



Financial Statements of

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

March 31, 2016

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2016

Management's Report

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Centennial College of Applied Arts and Technology (the "College") are the responsibility of management and have been approved by the Board of Governors.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The College maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the College's assets are appropriately accounted for and adequately safeguarded.

The College's insurance liabilities have been reviewed by management in consultation with its broker. There are no material liabilities in either fact or contingency as at the date of this report.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee.

The Audit and Finance Committee is appointed by the Board of Governors and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The financial statements have been audited by BDO Canada LLP, the external auditors in accordance with Canadian generally accepted auditing standards, on behalf of the Board. BDO Canada LLP has full and free access to the Audit and Finance Committee.


College President


CFO and Vice President Business Development

June 08, 2016



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Independent Auditor's Report

To the Board of Governors of The Centennial College of Applied Arts & Technology

We have audited the accompanying financial statements of The Centennial College of Applied Arts & Technology, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net assets, cash flows, and remeasurement gains and losses for the year then ended, and 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.

Auditor's 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 the auditor's 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, the auditor considers 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 Centennial College of Applied Arts & Technology as at March 31, 2016, and the results of its operations, cash flows and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 8, 2016

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2016

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**THE CENTENNIAL COLLEGE OF APPLIED
ARTS AND TECHNOLOGY**
Statement of Financial Position
March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash (Note 2, 3)	\$ 60,388,072	\$ 46,734,167
Investments (Notes 2, 3)	24,400,169	19,764,384
Accounts receivable	14,221,009	15,511,148
Inventory	136,701	152,565
Prepaid expenses	3,595,952	5,463,374
	102,741,903	87,625,638
PREPAID LAND LEASE (Note 5)	7,960,573	8,055,342
LONG-TERM RECEIVABLE (Note 6)	15,077,049	16,865,505
CONSTRUCTION IN PROGRESS (Notes 4, 7)	53,324,041	7,750,160
CAPITAL ASSETS (Note 8)	240,360,884	248,036,108
	419,464,450	368,332,753
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 26,908,846	\$ 21,756,245
Deferred revenue (Note 9)	47,614,614	44,459,450
Vacation pay	10,140,542	8,814,416
Current portion of obligation under capital leases (Note 10)	166,008	153,571
Bank loans (Note 11)	2,067,999	2,255,999
Term debt (Note 12)	8,250,792	8,788,729
Current portion of long term debt (Note 12)	1,945,350	1,877,249
	97,094,151	88,105,659
POST EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 13)	6,832,000	6,989,000
LONG TERM DEBT (Note 12)	27,280,664	29,226,014
RESIDENCE AND CULINARY ARTS CENTRE LIABILITY (Note 4)	7,842,344	-
RESIDENCE AND CULINARY ARTS CENTRE DEFERRED REVENUE (Note 4)	35,120,753	5,953,236
DEFERRED CONTRIBUTIONS (Note 14)	4,067,309	3,671,124
DEFERRED CAPITAL CONTRIBUTIONS (Note 15)	124,134,131	127,744,024
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO PREPAID LAND LEASE (Note 5)	7,960,573	8,055,342
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO CONSTRUCTION IN PROGRESS (Note 16)	462,681	335,902
INTEREST RATE SWAP (Note 12)	2,494,366	2,692,381
OBLIGATION UNDER CAPITAL LEASES (Note 10)	435,216	601,224
	313,724,188	273,373,906
NET ASSETS		
Unrestricted		
Operating	12,086,367	10,319,416
Post employment benefits and compensated absences (Note 13)	(6,832,000)	(6,989,000)
Vacation pay	(10,140,542)	(8,814,416)
	(4,886,175)	(5,484,000)
INVESTED IN CAPITAL ASSETS (Note 17)	89,406,964	81,908,996
INTERNALLY RESTRICTED (Note 18)	6,430,433	4,665,331
EXTERNALLY RESTRICTED (Note 19)	17,283,406	16,560,901
	108,234,628	97,651,228
ACCUMULATED REMEASUREMENT LOSSES	(2,494,366)	(2,692,381)
	105,740,262	94,958,847
	\$ 419,464,450	\$ 368,332,753

See accompanying notes to the financial statements

APPROVED BY THE BOARD

Board Chair



President



THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

Year Ended March 31, 2016

	2016	2015
REVENUE		
Grants and reimbursements (schedule 1)	\$ 77,685,533	\$ 76,350,540
Enrolment revenues	144,371,844	130,495,091
Contract training	5,029,934	4,295,272
Deferred contributions recognized as revenue (Note 14)	4,575,490	3,596,179
Amortization of deferred capital contributions	7,873,004	7,375,903
Other income	14,324,638	11,823,060
Ancillary operations (schedule 2)	7,026,916	7,002,056
	260,887,359	240,938,101
EXPENDITURE		
Salaries and benefits	152,357,012	145,943,405
Operating expenditures	51,413,164	45,132,191
Plant and property expenditures	13,895,958	13,480,024
Amortization of capital assets (Note 8)	24,759,972	20,349,971
Bursaries and scholarships	4,575,490	3,596,179
Ancillary operations (schedule 2)	3,939,462	3,262,972
	250,941,058	231,764,742
EXCESS OF REVENUES OVER EXPENDITURES		
FOR THE YEAR	\$ 9,946,301	\$ 9,173,359

