 2022 |
|---|---|---|
| | | Restated – note 2 |
| Cash provided by / (used in): | | |
| **Operating activities:** | | |
| Excess of revenue over expenses | $ 24,851,182 | $ 7,443,425 |
| Adjustments for: | | |
| Amortization of deferred capital contributions | (5,104,754) | (4,537,238) |
| Amortization of capital assets | 9,412,867 | 9,110,374 |
| Gain on settlement of interest rate swap | - | (775,448) |
| Loss on sale of investments | 133,684 | 6,508 |
| Gain on disposal of capital assets | (30,233) | (50,371) |
| Settlement of asset retirement obligations | (23,436) | (10,585) |
| Employee future benefits and sick leave benefit entitlement remeasurements | 112,000 | 9,000 |
| Changes in non-cash operating working capital: | | |
| (Increase) / decrease in grants and accounts receivable | (9,456,426) | 6,604,432 |
| Decrease / (increase) in prepaid expenses | 372,045 | (237,217) |
| Increase in accounts payable and accrued liabilities | 3,349,778 | 7,098,801 |
| (Decrease) / increase in deferred revenue | (14,315,316) | 40,276,055 |
| | 9,301,391 | 64,937,736 |
| **Capital activities:** | | |
| Purchase of capital assets | (7,472,261) | (8,527,441) |
| Receipt of deferred capital contributions | 5,364,267 | 6,652,582 |
| Receipt / (reduction) of unspent deferred capital contributions | 273,909 | (2,293,408) |
| Proceeds on sale of capital assets | 33,107 | 50,371 |
| | (1,800,978) | (4,117,896) |
| **Financing activities:** | | |
| Endowment contributions | 481,406 | 712,004 |
| Increase in trust funds for student enhancement fees | 78,664 | 65,887 |
| Principal payments on long-term debt and bankers' acceptance loans | (1,654,513) | (1,849,613) |
| | (1,094,443) | (1,071,722) |
| **Investing activities:** | | |
| Decrease in long-term receivables | 870,177 | 760,587 |
| Increase in investments, net of remeasurement gains | (30,014,222) | (944,168) |
| | (29,144,045) | (183,581) |
| (Decrease) / increase in cash and cash equivalents | (22,738,075) | 59,564,537 |
| Cash and cash equivalents, beginning of year | 102,838,937 | 43,274,400 |
| Cash and cash equivalents, end of year | $ 80,100,862 | $102,838,937 |

See accompanying notes to these consolidated financial statements.

# THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses — Statement 5

Year ended March 31, 2023, with comparative figures for 2022

| | 2023 | 2022 |
|---|---|---|
| Accumulated remeasurement gains, beginning of year | $ 3,884,373 | $ 3,964,727 |
| Unrealized gains / (losses) attributable to: | | |
| Investments designated at fair value | 231,584 | (395,921) |
| Derivatives – interest rate swaps (note 9(d)) | 605,230 | 1,084,507 |
| | 836,814 | 688,586 |
| Realized losses / (gains) reclassified to the statement of operations: | | |
| Settlement of interest rate swap | - | (775,448) |
| Disposition of investments | 133,684 | 6,508 |
| Net remeasurement gains / (losses) for the year | 970,498 | (80,354) |
| Accumulated remeasurement gains, end of year | $ 4,854,871 | $ 3,884,373 |

See accompanying notes to these consolidated financial statements.

The St. Lawrence College of Applied Arts and Technology (the "College") was established as a community college in 1967 and operates under the authority of the Province of Ontario. The College offers full-time, post-secondary programs and part-time courses and certificate programs at campuses located in Kingston, Brockville and Cornwall. The College is a registered charity and is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The St. Lawrence College Foundation (the "Foundation") is incorporated without share capital under the Ontario Corporations Act. The Foundation operates under a memorandum of understanding with the College's Board of Governors. Accordingly, the results and operations of the Foundation are included in the College's consolidated financial statements. The objectives of the Foundation are to solicit, receive, manage and distribute money and other funds to support the educational services provided by the College and its affiliated institutions.

## 1. Significant accounting policies:

(a) Basis of presentation:

These 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. These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the College and its controlled not-for-profit Foundation. All significant intercompany balances and transactions have been eliminated upon consolidation.

(b) Revenue recognition:

The College follows the deferral method of accounting for contributions, which includes government grants and reimbursements and donations.

Operating grants are recorded as revenue in the period to which they relate. Grants earned but not received by the end of the fiscal year are accrued. Where a portion of a grant received relates to a future year, that portion is deferred and recognized in the year to which it relates.

Tuition and related fees are recorded as revenue based on the academic period of the related courses. Fees are recognized as income based on the proportion of the academic period that occurs within the fiscal year of the College. Fees received for courses that commence after the end of the fiscal year of the College are recorded as deferred revenue. The portion of tuition and fees received from students enrolled at a private career college partner of the College are recognized as revenue based on the proportion of the academic period that occurs within the fiscal year of the College.

Revenues from contract educational services, federal training and ancillary operations are recognized when the related products are delivered or services are provided by the College.

## 1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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

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 as revenue on a straight-line basis over the useful life of 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.

Donations of assets are recorded at fair value when a fair value can be reasonably estimated. Pledges receivable are not recorded as an asset in the accompanying consolidated financial statements.

(c) Cash equivalents

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value. Any unamortized deferred capital contribution amount related to the capital asset is recognized in revenue in the Consolidated Statement of Operations, provided that all restrictions have been complied with.

Construction in progress costs are capitalized as incurred and represent the cost of capital assets currently under construction. Amortization is not recognized until construction is complete and the assets are ready for productive use.

Where a legal obligation exists to remediate or otherwise retire a capital asset recognized by the College, the estimated cost of the asset retirement obligation is included in the cost of the related capital asset.

