CANADORE COLLEGE
OF APPLIED ARTS AND TECHNOLOGY

Financial Statements

For the year ended March 31, 2015

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Financial Statements
For the year ended March 31, 2015

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Independent Auditor's Report

To the Board of Governors of Canadore College of Applied Arts and Technology

We have audited the accompanying financial statements of Canadore College of Applied Arts and Technology, which comprise the statement of financial position as at March 31, 2015, and the statements of changes in net assets, operations and cash flows 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud 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 Canadore College of Applied Arts and Technology as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
May 19, 2015

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Financial Position

March 31	2015	2014
Assets		
Current		
Cash and cash equivalents	$ 2,022,688	$ 1,614,300
Grants and accounts receivable (note 4)	8,645,175	5,873,446
Prepaid expenses	501,470	362,297
	11,169,333	7,850,043
Restricted cash and investments (note 2)	5,864,324	5,654,831
Other receivables (note 5)	489,459	489,459
Capital assets (note 6)	60,512,112	59,541,509
	$ 78,035,228	**$ 73,535,842**
Liabilities		
Current		
Operating loan (note 3)	$ 4,118,644	$ 2,764,636
Accounts payable and accrued liabilities	7,516,868	6,782,225
Deferred revenue (note 7)	2,952,632	1,941,515
Vacation pay	2,495,858	2,458,271
Current portion of long-term debt (note 8)	915,103	6,021,003
Current portion of obligations under capital lease (note 9)	64,815	145,794
	18,063,920	**20,113,444**
Long-term debt (note 8)	10,765,623	6,538,865
Obligations under capital lease (note 9)	44,719	109,337
Post-employment benefits and compensated absences (note 10)	2,478,923	2,530,884
Deferred contributions (note 11)	727,306	588,996
Deferred capital contributions (note 12)	42,876,707	41,328,046
	56,893,278	**51,096,128**
Net Assets		
Unrestricted (deficiency)		
Operating	(8,196,198)	(8,741,455)
Post-employment benefits and compensated absences	(2,478,923)	(2,530,884)
Vacation pay	(2,495,858)	(2,458,271)
	(13,170,979)	(13,730,610)
Invested in capital assets (note 14)	10,988,904	10,914,963
Externally restricted (note 13)	5,260,105	5,141,917
	3,078,030	**2,326,270**
	$ 78,035,228	**$ 73,535,842**

Contingencies (note 15)

On behalf of the Board:

________________________ Chair

________________________ President

The accompanying notes are an integral part of these financial statements.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Changes in Net Assets

March 31, 2015	Unrestricted	Invested in Capital Assets	Externally Restricted	Total
Net assets (deficiency), beginning of year	$ (13,730,610)	$ 10,914,963	$ 5,141,917	$ 2,326,270
Endowments received during the year	-	-	118,188	118,188
Excess (deficiency) of revenues over expenses for the year	1,882,106	(1,248,534)	-	633,572
Inter fund transfer (note 14)	(1,322,475)	1,322,475	-	-
Net assets (deficiency), end of year	**$ (13,170,979)**	**$ 10,988,904**	**$ 5,260,105**	**$ 3,078,030**

March 31, 2014	Unrestricted	Invested in Capital Assets	Externally Restricted	Total
Net assets (deficiency), beginning of year	$ (12,983,707)	$ 10,205,318	$ 5,015,909	$ 2,237,520
Endowments received during the year	-	-	126,008	126,008
Excess (deficiency) of revenues over expenses for the year	1,658,771	(1,696,029)	-	(37,258)
Inter fund transfer (note 14)	(2,405,674)	2,405,674	-	-
Net assets (deficiency), end of year	**$ (13,730,610)**	**$ 10,914,963**	**$ 5,141,917**	**$ 2,326,270**

The accompanying notes are an integral part of these financial statements.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Operations