See accompanying notes to the financial statements

**THE CENTENNIAL COLLEGE OF APPLIED
ARTS AND TECHNOLOGY**
Statement of Changes in Net Assets
Year ended March 31, 2016

	2016				
	Unrestricted	Capital	Restricted		Total
	General	(Note 17)	Internally Restricted (Note 18)	Externally Restricted (Note 19)	
BALANCE, BEGINNING OF YEAR	\$ (5,484,000)	\$ 81,908,996	\$ 4,665,331	\$ 16,560,901	\$ 97,651,228
ENDOWMENTS RECEIVED DURING THE YEAR	-	-	-	722,505	722,505
INTERNALLY RESTRICTED SCHOLARSHIPS & BURSARIES	(1,850,508)	-	1,765,102	-	(85,406)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,833,269	(16,886,968)	-	-	9,946,301
INVESTMENT IN CAPITAL ASSETS	(24,384,936)	24,384,936	-	-	-
BALANCE, END OF YEAR	\$ (4,886,175)	\$ 89,406,964	\$ 6,430,433	\$ 17,283,406	\$ 108,234,628

	2015				
	Unrestricted	Capital	Restricted		Total
	General	(Note 17)	Internally Restricted (Note 18)	Externally Restricted (Note 19)	
BALANCE, BEGINNING OF YEAR	\$ (22,284,897)	\$ 90,649,205	\$ 3,430,424	\$ 15,759,096	\$ 87,553,828
ENDOWMENTS RECEIVED DURING THE YEAR	-	-	-	801,805	801,805
INTERNALLY RESTRICTED SCHOLARSHIPS & BURSARIES	(1,112,671)	-	1,234,907	-	122,236
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	22,147,428	(12,974,069)	-	-	9,173,359
INVESTMENT IN CAPITAL ASSETS	(4,233,860)	4,233,860	-	-	-
BALANCE, END OF YEAR	\$ (5,484,000)	\$ 81,908,996	\$ 4,665,331	\$ 16,560,901	\$ 97,651,228

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

Statement of Cash Flows

Year ended March 31, 2016

	2016	2015
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenues over expenditures	\$ 9,946,301	\$ 9,173,359
Items not involving cash:		
Amortization of unrestricted capital assets	16,886,968	12,974,069
Amortization of restricted capital assets	7,778,235	7,281,134
Amortization of prepaid land lease	94,769	94,768
Amortization of deferred capital contributions	(7,778,235)	(7,281,134)
Amortization of deferred capital contributions relating to land lease	(94,769)	(94,768)
Deferred contributions recognized as revenue in the year	(4,575,490)	(3,596,179)
	22,257,779	18,551,249
Changes in non-cash working capital items:		
Accounts receivable	1,290,139	1,681,620
Inventory	15,864	(50,955)
Prepaid expenses (Note 4)	(75,870)	(2,246,412)
Accounts payable and accrued charges	5,152,602	(2,067,487)
Accrual for vacation pay	1,326,126	(73,575)
Accrual for post-employment benefits and compensated absences	(157,000)	(111,000)
Deferred revenue (Note 4)	3,155,164	15,365,239
	32,964,804	31,048,679
INVESTING		
Long-term receivable	1,788,456	438,965
Purchase of investments	(4,635,785)	(9,507,311)
	(2,847,329)	(9,068,346)
FINANCING		
Deferred contributions	4,971,675	4,976,330
Term Debt	-	17,070,000
Repayment of capital lease	(153,571)	(142,066)
Repayment of bank loans	(188,001)	(188,001)
Repayment of term debt	(2,415,186)	(1,884,921)
Restricted contributions for endowments	637,099	924,041
	2,852,016	20,755,383
CAPITAL		
Contributions received for capital purposes	4,140,778	2,305,275
Contributions received for construction in progress	154,343	129,082
Construction in progress (Note 4)	(6,620,728)	(7,750,160)
Purchase of capital assets	(16,989,979)	(19,747,265)
	(19,315,586)	(25,063,068)
NET CASH INFLOW (OUTFLOW)	13,653,905	17,672,648
CASH, BEGINNING OF YEAR	46,734,167	29,061,519
CASH, END OF YEAR	\$ 60,388,072	\$ 46,734,167

See accompanying notes to the financial statements

**THE CENTENNIAL COLLEGE OF APPLIED
ARTS AND TECHNOLOGY**
Statement of Remeasurement Gains and Losses
Year Ended March 31, 2016

	2016	2015
Accumulated remeasurement losses at beginning of year	\$ (2,692,381)	\$ (2,380,872)
Unrealized gains attributable to:		
Derivative - interest rate swap	198,015	(311,509)
Amounts reclassified to the statement of operations:		
Disposition of long-term investments	-	-
Net remeasurement (losses)/gains for the year	198,015	(311,509)
Accumulated remeasurement losses at end of year	\$ (2,494,366)	\$ (2,692,381)

See accompanying notes to the financial statements

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

**Description of
organization**

The Centennial College of Applied Arts and Technology, 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. The College is an agency of the Crown and provides postsecondary, vocationally oriented education in the areas of applied arts, business, health sciences and technology.

The College is a government not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

Basis of presentation

The financial statements of the College have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPO's").

Revenue recognition

The College follows the deferral method of accounting for contributions, which include donations and government grants. Tuition fees and contract training revenues are recognized as income to the extent that the related courses and services are provided within the fiscal year of the College.

Ancillary revenues including parking, bookstore, residence 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.

Unrestricted contributions are recognized as revenue when received or receivable.

Externally restricted contributions and restricted investment income are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

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

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation of inventories Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis.

Capital assets Purchased capital assets are recorded 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 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, its carrying amount is written down to its net realizable value.

Construction in progress is recorded separately from capital assets until construction is complete and the asset is put into service.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

Buildings	- 20 or 40 years
Large machinery	- 20 years
Site & building improvements	- 10 years
Leasehold improvements	- Over the life of the lease
Computer software	- 5 years
Furniture, equipment and computers	- 5 years
Equipment under capital lease	- 4 years

Vacation pay The College recognizes vacation pay as an expense on the accrual basis.

