Financial Statements of

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2017

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 ("PSAS 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.

A. Buller
College President

B. Chapman
CFO and Vice President Business Development

June 8, 2017

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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, 2017 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, 2017, 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, 2017

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2017

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Financial Position
March 31, 2017

		2017		2016
ASSETS				
CURRENT				
Cash (Notes 2, 3)	$	**102,916,974**	$	60,388,072
Investments (Notes 2, 3)		**24,807,031**		24,400,169
Accounts receivable		**13,805,643**		14,221,009
Inventory		**223,708**		136,701
Prepaid expenses		**4,416,422**		3,595,952
		146,169,778		102,741,903
PREPAID LAND LEASE (Note 5)		**7,865,804**		7,960,573
LONG-TERM RECEIVABLE (Note 6)		**13,093,859**		15,077,049
CONSTRUCTION IN PROGRESS (Notes 4, 7)		**12,692,455**		53,324,041
CAPITAL ASSETS (Note 8)		**329,878,105**		240,360,884
		509,700,001		419,464,450
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities	$	**29,421,867**	$	26,908,846
Deferred revenue (Note 9)		**61,762,707**		47,614,614
Vacation pay		**10,972,886**		10,140,542
Current portion of obligation under capital leases (Note 10)		**179,453**		166,008
Bank loans (Note 11)		**1,879,999**		2,067,999
Term debt (Note 12)		**7,677,001**		8,250,792
Current portion of long term debt (Note 12)		**2,015,925**		1,945,350
		113,909,838		97,094,151
POST EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 13)		**6,816,000**		6,832,000
LONG TERM DEBT (Note 12)		**25,264,738**		27,280,664
RESIDENCE AND CULINARY ARTS CENTRE LIABILITY (Note 4)		**19,213,905**		7,842,344
RESIDENCE AND CULINARY ARTS CENTRE DEFERRED REVENUE (Note 4)		**58,169,777**		35,120,753
DEFERRED CONTRIBUTIONS (Note 14)		**4,985,333**		4,067,309
DEFERRED CAPITAL CONTRIBUTIONS (Note 15)		**121,893,895**		124,134,131
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO PREPAID LAND LEASE (Note 5)		**7,865,804**		7,960,573
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO CONSTRUCTION IN PROGRESS (Note 16)		**26,292,205**		462,681
INTEREST RATE SWAP (Note 12)		**1,917,492**		2,494,366
OBLIGATION UNDER CAPITAL LEASES (Note 10)		**255,763**		435,216
		386,584,750		313,724,188
NET ASSETS		-		
Unrestricted				
Operating		**18,724,711**		12,086,367
Post employment benefits and compensated absences (Note 13)		**(6,816,000)**		(6,832,000)
Vacation pay		**(10,972,886)**		(10,140,542)
		935,825		(4,886,175)
INVESTED IN CAPITAL ASSETS (Note 17)		**98,379,407**		89,406,964
INTERNALLY RESTRICTED (Note 18)		**7,980,223**		6,430,433
EXTERNALLY RESTRICTED (Note 19)		**17,737,288**		17,283,406
		125,032,743		108,234,628
ACCUMULATED REMEASUREMENT LOSSES		**(1,917,492)**		(2,494,366)
		123,115,251		105,740,262
	$	**509,700,001**	$	419,464,450

See accompanying notes to the financial statements

APPROVED BY THE BOARD

Board Chair C. T. Regan

President A. Buller

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Operations
Year Ended March 31, 2017