## 1. Significant accounting policies (continued):

(d) Capital assets (continued):

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 10, 20 and 40 years |
| Site improvements and parking | 10 years |
| Equipment | 2 to 10 years |

(e) Employee future benefits and sick leave benefit entitlement:

The College is a member of the Colleges of Applied Arts and Technology (“CAAT”) Pension Plan, which is a multi-employer, defined benefit plan. The College also provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental and non-vesting sick leave. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service. The most recent actuarial valuation of the pension plan for funding purposes was as of January 1, 2023, and the next required valuation will be as of January 1, 2026. The most recent actuarial valuation dates of the other employee future benefit plans are disclosed in notes 8(b) and 8(c).

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

(i) The costs of post-employment future benefits are actuarially determined using management’s best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.

(ii) The costs of the multi-employer defined benefit pension plan are the College’s contributions due to the plan in the period.

(iii) The cost of non-vesting sick leave benefits are actuarially determined using management’s best estimate of salary escalation, employees’ use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

(iv) The discount rate used in the determination of the above-mentioned liabilities is equal to the College’s internal rate of borrowing.

**1. Significant accounting policies (continued):**

(f) Financial instruments:

The College classifies its financial instruments as either fair value or amortized cost. The College's accounting policy for each category is as follows:

Fair Value

This category includes derivatives, equity instruments and mutual funds quoted in an active market. The College has designated its fixed income portfolio that would otherwise be classified into the amortized cost category as fair value as the College manages and reports performance of it on a fair value basis.

Financial instruments classified as fair value are initially recognized at cost and subsequently carried 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. Changes in fair value on restricted investments are recognized as deferred revenue until the restriction on its use is realized, at which time the balance is transferred to the Consolidated Statement of Operations.

Transaction costs related to financial instruments classified as 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 and recognized in the Consolidated Statement of Operations.

Amortized cost

This category includes accounts receivable, long-term receivables, accounts payable and accrued liabilities, bankers' acceptance loans and long-term debt.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

Transaction costs related to financial instruments classified as amortized cost are added to the carrying value of the instrument.

Write-downs on financial assets classified as amortized cost are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the Consolidated Statement of Operations.

**1. Significant accounting policies (continued):**

(g) Management estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards, including the 4200 standards for government not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of fair value for investments and interest rate swaps, allowance for doubtful accounts, amortization of capital assets and deferred capital contributions, estimated costs and timing of asset retirement obligations and actuarial estimation of employee future benefits and sick leave benefit entitlement liabilities.

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

- Level 1 – Fair value measurements are those derived from unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Fair value measurements are those derived from 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 – Fair value measurements are those derived from unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(h) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction. Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Realized foreign exchange gains and losses are recognized in the Consolidated Statement of Operations.

(i) Student organizations:

These consolidated financial statements do not reflect the assets, liabilities, revenues or expenses of the various student organizations at the College.

## 1. Significant accounting policies (continued):

(j) Private career colleges:

The College has entered into contractual agreements that enable international students of the College to pursue a St. Lawrence College credential at one of two private career colleges (“PCC”). The private career colleges receive payment of tuition and fees directly from the enrolled students, and the College receives a portion of the tuition and fees from the private career colleges in return for providing agreed-upon materials and services. The College has determined that it is acting as an agent in the provision of academic delivery to international students enrolled with the private career colleges, and accordingly the College recognizes revenue from these private career college agreements on a net basis in accordance with Canadian Public Sector Accounting Standards. The amount of tuition and fees received by the College from each private career college is recorded within tuition and related fees in the Consolidated Statement of Operations. Expenses incurred by the College in fulfilling its obligations to the PCC are included in the Consolidated Statement of Operations based on the nature of the expense. Expenses incurred by the private career college in fulfilling their contractual obligations are not included in the consolidated financial statements of the College.

(k) Asset retirement obligations:

The College recognizes the fair value of an Asset Retirement Obligation (“ARO”) when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability are recognized in the Consolidated Statement of Operations at the time of remediation.

## 2. Change in accounting policies:

On April 1, 2021, the College adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the College. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method of adoption, the assumptions used to estimate the College’s asset retirement obligations are applied as of the date of adoption of the standard.

**2. Change in accounting policies (continued):**

On April 1, 2021, the College recognized an asset retirement obligation relating to buildings owned by the College that contain asbestos. The buildings were originally purchased or constructed between 1968 and 1978, and the liability was measured as of the date of purchase or construction of the buildings, when the liability was created. The buildings had an expected useful life of 40 years, and the estimate has not been changed since purchase or construction.

In accordance with the provisions of this new standard, the College reflected the following adjustments at April 1, 2021:

- An increase of $1,389,369, to the buildings capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of the same amount to accumulated amortization, representing forty years of increased amortization had the liability originally been recognized;
- An asset retirement obligation in the amount of $1,392,093, representing the estimated cost of remediation as at that date; and
- A decrease to opening net assets of $1,392,093, representing forty years of accumulated amortization expense on the buildings asset and the portion of the liability charged directly to expense for assets no longer in productive use.

Also in accordance with the provisions of the standard, the College reflected a reduction in building and ground maintenance expenses of $10,585 representing the reduction of the liability for remediation work completing during the year ended March 31, 2022.

**3. Investments:**

Investments reported under current assets represent excess operating funds that are comprised of the following:

| | Level | 2023 | 2022 |
|---|---|---|---|
| Cash | 1 | $ 94,098 | $ 28,668 |
| Fixed income | 2 | 46,566,005 | 16,322,502 |
| | | $ 46,660,103 | $ 16,351,170 |

Long-term investments include $12,857,250 (2022 - $12,375,844) of investments externally restricted for endowments as described in note 13 and $1,701,422 of deferred restricted investment income (2022 - $2,245,955) as described in note 6(c). Long term investments are comprised of the following:

| | Level | 2023 | 2022 |
|---|---|---|---|
| Mutual funds | 1 | $ 14,558,672 | 14,621,799 |

## 3. Investments (continued):

During the year there were no transfers between fair value hierarchy levels.

Fixed income investments have interest rates from 3.15% to 5.09% (2022 – 0.21% to 3.50%) and mature between 2023 and 2027 (2022 – 2022 and 2026). The fixed income investments are fixed rate with a weighted average effective interest rate of 4.41% (2022 – 2.01%).