Retirement and post-employment benefits and compensated absences The College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vested sick leave and non-vested sick leave. 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.

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement and post-employment benefits and compensated absences (continued)

- (ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- (iii) The cost of vested and non-vested 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 used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

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 investments and derivatives. The College has designated its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the College manages and reports performance of it on a fair value basis. The College's interest rate swap is considered to be a derivative financial instrument and is included in this category.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Amortized cost

This category includes accounts receivable, long-term receivable, accounts payable and accrued liabilities, accrued vacation pay, bank loans, term debt, long term debt, and residence and culinary arts centre liability. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

Writedowns on financial assets in the amortized cost category 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 writedown being recognized in the statement of operations.

Management estimates

The preparation of financial statements in conformity with PSAB for Government NPO's 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 allowance for doubtful accounts, deferred revenue, actuarial estimation of post-employment benefits and compensated absences liabilities, construction in progress of the Centennial Residence and Culinary Arts Centre, fair value of investments, fair value of the interest rate swap, and amortization of capital assets and deferred capital contributions.

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

2. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	2016		
	Fair Value	Amortized Cost	Total
Cash	\$ 60,388,072	\$ -	\$ 60,388,072
Investments	24,400,169		24,400,169
Accounts receivable	-	14,221,009	14,221,009
Long term receivable	-	15,077,049	15,077,049
Accounts payable			
and accrued liabilities	-	26,908,846	26,908,846
Accrued vacation pay	-	10,140,542	10,140,542
Bank loans	-	2,067,999	2,067,999
Term debt		10,196,142	10,196,142
Long term debt	-	27,280,664	27,280,664
Residence and culinary arts			
centre liability	-	7,842,344	7,842,344
Interest rate swap	2,494,366	-	2,494,366

	2015		
	Fair Value	Amortized Cost	Total
Cash	\$ 46,734,167	\$ -	\$ 46,734,167
Investments	19,764,384		19,764,384
Accounts receivable	-	15,511,148	15,511,148
Long term receivable	-	16,865,505	16,865,505
Accounts payable			
and accrued liabilities	-	21,755,973	21,755,973
Accrued vacation pay	-	8,814,416	8,814,416
Bank loans	-	2,255,999	2,255,999
Term debt		10,665,978	10,665,978
Long term debt	-	29,226,014	29,226,014
Interest rate swap	2,692,381	-	2,692,381

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

Investments consist of guaranteed investment certificates (GIC's), bond portfolio and other similar investments which are externally and internally restricted for endowment purposes (see Note 18 and Note 19). Maturity profile of investments held is as follows:

	2016			
	Within 1 year	2 to 5 years	6 to 10 years	Total
Investments	\$ 10,164,403	\$ 10,036,821	\$ 4,198,945	\$ 24,400,169
Percent of total	42%	41%	17%	

	2015			
	Within 1 year	2 to 5 years	6 to 10 years	Total
Investments	\$ 7,464,554	\$ 8,043,761	\$ 4,256,069	\$ 19,764,384
Percent of total	38%	41%	22%	

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2016			
	Level 1	Level 2	Level 3	Total
Cash	\$ 60,388,072	\$ -	\$ -	\$ 60,388,072
Investments	10,006,090	14,394,079	-	24,400,169
Interest rate swap	-	-	2,692,381	2,692,381
Total	\$ 70,394,162	\$ 14,394,079	\$ 2,692,381	\$ 87,480,622

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2015			
	Level 1	Level 2	Level 3	Total
Cash	\$ 46,734,167	\$ -	\$ -	\$46,734,167
Investments	7,300,000	12,464,384	-	19,764,384
Interest rate swap	-	-	2,692,381	2,692,381
Total	\$54,034,167	\$12,464,384	\$2,692,381	\$69,190,932

There were no transfers from Level 1 to Level 2 for the year ended March 31, 2016 (2015 - \$1,240,846). There were no transfers in or out of Level 3 (2015 - Nil). For a sensitivity analysis of financial instruments recognized in Level 3, see Note 20 - Interest rate risk, as the prevailing interest rate is the most significant input into the fair value of the instrument.

3. CASH AND INVESTMENTS

The College's cash and investments include amounts restricted for specific purposes that are not available to be spent at the College's discretion. Cash and investments consist of guaranteed investment certificates (GIC's), bond portfolios, other similar investments, and daily interest earned investments with interest earned at the Banker's Acceptance rate less 0.15%. The amounts available for operations are as follows:

	2016	2015
Cash	\$ 60,388,072	\$46,734,167
Investments	24,400,169	19,764,384
Total cash and investments	\$ 84,788,241	\$66,498,551
Less amounts restricted for:		
Cash held in trust	821,880	815,718
Endowments - externally restricted, less amounts receivable (Note 19)	17,283,406	16,560,901
Endowments - internally restricted, less amounts receivable (Note 18)	6,230,433	4,665,331
Deferred contributions (Note 14)	4,067,309	3,671,124
Restricted grants included as part of deferred revenue (Note 9)	3,353,787	3,936,441
Unspent deferred capital contributions less amounts receivable (Notes 15, 16)	1,730,566	802,677
Unrestricted cash and investments	\$ 51,300,860	\$36,046,359

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

4. CENTENNIAL RESIDENCE AND CULINARY ARTS CENTRE (CRCA)

The College has entered into an alternative financing arrangement for the construction and operation of the Centennial Residence and Culinary Arts Centre. Under the terms of this agreement the partner is responsible for constructing, maintaining and operating the student residence portion of the facility in exchange for an initial 49 year ground lease and the right to collect student residence fees over the same period. Centennial College has agreed to sublease a portion of the facility over the same term for the operation of the School of Hospitality, Tourism and Culinary Arts in exchange for annual rent payments and an agreed upon pre-payment. The building is currently under construction and is expected to be completed by September 2016.