		2017		2016
REVENUE				
Grants and reimbursements (schedule 1)	**$**	**75,279,297**	$	77,685,533
Enrolment revenues		**165,777,775**		144,371,844
Contract training		**3,780,020**		5,029,934
Deferred contributions recognized as revenue (Note 14)		**4,019,245**		4,575,490
Amortization of deferred capital contributions		**7,041,899**		7,873,004
Other income		**16,090,325**		14,324,638
Ancillary operations (schedule 2)		**5,770,950**		7,026,916
		277,759,511		260,887,359
EXPENDITURE				
Salaries and benefits		**163,747,524**		152,357,012
Operating expenditures		**54,331,388**		51,413,164
Plant and property expenditures		**15,544,346**		13,895,958
Amortization of capital assets (Note 8)		**20,396,313**		24,759,972
Bursaries and scholarships		**4,019,245**		4,575,490
Ancillary operations (schedule 2)		**3,285,488**		3,939,462
		261,324,304		250,941,058
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	**$**	**16,435,207**	$	9,946,301

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, 2017

	2017				
	Unrestricted	**Capital**	**Restricted**		
	General		**Internally Restricted**	**Externally Restricted**	
		(Note 17)	**(Note 18)**	**(Note 19)**	**Total**
BALANCE, BEGINNING OF YEAR	**$ (4,886,175)**	**$ 89,406,964**	**$ 6,430,433**	**$ 17,283,406**	**$ 108,234,628**
ENDOWMENTS RECEIVED DURING THE YEAR	**-**	**-**	**-**	**453,882**	**453,882**
INTERNALLY RESTRICTED SCHOLARSHIPS & BURSARIES	**(1,640,764)**	**-**	**1,549,790**	**-**	**(90,974)**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**29,789,621**	**(13,354,414)**	**-**	**-**	**16,435,207**
INVESTMENT IN CAPITAL ASSETS	**(22,326,857)**	**22,326,857**	**-**	**-**	**-**
BALANCE, END OF YEAR	**$ 935,825**	**$ 98,379,407**	**$ 7,980,223**	**$ 17,737,288**	**$ 125,032,743**

	2016				
	Unrestricted	Capital	Restricted		
	General		Internally Restricted	Externally Restricted	
		(Note 17)	(Note 18)	(Note 19)	Total
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

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Cash Flows
Year ended March 31, 2017

	2017	2016
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenues over expenditures	**$ 16,435,207**	$ 9,946,301
Items not involving cash:		
Amortization of unrestricted capital assets	**13,354,414**	16,886,968
Amortization of restricted capital assets	**6,947,130**	7,778,235
Amortization of prepaid land lease	**94,769**	94,769
Amortization of deferred capital contributions	**(6,947,130)**	(7,778,235)
Amortization of deferred capital contributions relating to land lease	**(94,769)**	(94,769)
Deferred contributions recognized as revenue in the year	**(4,019,245)**	(4,575,490)
	25,770,376	22,257,779
Changes in non-cash working capital items:		
Accounts receivable	**415,366**	1,290,139
Inventory	**(87,007)**	15,864
Prepaid expenses	**(820,470)**	(75,870)
Accounts payable and accrued charges	**2,513,021**	5,152,602
Accrual for vacation pay	**832,344**	1,326,126
Accrual for post-employment benefits and compensated absences	**(16,000)**	(157,000)
Deferred revenue (Note 9)	**14,148,093**	3,155,164
	42,755,723	32,964,804
INVESTING		
Long-term receivable	**1,983,190**	1,788,456
Purchase of investments	**(10,412,770)**	(11,935,785)
Proceeds on disposal of investments	**10,005,908**	7,300,000
	1,576,328	(2,847,329)
FINANCING		
Deferred contributions	**4,937,269**	4,971,675
Term debt	**-**	-
Repayment of capital lease	**(166,008)**	(153,571)
Repayment of bank loans	**(188,001)**	(188,001)
Repayment of term debt	**(2,519,141)**	(2,415,186)
Lease liability	**11,371,561**	
Deferred revenue on residence	**23,049,024**	
Restricted contributions for endowments	**362,908**	637,099
	36,847,612	2,852,016
CAPITAL		
Contributions received for capital purposes	**4,706,894**	4,140,778
Contributions received for construction in progress	**25,829,524**	154,343
Construction in progress (Note 7)	**40,631,586**	(6,620,728)
Purchase of capital assets	**(109,818,765)**	(16,989,979)
	(38,650,761)	(19,315,586)
NET CASH INFLOW	**42,528,902**	13,653,905
CASH, BEGINNING OF YEAR	**60,388,072**	46,734,167
CASH, END OF YEAR	**$ 102,916,974**	$ 60,388,072