The maturity profile of fixed income investments held is as follows:

| As at March 31, 2023 | Within 1 year | 1 - 5 years | 6 - 10 years | Total |
|---|---|---|---|---|
| Carrying value | $ 38,517,184 | $ 8,048,821 | $ - | $ 46,566,005 |
| Percentage of total | 82.7% | 17.3% | 0.0% | 100.0% |

| As at March 31, 2022 | Within 1 year | 1 - 5 years | 6 - 10 years | Total |
|---|---|---|---|---|
| Carrying value | $ 9,862,920 | $ 6,459,582 | $ - | $ 16,322,502 |
| Percentage of total | 60.4% | 39.6% | 0.0% | 100.0% |

## 4. Long-term receivables:

Long-term receivables are comprised of the following:

(a) Student levies for Student Life & Innovation Centre:

The student levies receivable represent the students' contribution towards the construction of the Student Life & Innovation Centre on the Kingston campus. The student levies will be charged to full-time students of the Kingston campus until April 2032 in accordance with the fee protocol agreements jointly agreed to by the College and its student governments.

| | 2023 | 2022 |
|---|---|---|
| Long-term accounts receivable | $ 3,681,133 | $ 4,484,750 |
| Less: Current portion included in grants and accounts receivable | (734,340) | (724,860) |
| | $ 2,946,793 | $ 3,759,890 |

## 4. Long-term receivables (continued):

(b) Receivable from Kingston Student Association for Student Life & Innovation Centre:

The receivable from the Kingston Student Association represents the outstanding balance of the Kingston Student Association's pledge to contribute approximately $1,300,000 to partially fund the construction of the Student Life & Innovation Centre on the Kingston campus. The balance of the pledge is an unsecured, interest-free receivable, due in annual instalments of approximately $60,000 until March 2032.

| | 2023 | 2022 |
|---|---|---|
| Long-term accounts receivable | $ 493,582 | $ 550,662 |
| Less: Current portion included in grants and accounts receivable | (56,000) | (56,000) |
| | $ 437,582 | $ 494,662 |

## 5. Capital assets:

| | | | 2023 | 2022 |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Land | $ 745,393 | $ - | $ 745,393 | $ 745,393 |
| Buildings, including asset retirement costs | 200,157,958 | 118,728,623 | 81,429,335 | 82,995,411 |
| Construction in progress | 2,339,095 | - | 2,339,095 | 2,454,109 |
| Site improvements and parking | 9,300,965 | 6,715,382 | 2,585,583 | 2,791,620 |
| Equipment | 69,698,071 | 60,318,408 | 9,379,663 | 9,436,016 |
| | $ 282,241,482 | $ 185,762,413 | $ 96,479,069 | $ 98,422,549 |

Cost and accumulated amortization at March 31, 2022 have been restated as described in note 2 and amounted to $275,211,747 and $176,789,198 respectively.

## 6. Deferred revenue:

| | 2023 | 2022 |
|---|---|---|
| Tuition and related fees | $ 39,657,386 | $ 46,838,363 |
| Externally restricted donations | 2,072,761 | 1,951,684 |
| Expenses of future periods | 7,304,964 | 14,560,380 |
| | $ 49,035,111 | $ 63,350,427 |

## 6. Deferred revenue (continued):

(a) Tuition and related fees:

Deferred revenue related to student tuition fees represent fees collected by the College for which the term of the program or course extends beyond the fiscal year of the College.

(b) Externally restricted donations:

Deferred contributions related to externally restricted donations represent unspent donations restricted by the donors for special projects, student bursaries and other financial assistance.

| | 2023 | 2022 |
|---|---|---|
| Donations | $ 732,345 | $ 849,848 |
| Restricted investment income, net of fees | 77,897 | 21,111 |
| | 810,242 | 870,959 |
| Amount recognized as revenue in the year | (634,520) | (618,052) |
| | 175,722 | 252,907 |
| Donations utilized for additions to capital assets | (31,573) | (59,896) |
| Donations permanently endowed and transferred to net assets | (23,072) | - |
| Net increase | 121,077 | 193,011 |
| Balance, beginning of year | 1,951,684 | 1,758,673 |
| Balance, end of year | $ 2,072,761 | $ 1,951,684 |
| Represented by: | | |
| Foundation fund for bursaries and special projects | $ 515,097 | $ 656,732 |
| Funds for bursaries | 1,557,664 | 1,294,952 |
| | $ 2,072,761 | $ 1,951,684 |

(c) Expenses of future periods:

Deferred revenues related to expenses of future periods represent amounts collected by the College where the related products or services have not yet been provided by the College, or where related expenses have not yet been incurred.

| | 2023 | 2022 |
|---|---|---|
| Balance, beginning of year | $14,560,380 | $ 6,920,110 |
| Amount recognized as revenue in the year | (11,252,949) | (3,623,139) |
| Amount received related to future years | 4,541,883 | 11,418,550 |
| Restricted investment income (note 13) | 648,422 | 782,828 |
| Unrealized losses on long-term investments | (597,565) | (6,734) |
| Amount permanently endowed and moved to net assets | (122,431) | (477,870) |
| Investment income used to pay bursaries (note 13) | (472,776) | (453,365) |
| Balance, end of year | $ 7,304,964 | $14,560,380 |

## 6. Deferred revenue (continued):

(c) Expenses of future periods (continued):

| | 2023 | 2022 |
|---|---|---|
| Represented by: | | |
| Tuition and related fees | $ 3,363,004 | $ 3,192,286 |
| Grants and reimbursements | 1,112,170 | 8,182,642 |
| Ancillary revenue | 751,741 | 496,206 |
| Contract educational services | 70,479 | 96,474 |
| Employment stability funds | 265,279 | 246,250 |
| Restricted investment income (note 13) | 1,248,427 | 1,195,212 |
| Unrealized gains on long-term investments | 439,348 | 1,036,913 |
| Other | 54,516 | 114,397 |
| | $ 7,304,964 | $14,560,380 |