For the year ended March 31	2015	2014
Revenues		
Grants and reimbursements	30,341,708	$ 29,268,658
Student fees	14,284,250	12,947,238
Other	7,326,203	7,702,233
Ancillary	2,202,599	3,380,128
Amortization of deferred capital contibutions	2,779,853	2,574,130
Gain on disposal of fixed assets	393,163	-
Investment income	145,104	171,146
	57,472,880	56,043,533
Expenses		
Operating:		
Salaries and benefits	33,061,546	33,017,806
Instructional supplies and field work	855,751	791,401
Utilities and plant services	3,115,421	3,310,609
Contracted and professional services	6,809,511	5,960,446
General expenditures and supplies	4,145,662	3,727,869
Information technology, furniture and equipment, purchases and rentals	1,272,566	1,116,078
Scholarships, bursaries and awards	919,115	909,926
Ancillary	1,978,456	2,726,721
Interest on long-term debt	561,814	625,948
Interest on obligations under capital lease	9,290	17,764
Amortization of capital assets	4,110,176	3,876,223
	56,839,308	56,080,791
Excess (deficiency) of revenues over expenses for the year	$ 633,572	$ (37,258)

The accompanying notes are an integral part of these financial statements.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Cash Flows

For the years ended March 31	2015	2014
Net inflow (outflow) of cash related to the following activities		
Operating		
Surplus (deficiency) of revenue over expenses	$ 633,572	$ (37,258)
Items not involving cash:		
Amoritzation of capital assets	4,110,176	3,876,223
Amortization of deferred capital contributions	(2,779,853)	(2,574,130)
	1,963,895	1,264,835
Accrual for post-employment benefits and compensated absences	(51,961)	(90,971)
Change in non-cash operating working capital:		
Grants and accounts receivable	(2,771,726)	(259,602)
Prepaid expenses	(139,173)	32,360
Accounts payable and accrued liabilities	734,643	476,026
Accrual for vacation pay	37,587	(40,739)
Deferred revenue	1,011,117	(145,672)
	784,382	1,236,237
Financing		
Repayment of long-term debt	(879,142)	(1,111,193)
Repayment of obligations under capital lease	(145,597)	(261,960)
Increase in obligation under capital lease	-	8,257
Deferred contributions	138,310	58,799
Endowment contributions	118,188	126,008
Increase in operating loan	1,354,008	2,273,712
	585,767	1,093,623
Capital		
Purchase of capital assets	(5,092,264)	(4,016,883)
Contributions received for capital purposes	4,339,996	3,008,706
	(752,268)	(1,008,177)
Increase in cash and cash equivalents	617,881	1,321,683
Cash and cash equivalents, beginning of year	7,269,131	5,947,448
Cash and cash equivalents, end of year	$ 7,887,012	$ 7,269,131
Represented by		
Cash and cash equivalents	$ 2,022,688	$ 1,614,300
Restricted cash and investments	5,864,324	5,654,831
	$ 7,887,012	$ 7,269,131

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Canadore College of Applied Arts and Technology ("Canadore" or the "College"), established is 1967, in 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 education to full-time and part-time students.

The College is a 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 NPOs").

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, 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 to 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Restricted investment income that must be maintained as an endowment is credited to net assets. Unrestricted investment income is recognized as revenue when earned.

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 useful life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services or the value of the future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress is not recorded as a capital asset, or amortized until construction is put into service.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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 and building improvements	40 years
Furniture and equipment	5 years
Computer equipment and computers under capital lease	3-5 years
Equipment	5-10 years

Vacation Pay

The College recognizes vacation pay as an expense on an 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 estimates of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.

(ii) The costs of the multi-employer defined pension and the employer's contributions due to the plan in the period.

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

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

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

The College has designated its bond portfolio that would otherwise be classified into the amortized cost category as fair value as the College manages and reports performance on a fair value basis.

The bond portfolio is initially recognized at cost and subsequently carried at fair value. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Amortized cost

This category includes accounts receivable, other receivables, accounts payable and accrued liabilities, operating loan, long-term debt and obligations under capital lease. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest 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 NPOs 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 results. Areas of key estimation include determination of fair value for the allowance for doubtful accounts, and actuarial estimation of post-employment benefits and compensated absences liabilities.