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, 2017

		2017		2016
Accumulated remeasurement losses at beginning of year	**$**	**(2,494,366)**	$	(2,692,381)
Unrealized gains attributable to:				
Derivative - interest rate swap		**576,874**		198,015
Amounts reclassified to the statement of operations:				
Disposition of long-term investments		**-**		-
Net remeasurement gains for the year		**576,874**		198,015
Accumulated remeasurement losses at end of year	**$**	**(1,917,492)**	$	(2,494,366)

See accompanying notes to the financial statements

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 ("PSAS for Government NPO's").

Revenue recognition

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

Other income and 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.

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.

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.

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.

Foreign currency translation

Transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities are translated at current rates of exchange with the resulting gains and losses recognized in the statement of operations.

Management estimates

The preparation of financial statements in conformity with PSAS 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 Downsview Aerospace Campus, fair value of investments, fair value of the interest rate swap, and amortization of capital assets and deferred capital contributions.

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.

	2017		
	Fair Value	**Amortized Cost**	**Total**
Cash	$ 102,916,974	$ -	$ 102,916,974
Investments	24,807,031		24,807,031
Accounts receivable	-	13,805,643	13,805,643
Long term receivable	-	13,093,859	13,093,859
Accounts payable and accrued liabilities	-	29,421,867	29,421,867
Accrued vacation pay	-	10,972,886	10,972,886
Bank loans	-	1,879,999	1,879,999
Term debt	-	7,677,001	7,677,001
Long term debt	-	27,280,663	27,280,663
Interest rate swap	1,917,492	-	1,917,492

	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		8,250,792	8,250,792
Long term debt	-	29,227,014	29,227,014
Interest rate swap	2,494,366	-	2,494,366

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

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

	2017			
	Within 1 year	**2 to 5 years**	**6 to 10 years**	**Total**
Investments	$ 12,100,919	$ 9,557,349	$ 3,148,763	$ 24,807,031
Percent of total	49%	38%	13%	

	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%	

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).

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash	$ 102,916,974	$ -	$ -	$ 102,916,974
Investments	12,060,098	12,746,933	-	24,807,031
Interest rate swap	-	-	1,917,492	1,917,492
Total	**$114,977,072**	**$12,746,933**	**$1,917,492**	**$129,641,497**

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	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
Long-term investments	-	-	-	-
Interest rate swap	-	-	2,692,381	2,692,381
Total	$ 70,394,162	$ 14,394,079	$ 2,692,381	$ 87,480,622

There were no transfers from Level 1 to Level 2 for the year ended March 31, 2017 (2016 - Nil). There were no transfers in or out of Level 3 (2016 – 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:

	2017	2016
Cash	**$ 102,916,974**	$ 60,388,072
Investments	**24,807,031**	24,400,169
Total cash and investments	**$ 127,724,005**	$ 84,788,241
Less amounts restricted for:		
Cash held in trust	**964,626**	821,880
Endowments - externally restricted, less amounts receivable (Note 19)	**17,737,288**	17,283,406
Endowments - internally restricted, less amounts receivable (Note 18)	**7,750,223**	6,230,433
Deferred contributions (Note 14)	**4,985,333**	4,067,309
Restricted grants included as part of deferred revenue (Note 9)	**3,073,515**	3,353,787
Unspent deferred capital contributions less amounts receivable (Notes 15, 16)	**17,326,128**	1,730,566
Unrestricted cash and investments	**$ 75,886,892**	$ 51,300,860

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. The 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 effective date of completion of the building was September 1, 2016.