## 7. Trust funds for student enhancement fees:

The College holds student enhancement fees on behalf of student associations. Representatives of the student associations determine the disbursement of the funds.

| | 2023 | 2022 |
|---|---|---|
| Student enhancement fees collected | $ 1,625,379 | $ 1,310,888 |
| Enhancement fees paid to student associations | (1,541,929) | (1,240,802) |
| Enhancement fees utilized for student approved activities and recognized as revenue | (4,786) | (4,199) |
| Net increase | 78,664 | 65,887 |
| Balance, beginning of year | 574,747 | 508,860 |
| Balance, end of year | $ 653,411 | $ 574,747 |

**8. Employee future benefits and sick leave benefit entitlement:**

(a) 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 ("CAAT") Pension Plan (the "Plan"), which is a multi-employer jointly-sponsored defined benefit pension plan for public Colleges in Ontario and select other employers across Canada. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the highest five consecutive years prior to retirement, termination or death.

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

The College makes contributions to the Plan equal to those of its 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, 2023 indicated an actuarial surplus on a going concern basis of $4.7 billion (January 1, 2022 - $4.4 billion). Contributions to the Plan and its associated retirement compensation arrangements made during the year by the College amounted to $6,998,796 (2022 - $6,765,785) and are included as an expense in the Consolidated Statement of Operations.

(b) Employee future benefits:

The College provides extended health care, dental insurance and life insurance benefits to certain of its employees under a multi-employer plan under CAAT. This coverage may be extended to the post-employment period. The most recent actuarial valuation of these employee future benefits was completed February 28, 2023 for the non-pension post-retirement plan and February 1, 2023 for the continuation of medical and dental benefits and the life waiver of premium benefit for employees currently on long-term disability. The results of these valuations have been extrapolated to March 31, 2023. The related benefit liability was determined by independent actuaries on behalf of the college system as a whole.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The College recognizes as expense for current services the amount of its required contribution in a given year and the remeasurement of the accrued benefit liability in the year.

**8. Employee future benefits and sick leave benefit entitlement (continued):**

(b) Employee future benefits (continued):

The following tables outline the components of the College's employee future benefits liability and the related remeasurement losses (gains):

| | 2023 | 2022 |
|---|---|---|
| Accrued benefit obligations | $ 802,000 | $ 751,000 |
| Fair value of plan assets | (194,000) | (202,000) |
| Funded status – plan deficit | 608,000 | 549,000 |
| Unamortized actuarial gains | 122,000 | 124,000 |
| Employee future benefits liability | $ 730,000 | $ 673,000 |

| | 2023 | 2022 |
|---|---|---|
| Current service cost | $ 3,000 | $ 4,000 |
| Interest on accrued benefit obligation | 2,000 | 1,000 |
| Experience loss / (gain) | 67,000 | (35,000) |
| Benefit payments | (6,000) | (4,000) |
| Amortized actuarial gains | (9,000) | (8,000) |
| Net remeasurement of employee future benefits liability | $ 57,000 | $ (42,000) |

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

| | 2023 | 2022 |
|---|---|---|
| Discount rate | 3.40% | 2.90% |
| Dental benefit cost escalation | 4.00% | 4.00% |
| Medical benefits cost escalation: | | |
| Hospital and other medical | 6.16%, decreasing to 4.00% in 2040 | 6.29%, decreasing to 4.00% in 2040 |

**8. Employee future benefits and sick leave benefit entitlement (continued):**

(c) Sick leave benefit entitlement:

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 leave is paid out at the salary in effect at the time of usage. The most recent actuarial valuation of these sick leave benefits was completed August 31, 2022 and the results of this valuation have been extrapolated to March 31, 2023. The related benefit liability was determined by independent actuaries on behalf of the college system as a whole.

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

| | 2023 | 2022 |
|---|---|---|
| Accrued benefit obligation | $ 2,785,000 | $ 2,906,000 |
| Unamortized actuarial losses | (158,000) | (334,000) |
| Sick leave benefit entitlement liability | $ 2,627,000 | $ 2,572,000 |

| | 2023 | 2022 |
|---|---|---|
| Current service cost | $ 249,000 | $ 261,000 |
| Interest on accrued benefit obligation | 87,000 | 57,000 |
| Benefit payments | (305,000) | (345,000) |
| Amortized actuarial losses | 24,000 | 78,000 |
| Net remeasurement of sick leave benefit entitlement | $ 55,000 | $ 51,000 |

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0% to 26.2% (2022 – 0% to 26.2%) and 0 to 54.0 days (2022 – 0 to 51.0 days) respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

## 8. Employee future benefits and sick leave benefit entitlement (continued):

(c) Sick leave benefit entitlement (continued):

The unamortized actuarial gains and losses are amortized over the expected average remaining service life as listed below:

| | | 2023 | 2022 |
|---|---|---|---|
| Accumulated sick leave | Academic | 10.3 years | 10.0 years |
| benefit entitlements | Academic Partial-Load | 4.6 years | 4.7 years |
| | Support | 9.5 years | 10.2 years |
| Employee future benefits | | 11.7 years | 11.3 years |

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

| | 2023 | 2022 |
|---|---|---|
| Discount rate | 3.40% | 2.90% |
| Salary escalation - Academic | 1.00% in 2024 and thereafter | 1.00% in 2023 and thereafter |
| Salary escalation - Support | 1.00% in 2024 and thereafter | 1.00% in 2023 and thereafter |