2. FINANICAL INSTRUMENT CLASSFICIATION

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

	2015		
	Fair Value	**Amortized Cost**	**Total**
Cash and cash equivablents	$ 2,022,688	$ -	$ 2,022,688
Grants and accounts receivable	-	8,645,175	8,645,175
Restricted cash and investments	5,864,324	-	5,864,324
Operating loan	4,118,644	-	4,118,644
Accounts payable and accrued liabilities	-	7,516,868	7,516,868
Vacation pay	-	2,495,858	2,495,858
Long-term debt	-	11,680,726	11,680,726
Obligations under capital lease	-	109,534	109,534
	$ 12,005,656	$ 30,448,161	$ 42,453,817

2. FINANICAL INSTRUMENT CLASSFICIATION (continued)

	2014		
	Fair Value	**Amortized Cost**	**Total**
Cash and cash equivalents	$ 1,614,300	$ -	$ 1,614,300
Grants and accounts receivable	-	5,873,446	5,873,446
Restricted cash and investments	5,654,831	-	5,654,831
Operating loan	2,764,636	-	2,764,636
Accounts payable and accrued liabilities	-	6,782,225	6,782,225
Vacation pay	-	2,458,271	2,458,271
Long-term debt	-	12,559,868	12,559,868
Obligations under capital lease	-	255,131	255,131
	$ 10,033,767	$ 27,928,941	$ 37,962,708

Maturity of guaranteed investment certificates and bonds held is as follows:

	2015				
	Within 1 year	**2 to 5 years**	**6 to 10 years**	**Over 10 Years**	**Total**
Carrying value	$ 1,139,145	$ 1,736,227	$ 1,171,597	$ 373,622	$ 4,420,591
Percent of total	27%	42%	28%	9%	

	2014				
	Within 1 year	**2 to 5 years**	**6 to 10 years**	**Over 10 Years**	**Total**
Carrying value	$ 1,288,567	$ 1,492,067	$ 1,085,617	$ 314,488	$ 4,180,739
Percent of total	31%	36%	26%	8%	

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).

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

		2015			
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents		$ 2,022,688	$ -	$ -	$ 2,022,688
Restricted cash and investments	i)	5,864,324	-	-	5,864,324
		$7,887,012	**$ -**	**$ -**	**$7,887,012**

		2014			
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents		$ 1,614,300	$ -	$ -	$ 1,614,300
Restricted cash and investments	i)	5,654,831	-	-	$ 5,654,831
		$7,269,131	**$ -**	**$ -**	**$7,269,131**

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2015 and 2014. There were also no transfers in or out of Level 3.

i) Included in restricted cash and investments is $4,420,591 (2014 - $4,180,739) in bonds and $1,423,682 (2014 - $1,474,092) in interest bearing accounts with interest rates ranging from 2.1% to 10.5% (2014 – 2.1% to 10.5%) with maturities ranging from April 26, 2016 to May 19, 2036 (2014 – June 2, 2014 to May 19, 2036).

3. CREDIT FACILITY AGREEMENT

The College has an operating loan under a credit facility agreement with a Canadian chartered bank. The maximum draw permitted under this agreement is $3,000,000 with a temporary increase to $8,000,000 from December 24, 2014 until May 25, 2015 and then back to $3,000,000 thereafter with an interest rate of prime less 0.75%. At March 31, 2015, the outstanding balance under this credit facility was $4,118,644 (2014 - $2,764,636).

4. GRANTS AND ACCOUNTS RECEIVABLE

	2015	2014
Government grants receivable	$ 5,360,110	$ 3,928,990
Student receivable	2,736,826	830,577
Harmonized Sales Tax receivable	366,767	180,108
Other accounts receivable	147,764	897,914
Accrued interest receivable	33,708	35,857
	$ 8,645,175	**$ 5,873,446**

5. OTHER RECEIVABLES

The College, in conjunction with Nipissing University, entered into an agreement with the Corporation of the City of North Bay whereby the City would construct sewer and water services on behalf of the Education Centre. Project funding was provided by the Northern Ontario Heritage Fund Corporation and is repayable when the funds are received from the City of North Bay (see note 8).