As at September 1, 2016, the residence building was recorded as an asset valued at $84,583,352. The related liability has been proportionately split between deferred revenue and a financial liability. The deferred revenue was $58,861,621 which 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 amount of deferred revenue will be brought into income on a straight line basis over the term of the 49 year lease agreement. The financial liability of $25,721,731 represents the subleased premises for which the College is required to make annual rent payments. At September 1, 2016, the College had made prepayments of $6,430,433 to the partner, resulting in a net financial liability of $19,291,298. This financial liability will be recorded at the present value of minimum lease payments going forward as in accordance with the terms of the 49 years lease agreement.

As at March 31, 2017, the building has a net book value of $83,720,257 (2016 - $49,493,500) and accumulated amortization of $863,095 (2016 - $Nil).

Included in other revenue is $600,629 (2016 - $Nil) representing the amortization of the deferred revenue and included in other expenses is $77,393 (2016 - $Nil) representing the amortization of the service concession asset.

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.

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 is unsecured, 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 is unsecured, bears interest equal to the terms as noted in the term debt note (Note 12 (ii)) 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 is unsecured, 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.

	2017	2016
Note receivable on the Student Centre	**$ 1,550,157**	$ 1,849,020
Note receivable on Athletic and Wellness Centre	**12,443,702**	13,478,852
Note receivable on Athletic and Wellness Centre - equipment	**199,177**	592,927
Note receivable on the Ashtonbee Campus	**1,700,000**	2,050,000
Less current portion estimate included in accounts receivable	**(2,799,177)**	(2,893,750)
	13,093,859	15,077,049

7. CONSTRUCTION IN PROGRESS

Construction in progress (CIP) as at March 31, 2017 represents the costs incurred to date for the design and construction of the Centennial Downsview Aerospace Campus $12,092,455 (2016 – $2,839,618) and other miscellaneous projects $600,000 (2016 – $466,543). 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, 2017, total construction in progress amounted to $12,692,455 (2016 - $53,324,041).

7. CONSTRUCTION IN PROGRESS (continued)

The Centennial Downsview Aerospace Campus is planned to be open for operations by September 2018 and the College has a commitment with a third-party contractor to construct the building.

The Province of Ontario has committed up to $25,800,000 and the Federal Government has committed up to $18,400,000 under the Strategic Initiatives Fund (SIF). The College plans to fund the remainder of the project. Both sources of external funding are subject to the terms and conditions of a single agreement.

8. CAPITAL ASSETS

	2017			2016
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 4,122,726**	**$ -**	**$ 4,122,726**	$ 4,122,726
Buildings	**371,834,944**	**(108,864,355)**	**262,970,589**	186,324,620
Leasehold Improvements	**1,221,579**	**(373,242)**	**848,337**	282,640
Site Improvements	**440,443**	**(368,634)**	**71,809**	112,861
Building Improvements	**50,464,436**	**(18,668,001)**	**31,796,435**	27,041,070
Furniture, Equipment and Computers	**137,787,462**	**(115,159,112)**	**22,628,350**	15,106,416
Equipment Under Capital Lease	**925,468**	**(809,784)**	**115,684**	347,051
Computer Software	**24,202,398**	**(20,692,628)**	**3,509,770**	3,032,064
Large Machinery	**6,848,904**	**(3,034,499)**	**3,814,405**	3,991,436
	$ 597,848,360	**$ (267,970,255)**	**$ 329,878,105**	$ 240,360,884

Amortization expense for the year is $20,396,313 (2016 - $24,759,972) comprised of amounts relating to the prepaid land lease of $94,769 (2016 – $94,769) and capital assets of $20,301,544 (2016 - $24,665,203).