## 9. Long-term debt:

(a) Long-term debt is comprised of the following:

| | 2023 | 2022 |
|---|---|---|
| 6.01%, repayable approximately $28,000 monthly including interest, maturing July 4, 2028 | 1,550,485 | 1,789,949 |
| 6.02%, repayable approximately $21,000 monthly including interest, maturing August 1, 2028 | 1,179,057 | 1,357,822 |
| 6.06%, repayable approximately $13,000 monthly including interest, maturing September 1, 2028 | 725,843 | 833,795 |
| Fixed rate term loans (note 9(c)): | | |
| 5.12%, repayable $9,466 monthly including interest, maturing February 1, 2030 | 660,428 | 738,032 |
| 5.29%, repayable $15,522 monthly including interest, maturing November 1, 2030 | 1,171,797 | 1,292,578 |
| 5.35%, repayable $67,895 monthly including interest, maturing March 1, 2031 | 5,293,063 | 5,809,538 |
| 2.94%, repayable $251,663 semi-annually including interest, maturing February 15, 2029 | 2,750,578 | 3,164,050 |
| | 13,331,251 | 14,985,764 |
| Current portion | (1,738,258) | (1,654,514) |
| Bankers' acceptance loans due on demand | (2,896,620) | (3,455,384) |
| | $ 8,696,373 | $ 9,875,866 |

**9. Long-term debt (continued):**

(b) The 6.01% bankers' acceptance loan due on demand was used to finance the construction of the student residence on the Kingston campus. The 6.02% and 6.06% bankers' acceptance loans due on demand were used to finance the construction of a fitness facility and the expansion of the cafeteria, respectively, on the Kingston campus. It is the intention of the College to repay these loans based on the payment schedules in note 9(a), unless payment is required earlier by the lender. These loans are economically hedged through interest rate swaps to the fixed interest rates noted above. The College also incurs a bank stamping fee of 0.30% (2022 – 0.30%) on the outstanding principal balance of each loan which is paid monthly. No specific security has been pledged for these loans.

Based on a detailed analysis and feasibility study it is expected that operational costs of the student residence, including the principal and interest payments on the related bankers' acceptance loan, will be financed from operational revenue generated by the residence as required by the Ministry of Colleges and Universities ("MCU"). If an operating deficit is incurred, it will be financed by the excess of revenue over expenses from other ancillary operations.

It is expected that the management fees, utilities and other costs of the fitness facility, including the principal and interest payments on the related bankers' acceptance loan, will be financed from student fees.

Assuming early repayment of the bankers' acceptance loans is not required by the lender, principal due on the bankers' acceptance loans in each of the next five years and thereafter is as follows:

| | | |
|---|---|---|
| 2024 | $ | 558,765 |
| 2025 | | 593,369 |
| 2026 | | 630,114 |
| 2027 | | 669,136 |
| 2028 | | 710,574 |
| Thereafter | | 293,427 |
| Total | $ | 3,455,385 |

Loan interest and stamping fees totalling $235,209 (2022 - $256,974) have been recorded as interest on long-term debt in the Consolidated Statement of Operations.

(c) The 5.12% fixed rate term loan was used to finance the construction of the Cornwall student residence, the 5.29% loan was used to finance the construction of the Brockville student residence, the 5.35% loan was used to finance the construction of an addition to the Kingston student residence and the 2.935% loan was used to finance construction related to the College's Hello Future project in Kingston. The College incurs a monthly bank stamping fee of 0.80% (2022 – 0.80%) on the outstanding principal balance of the student residence loans which have been economically hedged through interest rate swaps to the fixed interest rates noted above.

**9. Long-term debt (continued):**

(c) (continued):

Based on a detailed analysis and feasibility study it is expected that operational costs of the student residences, including the principal and interest payments on the related loans, will be financed from operational revenue generated by the residences as required by the MCU. If an operating deficit is incurred, it will be financed by the excess of revenue over expenses from other ancillary operations.

No specific security has been pledged for these loans.

Principal due on the fixed rate term loans in each of the next five years and thereafter is as follows:

| | | |
|---|---|---|
| 2024 | $ | 1,179,493 |
| 2025 | | 1,233,133 |
| 2026 | | 1,289,382 |
| 2027 | | 1,348,372 |
| 2028 | | 1,410,243 |
| Thereafter | | 3,415,243 |
| Total | $ | 9,875,866 |

Loan interest and stamping fees totalling $544,878 (2022 - $599,149) have been recorded as interest on long-term debt in the Consolidated Statement of Operations.

(d) The College is party to interest rate swap contracts to manage interest rate exposures for economic hedging and risk management purposes.

The interest rate swap contracts convert the floating rate interest obligations of certain loans into fixed rate obligations and thus manage the College's exposure to interest rate risk. The specific loans with interest rate swaps and the fixed rates payable under those interest rate swaps are disclosed in notes 9(b) and 9(c). The maturity dates of the interest rate swaps are the same as the maturity dates of the associated long-term debt, ranging from 2028 to 2031. The fair value of the interest rate swaps will vary based on prevailing market interest rates and the remaining term to maturity. The change in fair value of the interest rate swaps was an unrealized gain of $605,230 (2022 – $1,084,507) for the year ended March 31, 2023.

The interest rate swaps are level 3 financial instruments and are measured at fair value using a valuation technique, taking into account market interest rates. The fair value of interest rate swaps is based on broker quotes.

## 10. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of contributions, enhancement fees and donations utilized for additions to capital assets. The amortization of capital contributions is recorded as revenue in the Consolidated Statement of Operations.

| | 2023 | 2022 |
|---|---|---|
| Balance, beginning of year | $ 55,348,535 | $ 55,526,599 |
| Amounts used for capital purposes: | | |
| Contributions from MCU | 3,838,477 | 3,082,634 |
| Contributions from MLTSD | 1,061,741 | 944,333 |
| Donations | 471,270 | 211,593 |
| Other contributions | 260,701 | - |
| Contributions from federal government | 5,987 | 120,614 |
| Amortization of deferred capital contributions | (5,104,754) | (4,537,238) |
| Balance, end of year | $ 55,881,957 | $ 55,348,535 |

The balance of deferred capital contributions consists of the following:

| | 2023 | 2022 |
|---|---|---|
| Unamortized capital contributions | $ 55,019,381 | $ 54,759,868 |
| Unspent capital contributions | 862,576 | 588,667 |
| | $ 55,881,957 | $ 55,348,535 |