At March 31, 2016, the estimated percentage completion of the project results in a construction in progress asset of \$49.393 million (2015 - \$7.225 million) (Note 7). The related liability has been proportionately split between deferred revenue and a financial liability. The deferred revenue of \$35.121 million (2015 - \$5.953 million) represents the College granting the partner the right to provide residence services to students of the College and receive the related rental fees, in exchange for the partner's capital investment in the facility. The financial liability of \$14.272 million (2015 - \$1.272 million) represents the subleased premises for which the College is required to make annual rent payments. At March 31, 2016, the College has made prepayments of \$6.430 million (2015 - \$3.215 million) to the partner, resulting in a net financial liability of \$7.842 million (2015 - a net prepaid of \$1.943 million).

In addition, the College has incurred additional direct Construction in progress (CIP) of \$624,350 (2015 - \$nil) relating to equipment and furniture for the academic operations, resulting in total CIP of \$50.018 million (2015 - \$7.225 million) for the Centennial Residence and Culinary Arts Centre.

With the exception of the prepayments of \$6.430 million (2015 - \$3.215 million) and the direct CIP of \$624,350 (2015 - \$nil), the remaining components of this transaction are non-cash and, as such, the cash flow impact on the related areas has been shown net on the statement of cash flows. The impact on the changes in the 2016 Statement of Cash Flows is as follows: a reduction in cash flows from change in prepaid expenses of \$1,942,916, increase in cash flows from change in deferred revenue of \$29,168,000, reduction in cash outflow from change in the Residence and Culinary Arts Centre liability and reduction in cash outflows from CIP additions of \$38,953,000.

5. PREPAID LAND LEASE

The College has negotiated a land lease with the University of Toronto. This amount recorded as a prepaid land lease includes the original payment made to the University of Toronto less accumulated amortization for a ninety-nine year lease for land upon which the College has constructed a new campus. The amount will be expensed over the term of the lease.

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

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6. LONG TERM RECEIVABLE

The College has financed the construction costs of the (i) Progress Campus Student Centre and the (ii) Athletic and Wellness Centre on behalf of the Centennial College Student Association Inc. ("CCSAI"). (iii) The CCSAI has committed to contribute funds towards the revitalization of student spaces at the Centennial College Ashtonbee campus.

- (i) Progress Campus Student Centre - This receivable bears interest at prime minus 25 bps and is to be repaid through the collection of an annual student centre-building levy, which is collected from all full-time and part-time students.
- (ii) Athletic and Wellness Centre:
 - a) Construction Costs – This receivable bears interest equal to the terms as noted in the term debt note (ii) (Note 12) since debt was acquired to fund this construction. The cost will be repaid through the collection of an annual levy, which is collected from all full-time students.
 - b) Equipment - The College advanced funds to facilitate the purchase of equipment for the Athletic Wellness Centre. This receivable bears interest at 1% and the cost will be repaid through the collection of an annual levy, which is collected from all full-time students.
- (iii) Ashtonbee Campus – The CCSAI has committed to contribute funds to the Ashtonbee Campus Renewal Project. This receivable is to be repaid through the collection of an annual levy, collected from all full-time and part-time students.

	2016	2015
Note receivable on the Student Centre	\$ 1,849,020	\$ 2,106,967
Note receivable on the Athletic and Wellness Centre	13,478,852	14,365,611
Note receivable on the Athletic and Wellness Centre - equipment	592,927	986,677
Note receivable on the Ashtonbee Campus	2,050,000	2,400,000
Less current portion estimate included in accounts receivable	(2,893,750)	(2,993,750)
	15,077,049	16,865,505

7. CONSTRUCTION IN PROGRESS

Construction in progress (CIP) for this year represents the costs incurred to date for the design and construction of the i) Centennial Downsview Aerospace Campus \$2,839,618 (2015 – \$525,160), ii) Centennial Residence and Culinary Arts Centre \$49,393,530 (2015 – \$7,225,000) and related furniture and equipment \$624,350 (2015 – Nil) and iii) Other miscellaneous projects \$466,543 (2015 – Nil). CIP is recorded separately from capital assets and amortization does not commence until construction is complete and the asset is put in use. As at March 31, 2016, total construction in progress amounted to \$53,324,041 (2015 - \$7,750,160).

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Notes to the Financial Statements

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8. CAPITAL ASSETS

	2016			2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,122,726	\$ -	\$ 4,122,726	\$ 4,122,726
Buildings	273,387,040	87,062,420	186,324,620	193,399,152
Building - Student	13,864,554	13,864,554	-	3,641,851
Leasehold Improvements	538,724	256,084	282,640	321,327
Site Improvements	440,443	327,582	112,861	156,906
Building Improvements	41,607,208	14,566,138	27,041,070	23,517,138
Furniture, equipment and computers	123,900,511	108,794,095	15,106,416	15,471,530
Equipment Under Capital lease	925,468	578,417	347,051	578,418
Computer Software	22,544,285	19,512,221	3,032,064	2,898,529
Large Machinery	6,698,635	2,707,199	3,991,436	3,928,531
	\$ 488,029,594	\$ 247,668,710	\$ 240,360,884	\$ 248,036,108

Amortization expense for the year is \$24,759,972 (2015 - \$20,349,972) comprised of amounts relating to the prepaid land lease of \$94,769 (2015 - \$94,769) and capital assets of \$24,665,203 (2015 - \$20,255,203).