9. DEFERRED REVENUE

	2017	2016
Advance tuition fees	**$ 55,642,325**	$ 41,900,055
Unexpended grants	**3,073,515**	3,353,787
Other	**3,046,867**	2,360,772
	$ 61,762,707	$ 47,614,614

10. OBLIGATION UNDER CAPITAL LEASE

	2017	2016
Total obligation under capital leases	**$ 474,886**	$ 682,006
Less amount representing remaining interest at 3.53%	**39,670**	80,782
Obligation under capital leases, remaining principal payments	**435,216**	601,224
Less current portion	**179,453**	166,008
	$ 255,763	$ 435,216

Future minimum lease payments on capital leases are set out below:	
2018	207,120
2019	267,766
	$ 474,886

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, 2017. The College has $1,353,415 (2016 - $1,353,415) in letters of credit outstanding as of March 31, 2017. 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:

	2017	2016
Demand loan bearing interest at prime minus 25bps, repayable in monthly instalments of $15,667 excluding interest through 2027. This loan is secured by a general security agreement on all assets of the Student Association (Progress Campus Student Centre)	**$ 1,879,999**	$ 2,067,999

Assuming the demand loan is not called, the principal amounts due within the next five years and thereafter is as follows:

2018	188,000
2019	188,000
2020	188,000
2021	188,000
2022	188,000
Thereafter	939,999
Total	$ 1,879,999

12. TERM DEBT AND LONG TERM DEBT

(i) The College has partially financed the acquisition of the T block (previous 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 $1,917,492 (2016- $2,494,366) 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 unsecured 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%. The maturity date of the term loan is November 30, 2026.

(iii) The College has partially financed the construction of the library and student hub at Ashtonbee Campus through a fifteen year unsecured 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%. The maturity date of the term loan is September 26, 2029.

	2017	2016
Term debt on the T block (previous student residence) (note i)	**$ 7,677,001**	$ 8,250,792
Long term debt		
OFA loan on the Athletic & Wellness Centre (note ii)	**$ 12,480,215**	$ 13,494,238
OFA loan on the library - Ashtonbee Campus (note iii)	**14,800,448**	15,731,776
Total long term debt	**$ 27,280,663**	$ 29,226,014
Less: Current portion	**(2,015,925)**	(1,945,350)
	$ 25,264,738	$ 27,280,664

Assuming the demand loan is not called (note i), the principal amonts due within the next five years and thereafter are as follows:

	T-Block	Athletic & Wellness Centre	Ashtonbee Campus Library	Total
2018	612,037	1,051,971	963,954	2,627,962
2019	652,831	1,091,340	997,723	2,741,893
2020	696,345	1,132,182	1,032,674	2,861,201
2021	742,758	1,174,552	1,068,851	2,986,161
2022	792,266	1,218,508	1,106,294	3,117,068
Thereafter	4,180,764	6,811,662	9,630,952	20,623,378
Total	$ 7,677,001	$ 12,480,215	$ 14,800,448	$ 34,957,664

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.

	2017			
	Post-employment Benefits	**Non-vested sick leave**	**Vested sick leave**	**Total liability**
Accrued employee future benefits obligations	$ 1,458,000	$ 4,578,000	$ 145,000	$ 6,181,000
Value of plan assets	(207,000)	-	-	(207,000)
Unamortized actuarial gains	148,000	367,000	327,000	842,000
Total liability	**$ 1,399,000**	**$ 4,945,000**	**$ 472,000**	**$ 6,816,000**

	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	155,000	1,303,000	7,000	1,465,000
Total liability	$ 1,416,000	$ 4,935,000	$ 481,000	$ 6,832,000

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

	2017			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	$ 13,000	$ 246,000	$ 9,000	$ 268,000
Interest on accrued benefit obligation	3000	65,000	3,000	71,000
Amortized actuarial losses / (gains)	(14,000)	(82,000)	17,000	(79,000)
Total expense	$ 2,000	$ 229,000	$ 29,000	$ 260,000

	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 / (gains)	(13,000)	(78,000)	37,000	(54,000)
Total expense	$ 24,000	$ 221,000	$ 66,000	$ 311,000

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.