## 11. Asset retirement obligations:

The College's asset retirement obligations relate to the legally required removal or remediation of asbestos-containing materials in certain buildings. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

| | 2023 | 2022 |
|---|---|---|
| Balance, beginning of year | $ 1,381,508 | $ - |
| Adjustment on adoption of PS 3280 asset retirement obligation standard (note 2) | - | 1,392,093 |
| Opening balance, as restated | 1,381,508 | 1,392,093 |
| Less: obligations settled during the year | (23,436) | (10,585) |
| Balance, end of year | $ 1,358,072 | $ 1,381,508 |

## 12. Invested in capital assets:

(a) The College's investment in capital assets is calculated as follows:

| | 2023 | 2022 |
|---|---|---|
| Capital assets | $ 96,479,069 | $ 98,422,549 |
| Less amounts financed by: | | |
| Bankers' acceptance loans | (3,455,385) | (3,981,566) |
| Term bank loans | (9,875,866) | (11,004,198) |
| Deferred capital contributions | (55,019,381) | (54,759,868) |
| | $ 28,128,437 | $ 28,676,917 |

(b) The change in net assets invested in capital assets is calculated as follows:

| | 2023 | 2022 |
|---|---|---|
| Excess of expenses over revenue: | | |
| Amortization of deferred capital contributions | $ 5,104,754 | $ 4,537,238 |
| Amortization of capital assets | (9,412,867) | (9,110,374) |
| | $ (4,308,113) | $ (4,573,136) |
| Net change in investment in capital assets: | | |
| Additions to capital assets | $ 7,472,261 | $ 8,527,441 |
| Disposal of capital assets | (2,874) | - |
| Amount funded by deferred capital contributions | (5,364,267) | (6,652,582) |
| Repayment of: | | |
| Bankers' acceptance loans | 526,181 | 770,073 |
| Term bank loans | 1,128,332 | 1,079,540 |
| | $ 3,759,633 | $ 3,724,472 |

## 13. Net assets restricted for endowments:

| | 2023 | 2022 |
|---|---:|---:|
| Ontario Student Opportunity Trust Fund (OSOTF): | | |
| Phase I | $ 989,393 | $ 979,561 |
| Phase II | 1,209,276 | 1,197,303 |
| Ontario Trust for Student Support (OTSS) | 5,150,370 | 5,099,235 |
| Endowed Bursaries | 5,508,211 | 5,099,745 |
| | $ 12,857,250 | $ 12,375,844 |

**Ontario Student Opportunity Trust Fund:**

The externally restricted endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program to award student aid as a result of raising an equal amount of endowed donations. The College has recorded the following amounts under the program:

(a) Phase I:

**Schedule of Changes in Endowment Fund Balance for the year ended March 31, 2023**

| | |
|---|---:|
| Fund balance, beginning of year | $ 979,561 |
| Cash donations received | - |
| Permanent endowment of amounts previously deferred (note 6(c)) | 9,832 |
| Fund balance, end of year (A) | $ 989,393 |

**Schedule of Changes in Expendable Funds Available for Awards for the year ended March 31, 2023**

| | |
|---|---:|
| Balance, beginning of year | $ 101,563 |
| Realized investment income, net of direct investment-related expenses and preservation of capital contributions | 32,338 |
| Permanent endowment of amounts previously deferred (note 6(c)) | (9,832) |
| Bursaries awarded (total number 52, 42 OSAP recipients) | (26,461) |
| Balance, end of year (B) | $ 97,608 |
| Endowment total based on book value (A+B) | $ 1,087,001 |

The fair value of this endowment as at March 31, 2023 is $1,124,940 (2022 - $1,147,417).

## 13. Net assets restricted for endowments (continued):

**Ontario Student Opportunity Trust Fund (continued):**

(b) Phase II:

**Schedule of Changes in Endowment Fund Balance for the year ended March 31, 2023**

| | | |
|---|---|---|
| Fund balance, beginning of year | $ | 1,197,303 |
| Cash donations received | | - |
| Permanent endowment of amounts previously deferred (note 6(c)) | | 11,973 |
| Fund balance, end of year (A) | $ | 1,209,276 |

**Schedule of Changes in Expendable Funds Available for Awards for the year ended March 31, 2023**

| | | |
|---|---|---|
| Balance, beginning of year | | 210,147 |
| Realized investment income, net of direct investment-related expenses and preservation of capital contributions | | 70,068 |
| Permanent endowment of amounts previously deferred (note 6(c)) | | (11,973) |
| Bursaries awarded (total number 57, 35 OSAP recipients) | | (48,907) |
| Balance, end of year (B) | $ | 219,335 |
| Endowment total based on book value (A+B) | $ | 1,428,611 |

The fair value of this endowment as at March 31, 2023 is $1,483,058 (2022 - $1,526,116).

**13. Net assets restricted for endowments (continued):**

**Ontario Student Opportunity Trust Fund (continued):**

(c) Ontario Trust for Student Support:

**Schedule of Changes in Endowment Fund Balance for the year ended March 31, 2023**

| | |
|---|---|
| Fund balance, beginning of year | $ 5,099,235 |
| Cash donations received | - |
| Permanent endowment of amounts previously deferred (note 6(c)) | 51,135 |
| Fund balance, end of year (A) | $ 5,150,370 |

**Schedule of Changes in Expendable Funds Available for Awards for the year ended March 31, 2023**

| | |
|---|---|
| Balance, beginning of year | $ 436,414 |
| Realized investment income, net of direct investment-related expenses and preservation of capital contributions | 288,210 |
| Permanent endowment of amounts previously deferred (note 6(c)) | (51,135) |
| Bursaries awarded (total number 162, 106 OSAP recipients) | (183,192) |
| Balance, end of year (B) | $ 490,297 |
| Endowment total based on book value (A+B) | $ 5,640,667 |

The fair value of this endowment as at March 31, 2023 is $5,818,735 (2022 - $5,982,534).