At year-end, management determined that the Student Residence building no longer had service potential to the College as a result of the construction of CRCA (Note 4). Accordingly, a write-down of \$1,820,000 was recorded in amortization expense, representing the remaining carrying amount of the building and an additional write-down of \$1,452,621 was recorded representing the remaining carrying amount on the building improvements. A corresponding charge to income of \$457,664 was recorded, representing the related unamortized deferred capital contributions.

9. DEFERRED REVENUE

	2016	2015
Advance tuition fees	\$ 41,900,055	\$ 38,189,488
Unexpended grants	3,353,787	3,936,441
Other	2,360,772	2,333,521
	\$ 47,614,614	\$ 44,459,450

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10. OBLIGATION UNDER CAPITAL LEASE

	<u>2016</u>	<u>2015</u>
Total obligation under capital leases	\$ 682,006	\$ 889,125
Less amount representing remaining interest at 3.53%	80,782	134,330
Obligation under capital leases, remaining principal payments	601,224	754,795
Less current portion	166,008	153,571
	\$ 435,216	\$ 601,224

Future minimum lease payments on capital leases are set out below:		
2017	\$ 207,120	
2018	207,120	
2019	267,766	
	\$ 682,006	

11. BANK LOANS

The College has a \$10,000,000 operating line of credit. No amount has been drawn upon this operating line of credit as at March 31, 2016. The College has \$1,353,415 (2015 - \$40,000) in letters of credit outstanding as of March 31, 2016. In addition, the College has an unused demand instalment loan facility of \$2,145,000. The bank loan outstanding at year-end is as follows:

	<u>2016</u>	<u>2015</u>
Demand loan bearing interest at prime minus 25bps, repayable in monthly instalments of \$15,667 excluding interest through 2027. This loan is secured by a general security agreement on all assets of the Student Association (Progress Campus Student Centre)	\$ 2,067,999	\$ 2,255,999

The principal amounts due within the next five years and thereafter are as follows:

2017	\$ 188,000
2018	188,000
2019	188,000
2020	188,000
2021	188,000
Thereafter	1,127,999
Total	\$ 2,067,999

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

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12. TERM DEBT AND LONG TERM DEBT

- (i) The College has partially financed the acquisition of the student residence building through an unsecured non-revolving swap bank loan, repayable in monthly installments of \$ 90,900 principal and interest and is due on demand. The College has fixed its interest rate at 6.82% through an interest rate swap for the term of the loan. The interest rate includes a credit spread of 0.35%. The interest rate swap is a derivative financial instrument. It has effectively locked in a fixed rate through 2026.

The fair value of the interest rate swap (in favour of the bank) of \$2,494,366 (2015 - \$2,692,381) is recorded on the statement of remeasurement gains and losses.

- (ii) The College has partially financed the building of the Athletic & Wellness Centre, Progress Campus through a fifteen year term loan from the Ontario Financing Authority (OFA). The term loan carries interest, compounded semi-annually, equal to the Province of Ontario's cost of funds for a fifteen-year amortizing bond plus 0.40%.
- (iii) The College has partially financed the construction of the library and student hub at Ashtonbee Campus through a fifteen year term loan from the Ontario Financing Authority (OFA). The term loan carries interest equal to the Province of Ontario's cost of funds for a fifteen-year amortizing bond plus 0.275%.

	2016	2015
Term debt on the student residence (note i)	\$ 8,250,792	\$ 8,788,729
Long term debt		
OFA loan on the Athletic & Wellness Centre (note ii)	\$ 13,494,238	\$ 14,471,680
OFA loan on the library - Ashtonbee Campus (note iii)	15,731,776	16,631,583
Total long term debt	\$ 29,226,014	\$ 31,103,263
Less : Current portion	1,945,350	1,877,249
	\$ 27,280,664	\$ 29,226,014

The principal amounts due within the next five years and thereafter are as follows:

	Student Residence	Athletic & Wellness Centre	Ashtonbee Campus Library	Total
2017	\$ 573,792	\$ 1,014,022	\$ 931,328	\$ 2,519,142
2018	612,037	1,051,971	963,954	2,627,962
2019	652,831	1,091,340	997,723	2,741,894
2020	696,345	1,132,182	1,032,674	2,861,201
2021	742,758	1,174,552	1,068,851	2,986,161
Thereafter	4,973,029	8,030,171	10,737,246	23,740,446
Total	\$ 8,250,792	\$ 13,494,238	\$ 15,731,776	\$ 37,476,806

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13. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

The following tables outline the components of the College's post-employment benefits and compensated absences liabilities and the related expenses.

2016				
	Post-employment Benefits	Non-vested sick leave	Vested sick leave	Total liability
Accrued employee future benefits obligations	\$ 1,528,000	\$ 3,632,000	\$ 474,000	\$ 5,634,000
Value of plan assets	(267,000)	-	-	(267,000)
Unamortized actuarial gains/(losses)	155,000	1,303,000	7,000	1,465,000
Total liability	\$ 1,416,000	\$ 4,935,000	\$ 481,000	\$ 6,832,000

2015				
	Post-employment Benefits	Non-vested sick leave	Vested sick leave	Total liability
Accrued employee future benefits obligations	\$ 1,501,000	\$ 3,719,000	\$ 542,000	\$ 5,762,000
Value of plan assets	(257,000)	-	-	(257,000)
Unamortized actuarial gains/(losses)	167,000	1,348,000	(31,000)	1,484,000
Total liability	\$ 1,411,000	\$ 5,067,000	\$ 511,000	\$ 6,989,000

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

13 . POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

	2016			
	Post- employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$ 34,000	\$ 239,000	\$ 21,000	\$ 294,000
Interest on accrued benefit obligation	3,000	60,000	8,000	71,000
Amortized actuarial losses	(13,000)	(78,000)	37,000	(54,000)
Total expense	\$ 24,000	\$ 221,000	\$ 66,000	\$ 311,000

	2015			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$ 148,000	\$ 211,000	\$ 19,000	\$ 378,000
Interest on accrued benefit obligation	4,000	96,000	15,000	115,000
Amortized actuarial losses	(15,000)	(104,000)	33,000	(86,000)
Total expense	\$ 137,000	\$ 203,000	\$ 67,000	\$ 407,000

Above amounts exclude pension contributions to the Colleges of Applied Arts and Technology pension plan, a multi-employer plan, described below.