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, 2017 indicated an actuarial surplus of $1.6 billion (2016 - $1.2 billion). The College made contributions to the Plan and its associated retirement compensation arrangement of $12,228,511 in 2017 (2016 - $11,308,455), 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

The present value of employee future benefits as at March 31, 2017 was determined using a discount rate of 2.00% (2016 – 1.70%), while the 2017 period expense was calculated using a discount rate of 1.70% (2016 – 1.60%).

b) Drug Costs

Drug costs were assumed to increase at a 8.25% rate for 2017 and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 for fiscal 2017 disclosure.

c) Hospital and other medical

Hospital and other medical costs were assumed to increase at 4.0% per annum (2016 - 4.0%)

Medical premium increases were assumed to increase at 6.98% per annum in 2017 (2016 - 7.15%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034.

d) Dental costs

For the fiscal 2017 and 2016 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 2017 disclosure, expected return on assets was assumed to increase at 1.25% per annum (2016 – 1.10%).

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:

	2017	2018	Thereafter
Wage and salary escalation - support staff	0.5%	1.5%	1.5%
Wage and salary escalation - academic staff	1.5%	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:

	2017	2016
Balance, beginning of year	**$ 4,067,309**	$ 3,671,124
Less amounts recognized as revenue in the year	**(4,019,245)**	(4,575,490)
Add amounts received during the year	**4,937,269**	4,971,675
Balance, end of year	**4,985,333**	4,067,309

14. DEFERRED CONTRIBUTIONS (continued)

Comprised of:

	2017	2016
Scholarships and bursaries	**$ 2,607,454**	$ 2,133,231
Endowment interest funds - internally restricted	**839,584**	517,514
Endowment interest funds - externally restricted	**1,095,601**	1,007,038
Joint employment stability reserve	**442,694**	409,526
	$ 4,985,333	$ 4,067,309

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:

	2017	2016
Balance, beginnig of year	**$ 124,134,131**	$ 127,744,024
Less amortization of deferred capital contributions	**(6,947,130)**	(7,778,235)
Add transfer from CIP	**428,956**	27,564
Add contributions received for capital purposes	**4,277,938**	4,140,778
	121,893,895	124,134,131

As at March 31, 2017 there were $152,959 (2016 - $1,389,182) 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.

	2017	2016
Balance, beginning of year	**$ 462,681**	$ 335,902
Less amounts transferred to assets in the year	**(428,956)**	(27,564)
Add contributions received for capital purposes	**26,258,480**	154,343
Balance, end of year	**$ 26,292,205**	$ 462,681

As at March 31, 2017, unspent deferred capital contributions received relating to construction in progress were $17,173,169 (2016 - $341,384).

17. INVESTMENT IN CAPITAL ASSETS

A. Investment in capital assets represents the following:

	2017	2016
Capital assets	**$ 329,878,105**	$ 240,360,884
Construction in progress (Note 7)	**12,692,455**	53,324,041
	$ 342,570,560	$ 293,684,925
Less amounts financed by:		
Residence and culinary arts centre liability (Note 4)	**19,213,905**	7,842,344
Residence and culinary arts centre deferred revenue (Note 4)	**58,169,777**	35,120,753
Accounts payable	**554,619**	491,885
Term debt (Note 12)	**34,957,664**	37,476,806
Capital lease (Note 10)	**435,216**	601,224
Deferred capital contributions (Note 15)	**130,859,972**	122,744,949
Balance, end of year	**$ 98,379,407**	$ 89,406,964