**14. Net assets internally restricted:**

| | Funds for student assistance | College residences | Pay parking | Strategic Initiatives | 2023 Total |
|---|---|---|---|---|---|
| Balance, beginning of year | $ 9,911 | $ 153,812 | $ 889,336 | $ 2,031,379 | $ 3,084,438 |
| Transfer from unrestricted surplus | - | 1,326,523 | 206,018 | 821,944 | 2,354,485 |
| Balance, end of year | $ 9,911 | $ 1,480,335 | $ 1,095,354 | $ 2,853,323 | $ 5,438,923 |

## 14. Net assets internally restricted (continued):

| | Funds for student assistance | College residences | Pay parking | Strategic Initiatives | 2022 Total |
|---|---|---|---|---|---|
| Balance, beginning of year | $ 9,911 | $ (127,367) | $ 1,310,440 | $ 1,331,833 | $ 2,524,817 |
| Transfer from / (to) unrestricted surplus | - | 281,179 | (421,104) | 699,546 | 559,621 |
| Balance, end of year | $ 9,911 | $ 153,812 | $ 889,336 | $ 2,031,379 | $ 3,084,438 |

## 15. Unrestricted net assets:

| | 2023 | 2022 |
|---|---|---|
| Unrestricted net assets: | | |
| Operating | $ 67,259,267 | $ 43,866,460 |
| Vacation pay accrued liability | (6,123,613) | (5,887,983) |
| Sick leave entitlement | (2,627,000) | (2,572,000) |
| Employee future benefits | (730,000) | (673,000) |
| | $ 57,778,654 | $ 34,733,477 |

## 16. Commitments:

The College rents equipment and premises under long-term operating leases expiring up to the March 31, 2028 fiscal year. Future minimum payments, by year and in aggregate, under these operating leases as at March 31, 2023 are as follows:

| | |
|---|---|
| 2024 | $ 508,447 |
| 2025 | 341,378 |
| 2026 | 304,823 |
| 2027 | 85,283 |
| 2028 | - |
| | $ 1,239,931 |

## 17. Contingent liabilities

(a) Letters of credit:

The College is contingently liable under letters of credit amounting to $26,500 (2022 - $51,500), which have been issued in the normal course of business.

(b) Contingencies:

The College is involved with outstanding and pending litigation and claims which arise in the normal course of operations, primarily as a result of grievances filed under the provisions of the union collective agreements. In management's opinion any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the College. Losses in excess of the provision recorded in the consolidated financial statements, if any, arising from these contingencies will be accounted for in the year in which they are determined.

## 18. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. The College is exposed to credit risk relating to its cash and cash equivalents, grants and accounts receivable and current and long-term investments. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to $300,000 (2022 - $300,000).

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

Student and other receivables not impaired are collectible based on the College's assessment and past experience regarding collection rates. The maximum exposure to credit risk of the College at March 31, 2023 is the carrying value of these assets.

## 18. Financial risks and concentration of risk (continued):

(a) Credit risk (continued):

The amounts outstanding at year end were as follows:

| As at March 31, 2023 | Current | 1 - 30 days | 31 - 60 days | 61 - 90 days | 91+ days | Total |
|---|---|---|---|---|---|---|
| Government receivables | $ 780,216 | $ - | $ - | $ - | $ - | $ 780,216 |
| Student receivables | 422 | 12,056 | 20,349 | 398,684 | 178,164 | 609,675 |
| Current portion of long-term receivables | 790,340 | - | - | - | - | 790,340 |
| Other receivables | 15,646,633 | 730,155 | 33,467 | 20,955 | 18,918 | 16,450,128 |
| Gross receivables | 17,217,611 | 742,211 | 53,816 | 419,639 | 197,082 | 18,630,359 |
| Impairment allowances | - | - | - | (225,313) | (135,460) | (360,773) |
| Net receivables | $ 17,217,611 | $ 742,211 | $ 53,816 | $ 194,326 | $ 61,622 | $ 18,269,586 |

| As at March 31, 2022 | Current | 1 - 30 days | 31 - 60 days | 61 - 90 days | 91+ days | Total |
|---|---|---|---|---|---|---|
| Government receivables | $ 1,508,042 | $ - | $ - | $ - | $ - | $ 1,508,042 |
| Student receivables | 314 | 9,225 | 27,598 | 272,117 | 91,593 | 400,847 |
| Current portion of long-term receivables | 780,860 | - | - | - | - | 780,860 |
| Other receivables | 6,152,011 | 37,453 | 52,133 | 16,551 | 65,297 | 6,323,445 |
| Gross receivables | 8,441,227 | 46,678 | 79,731 | 288,668 | 156,890 | 9,013,194 |
| Impairment allowances | - | - | - | (121,952) | (78,082) | (200,034) |
| Net receivables | $ 8,441,227 | $ 46,678 | $ 79,731 | $ 166,716 | $ 78,808 | $ 8,813,160 |

**18. Financial risks and concentration of risk (continued):**

(a) Credit risk (continued):

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

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

(b) Market risk:

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

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

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

(i) Currency risk:

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

(ii) Interest rate risk:

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

The College mitigates interest rate risk on its long-term debt through derivative financial instruments (interest rate swaps) that exchange the variable rate inherent in the bankers' acceptance loans and long-term debt for a fixed rate as described in note 9(d). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

**18. Financial risks and concentration of risk (continued):**

(b) Market risk (continued):

(ii) Interest rate risk (continued):

The College's fixed income portfolio has interest rates ranging from 3.15% to 5.09% with maturities ranging from 2023 to 2027. The fixed income investments are fixed rate with a weighted average effective interest rate of 4.41% (2022 – 2.01%). At March 31, 2023 a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of fixed income investments of $464,857 (2022 - $162,444).

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its mutual fund holdings within its investment portfolio. At March 31, 2023, a 10% movement in the stock markets, with all other variables held constant, would have an estimated effect on the fair values of the College's mutual fund holdings of $1,455,868 (2022 - $1,462,180).

(c) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet all of its cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The College also maintains an unsecured line of credit with a Canadian chartered bank in the amount of $3,500,000 (2022 - $3,500,000) to cover short-term funding needs. There was no balance outstanding on the line of credit at March 31, 2023 (2022 – $nil). Accounts payable are all current and the terms of the long-term debt are disclosed in note 9.