Retirement Benefits

CAAT Pension Plan

Employees of the College 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 public colleges and related employers in Ontario. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan’s governors to ensure the long-term viability of the Plan.

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13 . POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent triennial actuarial valuation filed with pension regulators as at January 1, 2014 indicated an actuarial surplus of \$1.2 billion (2015 - \$773 million). The College made contributions to the Plan and its associated retirement compensation arrangement of \$11,308,455 in 2016 (2015 - \$10,931,479), which has been included in the statement of operations.

Post-Employment Benefits

The College extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The College recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council. The major actuarial assumptions employed for the valuations are as follows:

a) *Discount rate*

A discount rate of 1.60% per annum for fiscal 2015 disclosure and fiscal 2016 benefit cost 1.70% per annum for fiscal 2016 disclosure

b) *Drug Costs*

Drug costs were assumed to increase at a 9.0% rate for 2016 and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 for fiscal 2016 disclosure.

c) *Hospital and other medical*

Hospital and other medical costs were assumed to increase at 4.0% per annum (2015 - 4.0%)

Medical premium increases were assumed to increase at 7.15% per annum in 2016 (2015 - 7.5%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 (2015 - 4.0%).

d) *Dental costs*

For the fiscal 2016 and 2015 disclosure, dental costs and premium increases were assumed to increase at 4.0% per annum.

e) *Retirement rates*

3.1% per annum starting at eligibility for reduced pension, increasing to 16% per annum after reaching eligibility for unreduced pension, with the remainder at age 65.

f) *Expected return on assets*

For the fiscal 2016 disclosure, expected return on assets was assumed to increase at 1.10% (2015 - 1.40%) per annum.

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

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13 . POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

Compensated Absences

Vested Sick Leave

The College has provided for vested sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive 50% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

Non-Vested Sick Leave

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

The assumptions used in the valuation of vested and non-vested sick leave are the College's best estimates of expected rates of:

	2016	2017	Thereafter
Wage and salary escalation - support staff	0.5%	0.5%	1.5%
Wage and salary escalation - academic staff	1.8%	1.5%	1.5%

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 24.0% and 0 to 40.6 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

14. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

	2016	2015
Balance, beginning of year	\$ 3,671,124	\$2,290,973
Less amounts recognized as revenue in the year	(4,575,490)	(3,596,179)
Add amounts received during the year	4,971,675	4,976,330
Balance, end of year	4,067,309	3,671,124

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14. DEFERRED CONTRIBUTIONS (continued)

Comprised of:

	<u>2016</u>	<u>2015</u>
Scholarships and bursaries	\$ 2,133,231	\$ 2,253,697
Endowment interest funds	1,524,552	1,037,134
Joint employment stability reserve	409,526	380,293
	<u>\$ 4,067,309</u>	<u>\$ 3,671,124</u>

15. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balances are as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginnig of year	\$ 127,744,024	\$ 132,708,062
Less amortization of deferred capital contributions	(7,778,235)	(7,281,134)
Add transfer from CIP	27,564	11,821
Add contributions received for capital purposes	4,140,778	2,305,275
	<u>124,134,131</u>	<u>127,744,024</u>

As at March 31, 2016 there were \$1,389,182 (2015 - \$466,775) of deferred capital contributions received which were not spent.

16. DEFERRED CAPITAL CONTRIBUTIONS RELATING TO CONSTRUCTION IN PROGRESS

Deferred capital contributions relating to construction in progress represents the amount of restricted funding received for capital projects currently in progress.

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 335,902	\$ 218,641
Less amounts transferred to assets in the year	(27,564)	(11,821)
Add contributions received for capital purposes	154,343	129,082
Balance, end of year	<u>\$ 462,681</u>	<u>\$ 335,902</u>

As at March 31, 2016, unspent deferred capital contributions received relating to construction in progress were \$341,384 (2015 - \$335,902).

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Notes to the Financial Statements

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17. INVESTMENT IN CAPITAL ASSETS

A. Investment in capital assets represents the following:

	2016	2015
Capital assets	\$ 240,360,884	\$ 248,036,108
Construction in Progress (Note 7)	53,324,041	7,750,160
	<u>\$ 293,684,925</u>	<u>\$ 255,786,268</u>
Less amounts financed by:		
Residence and culinary arts centre liability (Note 4)	7,842,344	-
Residence and culinary arts centre deferred revenue (Note 4)	35,120,753	5,953,236
Accounts Payable	491,885	-
Term debt (Note 12)	37,476,806	39,891,992
Capital lease (Note 10)	601,224	754,795
Deferred capital contributions (Note 15)	122,744,949	127,277,249
Balance, end of year	<u>\$ 89,406,964</u>	<u>\$ 81,908,996</u>