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

	2017	2016
Deficiency of revenues over expenditures:		
Amortization of deferred capital contributions related to capital assets (Note 15)	**$ 6,947,130**	$ 7,778,235
Amortization of capital assets (Note 8)	**(20,301,544)**	(24,665,203)
	(13,354,414)	(16,886,968)
Net change in investment in capital assets:		
Purchase of capital assets and CIP	**69,187,182**	62,563,860
Amounts funded by deferred capital contributions	**(14,570,271)**	(3,245,935)
Amounts funded by long term debt	**-**	-
Amounts funded by accounts payable	**(554,619)**	(491,884)
Amounts funded by residence and culinary arts centre liability	**(11,371,561)**	(4,691,084)
Amounts funded by residence and culinary arts centre deferred revenue	**(23,049,024)**	(32,318,778)
Repayment of capital lease	**166,008**	153,571
Repayment of term debt and long term debt	**2,519,142**	2,415,186
	22,326,857	24,384,936
	$ 8,972,443	$ 7,497,968

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, 2017, the College's internally restricted fund amounted to $7,980,223 (2016 – $6,430,433).

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, 2017

	2017					2016
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**TOTAL**	TOTAL
Fund balance at beginning of year	**$ 343,800**	**$ 1,391,901**	**$ 11,874,817**	**$ 3,672,888**	**$ 17,283,406**	$ 16,560,901
Cash Donations Received	-	-	-	**453,882**	**453,882**	722,505
Cash Donations Receivable	-	-	-	-	-	-
Fund balance at end of year	**$ 343,800**	**$ 1,391,901**	**$ 11,874,817**	**$ 4,126,770**	**$ 17,737,288**	$ 17,283,406

19. EXTERNALLY RESTRICTED NET ASSETS (continued)

Schedule of Changes in Expendable Funds Available for Awards
For the Year Ended March 31, 2017

	2017					2016
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**TOTAL**	**TOTAL**
Balance, beginning of year	**$ 20,995**	**$ 139,950**	**$ 679,649**	**$ 166,443**	**$ 1,007,037**	**$ 786,619**
Investment Income, net of direct investment related expenses	**7,159**	**28,982**	**248,370**	**90,929**	**375,440**	**321,168**
Bursaries awarded		**(20,000)**	**(233,000)**	**(33,877)**	**(286,877)**	**(100,750)**
Balance at end of year	**$ 28,154**	**$ 148,932**	**$ 695,019**	**$ 223,495**	**$ 1,095,600**	**$ 1,007,037**
Bursaries awarded (#)	**-**	**35**	**377**	**30**	**442**	**83**

20. FINANCIAL INSTRUMENT RISK MANAGEMENT

<u>Credit risk</u>

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 $100,000 (2016 - $100,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the Ministry of Advanced Education and Skills Development (the "MAESD") 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.

Credit risk on accounts receivables and long-term receivables are mitigated by financial and system controls on past due accounts.

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.

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The amounts outstanding at year end were as follows:

Amounts past due	**2017**				
	Total	**current**	**< 30 days**	**61-90 days**	**>90 days**
Government receivables	$ 2,306,999	$ 2,306,999	$ -	$ -	$ -
Student receivables	3,444,307	225,405	135,225	1,267,457	1,816,220
Non student receivables	1,042,924	739,514	99,954	23,979	179,477
Other receivables	8,648,494	8,648,494	-	-	-
Gross receivables	$ 15,442,724	$ 11,920,412	$ 235,179	$ 1,291,436	$ 1,995,697
Less: impairment allowances	(1,637,081)				
Net receivables	**$ 13,805,643**				
Long-term receivables	**$ 13,093,859**				

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				

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.

<u>Market risk</u>

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 MAESD. 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.