Derivative financial liabilities mature as described in note 9(d).

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

## 18. Financial risks and concentration of risk (continued):

(c) Liquidity risk (continued):

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities, assuming early repayment of the bankers' acceptance loans is not required by the lender:

| As at March 31, 2023 | Within 6 months | 6 - 12 months | 1 - 5 years | 5+ years | Total |
|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ 27,790,860 | $ - | $ - | $ - | $ 27,790,860 |
| Bankers' acceptance loans | 275,186 | 283,579 | 2,896,620 | - | 3,455,385 |
| Long-term debt | 586,199 | 593,294 | 6,756,273 | 1,940,100 | 9,875,866 |
| Lease commitments | 254,689 | 253,758 | 731,484 | - | 1,239,931 |
| | $ 28,906,934 | $ 1,130,631 | $10,384,377 | $ 1,940,100 | $ 42,362,042 |

| As at March 31, 2022 | Within 6 months | 6 - 12 months | 1 - 5 years | 5+ years | Total |
|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ 24,441,082 | $ - | $ - | $ - | $ 24,441,082 |
| Bankers' acceptance loans | 259,138 | 267,042 | 3,161,958 | 293,428 | 3,981,566 |
| Long-term debt | 557,923 | 570,412 | 5,050,380 | 4,825,483 | 11,004,198 |
| Lease commitments | 259,461 | 254,265 | 1,244,367 | - | 1,758,093 |
| | $ 25,517,604 | $ 1,091,719 | $ 9,456,705 | $ 5,118,911 | $ 41,184,939 |

## 19. Fundraising campaigns:

The College is not currently engaged in any active campaigns but continues to fundraise for ongoing College priorities and collect funds for pledges made to previous campaigns, including the Uncommon campaign, which finished in 2020, as well as The Difference We Make campaign, which finished in 2013 and raised funds to finance capital asset acquisitions and program development with a focus on the Cornwall campus. As at March 31, 2023 pledges arising from these campaigns amounted to $42,250 (2022 - $97,726), which are not recorded in the College's consolidated financial statements until collected.

# THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Revenue

Schedule 1

Year ended March 31, 2023, with comparative figures for 2022

| | 2023 | 2022 |
|---|---|---|
| Grants and reimbursements: | | |
| Provincially funded grants and reimbursements: | | |
| Post-secondary activity | $ 36,436,670 | $ 41,885,262 |
| Employment services and skills training programs | 10,593,380 | 13,585,054 |
| Apprenticeship training programs | 2,475,203 | 2,740,608 |
| Other grants and reimbursements | 2,185,393 | 1,465,631 |
| | $ 51,690,646 | $ 59,676,555 |
| Ancillary operations: | | |
| Residences | $ 4,879,943 | $ 4,141,771 |
| Parking lots | 1,020,114 | 479,954 |
| Event and banquet services | 984,266 | 293,907 |
| Bookstores commission | 95,455 | 108,247 |
| Facilities rent | 342,035 | 96,606 |
| | $ 7,321,813 | $ 5,120,485 |

# THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Salaries, Wages and Benefits Expenses — Schedule 2

Year ended March 31, 2023, with comparative figures for 2022

| | 2023 | 2022 |
|---|---|---|
| Salaries: | | |
| Academic: | | |
| Full-time | $ 21,452,651 | $ 21,429,153 |
| Partial load and part-time | 18,847,460 | 13,990,076 |
| Excluded/sessional | 411,664 | 910,162 |
| Coordinators' allowance | 310,314 | 271,905 |
| Bonus/overtime | 139,549 | 103,008 |
| Administrative | 14,994,728 | 14,245,717 |
| Support: | | |
| Full-time | 16,242,495 | 15,519,399 |
| Part-time | 5,997,427 | 4,900,369 |
| Bonus/overtime | 107,911 | 116,014 |
| Professional development leave | 374,249 | 93,737 |
| Benefits: | | |
| Academic | 8,268,628 | 7,159,674 |
| Administrative | 3,884,581 | 3,630,902 |
| Support | 5,744,625 | 5,464,833 |
| | $ 96,776,282 | $ 87,834,949 |

# THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Non-Payroll Expenses

Schedule 3

Year ended March 31, 2023, with comparative figures for 2022

| | 2023 | 2022 |
|---|---|---|
| Other contract services | $ 16,272,777 | $ 12,258,603 |
| Scholarships, bursaries and student assistance | 3,578,683 | 3,353,976 |
| Software licenses and maintenance | 3,231,824 | 3,210,480 |
| Instructional supplies and equipment | 2,661,430 | 1,783,440 |
| Contracted cleaning and garbage removal services | 2,542,809 | 1,803,467 |
| Building and ground maintenance | 2,433,452 | 2,295,134 |
| Utilities | 2,373,726 | 1,987,456 |
| Promotion/public relations | 2,001,012 | 1,587,598 |
| Participant wages, benefits and support allowances | 1,601,568 | 1,948,476 |
| Other supplies | 1,372,977 | 1,219,469 |
| Contract teaching services | 1,260,643 | 1,626,366 |
| Contracted security services | 1,073,017 | 1,160,984 |
| Interest on long-term debt | 780,086 | 856,123 |
| Equipment purchase and rental | 779,070 | 740,635 |
| Insurance | 728,212 | 608,397 |
| Equipment maintenance | 684,688 | 635,009 |
| Travel | 575,237 | 81,065 |
| Professional fees | 486,932 | 691,161 |
| Taxes | 440,922 | 465,184 |
| Bad debts | 376,251 | 175,347 |
| Rent | 329,542 | 315,500 |
| Professional development | 273,544 | 210,490 |
| Telecommunications | 266,712 | 295,510 |
| Membership fees and dues | 139,290 | 134,732 |
| Other interest and bank charges | 91,442 | 91,919 |
| Staff employment | 67,087 | 153,475 |
| Cost of sales | 15,911 | 9,628 |
| | $ 46,438,844 | $ 39,699,624 |

St. Lawrence College