B. Change in net assets invested in capital assets is calculated as follows:

	2016	2015
Deficiency of revenues over expenditures:		
Amortization of deferred capital contributions related to capital assets (Note 15)	\$ 7,778,235	\$ 7,281,134
Amortization of capital assets (Note 8)	(24,665,203)	(20,255,203)
	<u>(16,886,968)</u>	<u>(12,974,069)</u>
Net change in investment in capital assets:		
Purchase of capital assets and CIP	62,563,860	27,497,425
Amounts funded by deferred capital contributions	(3,245,935)	(2,267,316)
Amounts funded by long term debt	-	(17,070,000)
Amounts funded by accounts payable	(491,884)	-
Amounts funded by residence and culinary arts centre liability	(7,842,344)	-
Amounts funded by residence and culinary arts centre deferred revenue	(29,167,518)	(5,953,236)
Repayment of capital lease	153,571	142,066
Repayment of term debt and long term debt	2,415,186	1,884,921
	<u>24,384,936</u>	<u>4,233,860</u>
	<u>\$ 7,497,968</u>	<u>\$ (8,740,209)</u>

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18. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets represents money set aside by College senior management towards i) an international student scholarship fund and ii) matching funds for selected fundraising activities towards student endowments. A commitment has been made by College senior management to contribute 1% of international education tuition fees to this fund annually. As at March 31, 2016, the College's internally restricted fund amounted to \$6,430,433 (2015 – \$4,665,331).

19. EXTERNALLY RESTRICTED NET ASSETS

Externally restricted net assets include restricted donations received by the College where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with the various purposes established by donors. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on externally restricted endowments that was disbursed during the year has been recorded in the statement of operations since this income is available for disbursement as scholarships and bursaries and the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions.

Externally restricted endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust for Student Support (OTSS). Under these programs, which have now ended, the government matched funds raised by the College. The purpose of the program was to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend College.

Schedule of Changes in Endowment Fund Balances For the Year Ended March 31, 2016

	2016					2015
	OSOTF I	OSOTF II	OTSS	Other	TOTAL	TOTAL
Fund balance at beginning of year	\$ 343,800	\$ 1,391,901	\$ 11,874,817	\$ 2,950,383	\$ 16,560,901	\$ 15,759,096
Cash Donations Received	-	-	-	722,505	722,505	801,805
Cash Donations Receivable	-	-	-	-	-	-
Fund balance at end of year	\$ 343,800	\$ 1,391,901	\$ 11,874,817	\$ 3,672,888	\$ 17,283,406	\$ 16,560,901

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19. EXTERNALLY RESTRICTED NET ASSETS (continued)

For the Year Ended March 31, 2016

	2016					2015
	OSOTF I	OSOTF II	OTSS	Other	TOTAL	TOTAL
Balance, beginning of year	\$ 14,855	\$ 119,091	\$ 534,890	\$ 117,783	\$ 786,619	\$ 402,557
Investment Income, net of direct investment related expenses	6,140	24,859	213,009	77,160	321,168	493,812
Bursaries awarded	-	(4,000)	(68,250)	(28,500)	(100,750)	(109,750)
Balance at end of year	\$ 20,995	\$ 139,950	\$ 679,649	\$ 166,443	\$ 1,007,037	\$ 786,619
Bursaries awarded (#)	-	4	56	23	83	137

20. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, debt holdings in its investment portfolio, long-term receivable and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to \$100,000 (2015 - \$100,000).

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

Accounts receivable and long-term receivable are primarily due from students. Credit risk is mitigated by financial and system controls on past due accounts and the highly diversified nature of the student population.

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.

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20 . FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The amounts outstanding at year end were as follows:

Amounts past due	2016				
	Total	current	< 30 days	61-90 days	>90 days
Government receivables	\$ 2,556,311	\$ 2,556,311	\$ -	\$ -	\$ -
Student receivables	2,874,188	67,533	135,733	1,099,209	1,571,713
Non Student receivables	2,761,046	1,165,993	654,216	477,277	463,560
Other receivables	7,352,771	7,352,771	-	-	-
Gross receivables	\$ 15,544,316	\$ 11,142,608	\$ 789,949	\$ 1,576,486	\$ 2,035,273
Less: impairment allowances	(1,323,307)				
Net receivables	\$ 14,221,009				
Long-term receivables	\$ 15,077,049				

Amounts past due	2015				
	Total	current	< 30 days	61-90 days	>90 days
Government receivables	\$ 2,213,051	\$ 2,213,051	\$ -	\$ -	\$ -
Student receivables	2,952,768	97,797	91,638	989,967	1,773,366
Non Student receivables	2,588,704	1,717,090	376,549	73,771	421,294
Other receivables	10,395,219	10,395,219	-	-	-
Gross receivables	\$ 18,149,742	\$ 14,423,157	\$ 468,187	\$ 1,063,738	\$ 2,194,660
Less: impairment allowances	(2,638,594)				
Net receivables	\$ 15,511,148				
Long-term receivables	\$ 16,865,505				

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

Market risk

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

The College's investment policy operates within the constraints of the investment guidelines issued by the MTCU. The policy's application is monitored by management and the board of governors. Diversification techniques are utilized to minimize risk.

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

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Notes to the Financial Statements

March 31, 2016

20 . FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Currency risk

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time at different foreign College levels when adverse changes in foreign currency College rates occur. The College carries a bank balance and conducts transactions in both US dollars and Canadian dollars. The College also holds bank accounts in Dubai, Saudi Arabia, Turkey, Australia, India, Singapore and South Korea; however, the College does not conduct material transactions in currencies other than US and Canadian. The college mitigates currency risk by demanding payment of receivables in Canadian or US dollars and the College employs a natural hedge by directing the College's US dollar holdings to support foreign operations.