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:

		2017				
Cash	**Currency**	**Amount in Foreign Currency**	**Exchange Amount**	**Exchange Rate (%)**		**Amount in Canadian Dollars**
United States US Dollars	USD	2,547,688	846,342	133.22%	$	3,394,030
UAE Dirhams	AED	781,381	(502,350)	35.71%		279,031
Australian Dollars	AUD	31,437	547	101.74%		31,984
Indian Rupee	INR	4,254,855	(4,167,631)	2.05%		87,224
Singapore Dollar	SGD	17,481	(809)	95.37%		16,672
South Korean Won	KRW	27,740,541	(27,707,252)	0.12%		33,289
					$	3,842,230
Accounts Payable						
United States US Dollars	USD	207,637	64,362	131.00%	$	271,999

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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

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, 2017, 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 $422,913 (2016 - $528,913).

A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College's bank loans of $19,810 (2016 - $21,552).

The College's investment portfolio has interest rates ranging from 1.5% to 3.3% with maturities ranging from June 21, 2018 to December 18, 2023. As at March 31, 2017, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of investments of $191,063 (2016 - $243,288).

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.

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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 assuming demand loans are not called):

	2017				
	Within 6 months	**6 months to 1 year**	**1 -5 years**	**> 5 years**	**Total**
Accounts payable	$ 29,421,867	$ -	$ -	$ -	$ 29,421,867
Bank loans	94,000	94,000	752,000	939,999	1,879,999
Term debt	1,300,065	1,327,897	11,706,324	20,623,378	34,957,664
Lease liability	3,172	7,184	34,011	19,169,538	19,213,905
	$ 30,819,104	$ 1,429,081	$ 12,492,335	$ 40,732,915	$ 85,473,435

	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
	$ 28,249,124	$ 1,366,864	$ 11,969,217	$ 24,868,446	$ 66,453,651

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.

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
2018		722,000
2019		843,000
2020		850,000
2021		851,000
2022		754,000
thereafter		4,594,000
Total commitments	**$**	**8,614,000**

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Schedule of Grants and Reimbursements
Year ended March 31, 2017 **Schedule 1**

		2017		2016
General operating grant	**$**	**53,858,377**	$	54,894,905
Apprenticeship		**8,647,040**		8,053,630
Special project grants		**9,198,418**		10,436,864
Grant in lieu of municipal taxation		**680,325**		688,125
Sick leave gratuities		**78,025**		-
Other grants		**2,817,112**		3,612,009
	$	**75,279,297**	$	77,685,533

See accompanying notes to the financial statements

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Schedule of Ancillary Operations

Year ended March 31, 2017 **Schedule 2**

	2017							2016
	Bookstores	**T Block Residence**	**Centennial Place**	**Parking**	**Food Service**	**MyCard**	**Total**	Total
REVENUE	**$ 722,166**	**$ 574,541**	**$ 126,368**	**$ 3,231,585**	**$ 798,925**	**$ 317,365**	**$ 5,770,950**	$ 7,026,916
EXPENDITURE								
Cost of goods sold	**-**	**-**	**-**	**1,051,452**	**-**	**-**	**1,051,452**	951,748
Salaries & benefits	**315,381**	**275,985**		**-**	**-**	**122,296**	**713,662**	1,150,349
Rent and taxes	**-**			**111,812**	**-**	**-**	**111,812**	111,507
Contract services	**-**	**46,752**		**597,785**	**7,414**	**43**	**651,994**	670,212
Management fees	**-**			**-**	**-**	**-**	**-**	133,791
Utilities	**-**	**151,387**		**-**	**-**	**-**	**151,387**	538,279
Residence internal recovery	**-**	**(15,200)**		**-**	**-**	**-**	**(15,200)**	(188,055)
Other operating expense	**-**	**80,203**		**420,121**	**1,172**	**118,885**	**620,381**	571,631
	315,381	**539,127**	**-**	**2,181,170**	**8,586**	**241,224**	**3,285,488**	3,939,462
EXCESS OF REVENUE OVER EXPENDITURES	**$ 406,785**	**$ 35,414**	**$ 126,368**	**$ 1,050,415**	**$ 790,339**	**$ 76,141**	**$ 2,485,462**	$ 3,087,454

See accompanying notes to the financial statements