The College has the following financial instruments denominated in foreign currencies:

2016					
Cash	Currency	Amount in Foreign Currency	Exchange Amount	Exchange Rate (%)	Amount in Canadian Dollars
United States US Dollars	USD	1,515,251	450,181	129.71%	\$ 1,965,432
UAE Dirhams	AED	292,375	(189,108)	35.32%	103,267
Turkish Dollars	TRY	675	(365)	45.93%	310
Australian Dollars	AUD	53,039	(228)	99.57%	52,811
Indian Rupee	INR	2,323,823	(2,278,322)	1.96%	45,501
Singapore Dollar	SGD	29,075	(1,067)	96.33%	28,008
South Korean Won	KRW	16,653,662	(16,634,710)	0.11%	18,952
					\$ 2,214,281
Accounts Payable					
United States US Dollars	USD	82,390	24,478	129.71%	\$ 106,868

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

20 . FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

		2015			
Cash	Currency	Amount in Foreign Currency	Exchange Amount	Exchange Rate (%)	Amount in Canadian Dollars
United States US Dollars	USD	1,077,975	289,220	126.83%	\$ 1,367,195
UAE Dirhams	AED	408,387	(267,371)	34.53%	141,017
Saudi Arabian Riyal	SAR	2,395,484	(1,609,863)	32.80%	785,621
Turkish Dollars	TRY	1,139	(584)	48.73%	555
Australian Dollars	AUD	27,210	(901)	96.69%	26,309
Indian Rupee	INR	1,518,403	(1,487,504)	2.03%	30,899
Singapore Dollar	SGD	29,820	(2,257)	92.43%	27,563
South Korean Won	KRW	55,289,137	(55,225,886)	0.11%	63,251
					\$ 2,442,410
Accounts Payable					
United States US Dollars	USD	69,768	18,719	126.83%	\$ 88,487

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

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 and bank loans.

The College mitigates interest rate risk on its term debt through a derivative financial instrument that exchanges the variable rate inherent in the term debt for a fixed rate (see Note 12). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

At March 31, 2016, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of the interest rate swap of \$528,913 (2015 - \$611,996).

A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College's bank loans of \$21,552 (2015 - \$24,037).

The College's bond portfolio has interest rates ranging from 1.50% to 3.3% with maturities ranging from June 21, 2018 to December 18, 2023. As at March 31, 2016, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds of \$243,288.

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

20 . FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is not exposed to this risk as at March 31, 2015, the College did not have equity holdings as part of its investment portfolio.

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

Liquidity risk

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and by maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The follow table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

2016					
	Within 6 months	6 months to 1 year	1 -5 years	> 5 years	Total
Accounts payable	\$ 26,908,846	\$ -	\$ -	\$ -	\$ 26,908,846
Bank loans	94,000	94,000	752,000	1,127,999	2,067,999
Term debt	1,246,278	1,272,864	11,217,217	23,740,447	37,476,806
	<u>\$ 28,249,124</u>	<u>\$ 1,366,864</u>	<u>\$ 11,969,217</u>	<u>\$ 24,868,446</u>	<u>\$ 66,453,651</u>

2015					
	Within 6 months	6 months to 1 year	1 -5 years	> 5 years	Total
Accounts payable	\$ 21,756,245	\$ -	\$ -	\$ -	\$ 21,756,245
Bank loans	94,000	94,000	752,000	1,315,999	2,255,999
Term debt	1,194,893	1,220,293	10,750,199	26,726,608	39,891,993
	<u>\$ 23,045,138</u>	<u>\$ 1,314,293</u>	<u>\$ 11,502,199</u>	<u>\$ 28,042,607</u>	<u>\$ 63,904,237</u>

Derivative financial liabilities mature as described in Note 12.

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

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

March 31, 2016

21. COMMITMENTS

The College is committed to estimated minimum annual payments under operating lease agreements over the next five years and thereafter as follows:

	Leased premises	
2017	\$	587,750
2018		549,000
2019		549,000
2020		549,000
2021		453,000
thereafter		725,333
Total commitments	\$	3,413,083

22. COMPARATIVE FIGURES

Certain prior year's figures have been reclassified to conform with the current year's presentation.

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Grants and Reimbursements

Year ended March 31, 2016

Schedule 1

	2016	2015
General operating grant	\$ 54,894,905	\$ 53,583,260
Apprenticeship	8,053,630	7,699,390
Special project grants	10,436,864	9,865,922
Grant in lieu of municipal taxation	688,125	713,625
Sick leave gratuities	-	51,093
Other grants	3,612,009	4,437,250
	\$ 77,685,533	\$ 76,350,540

See accompanying notes to the financial statements

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

Schedule of Ancillary Operations

Year ended March 31, 2016

Schedule 2

	2016				2015	
	<u>Bookstores</u>	<u>Residence</u>	<u>Parking</u>	<u>Food Service</u>	<u>Total</u>	<u>Total</u>
REVENUE	\$ 754,357	\$ 2,572,157	\$ 3,145,743	\$ 554,659	\$ 7,026,916	\$ 7,002,056
EXPENDITURE						
Cost of goods sold	-	-	951,748	-	951,748	907,452
Salaries & benefits	355,985	794,364	-	-	1,150,349	841,601
Rent and taxes	-	-	111,507	-	111,507	111,507
Contract services	-	115,370	548,924	5,918	670,212	552,363
Management fees	-	133,791	-	-	133,791	137,460
Utilities	-	490,950	47,329	-	538,279	524,078
Residence internal recovery	-	(188,055)	-	-	(188,055)	(229,172)
Other operating expense	-	453,026	117,560	1,045	571,631	417,683
	<u>355,985</u>	<u>1,799,446</u>	<u>1,777,068</u>	<u>6,963</u>	<u>3,939,462</u>	<u>3,262,972</u>
EXCESS OF REVENUE OVER EXPENDITURES	\$ 398,372	\$ 772,711	\$ 1,368,675	\$ 547,696	\$ 3,087,454	\$ 3,739,084

See accompanying notes to the financial statements