As at March 31, the following amounts remain outstanding:

	2015	2014
Accounts receivable from City of North Bay repayable from future lot levies for water and sewer connections	$ 489,459	$ 489,459

6. CAPITAL ASSETS

	2015		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 2,401,279	$ -	$ 2,401,279
Buildings	87,753,067	39,047,816	48,705,251
Furniture and equipment	22,186,321	20,301,728	1,884,593
Computer equipment	6,499,397	5,967,151	532,246
Computers under capital lease	1,742,053	1,666,530	75,523
Equipment	11,225,621	4,896,055	6,329,566
Construction in progress	583,654	-	583,654
	$ 132,391,392	**$ 71,879,280**	**$ 60,512,112**

	2014		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 2,401,279	$ -	$ 2,401,279
Buildings	86,900,234	37,101,488	49,798,746
Furniture and equipment	21,802,663	19,466,355	2,336,308
Computer equipment	6,647,576	6,092,688	554,888
Computers under capital lease	2,149,949	1,977,349	172,600
Equipment	8,821,325	4,543,637	4,277,688
	$ 128,723,026	**$ 69,181,517**	**$ 59,541,509**

7. DEFERRED REVENUE

	2015	2014
Advanced tuition fees	$ 993,501	$ 787,190
Alumni Association	115,049	115,107
Student Athletics	9,373	43,237
Grants and other	1,834,709	995,981
	$ 2,952,632	**$ 1,941,515**

8. LONG-TERM DEBT

	2015	2014
Student Residence		
7.25% Mortgage, payable in semi-annual installments $48,479 including principal and interest, maturing December 1, 2022	$ 580,850	$ 632,853
7.5% Mortgage, payable in semi-annual installments of $5,554 including principal and interest, maturing December 1, 2022	65,923	71,758
3.0% Mortgage, payable in monthly installments of $36,473, inlcuding principle and interest, maturing October 27, 2021	5,171,864	5,413,740
3.477% Mortgage payable in semi-annual installments of $116,263 inlcuding principle and interest, maturing November 10, 2026	2,265,553	2,415,389
3.222% Mortgage payable in semi-annual installments of $63,446 inlcuding principle and interest, maturing July 5, 2027	1,297,164	1,380,246
Capital Financing		
2.71% Fixed rate term loan, payable in semi-annual installments of $86,125 including principal and interest, maturing March 28, 2022	1,091,583	1,231,403
2.4% Fixed rate term loan, payable in monthly installments of $15,934 including principal and interest, maturing December 12, 2017	508,330	685,018
Parry Sound Campus Forgivable Mortgage		
Interest free mortgage, reduced without payment, by 10% of the original principal per year for each year of operation of the Parry Sound Campus	210,000	240,000
Infrastructure Upgrades		
Interest free incentive term-loan payable to Northern Ontario Heritage Fund Corporation to be repaid from proceeds received from the City of North Bay for future lot levies for water and sewer connections (see note 5)	489,459	489,459
	11,680,726	12,559,866
Current portion of long-term debt	915,103	6,021,003
	$ 10,765,623	$ 6,538,863

8. LONG-TERM DEBT (continued)

Principal due within each of the next five years and thereafter on long-term debt is as follows:

2016	$ 915,103
2017	944,928
2018	927,954
2019	813,434
2020	841,977
Thereafter	7,237,330
	$11,680,726

9. OBLIGATIONS UNDER CAPITAL LEASE

The College has entered into various three to five year capital leases for equipment with effective interest rates in the range of approximately 5% and future minimum lease payments as follows:

	2015	2014
Year ending March 31:		
2015	$ -	$ 155,090
2016	69,891	69,695
2017	26,542	26,542
2018	19,287	19,287
2019	1,356	1,356
2020	968	968
	118,044	272,938
Less amounts representing interest	8,510	17,807
	109,534	255,131
Less amounts due within one year included in current liabilities	64,815	145,794
	$ 44,719	$ 109,337

Obligations under capital lease are secured by certain equipment.

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

The following table outlines the components of the College's post-employment benefits and compensated absences liabilities and related expenses:

	2015				
	Post-employment benefits	Non-vested sick leave	Vested sick leave	Parental leave	Total liability
Accrued employee future benefits obligation	$ 483,000	$ 1,245,000	$ 20,000	$ 39,923	$ 1,787,923
Value of plan assets	(78,000)				(78,000)
Unamortized actuarial losses	109,000	461,000	199,000		769,000
Total liability	$ 514,000	$ 1,706,000	$ 219,000	$ 39,923	$ 2,478,923

	2014				
	Post-employment benefits	Non-vested sick leave	Vested sick leave	Parental leave	Total liability
Accrued employee future benefits obligation	$ 443,000	$ 1,180,000	$ 22,000	$ 40,884	$ 1,685,884
Value of plan assets	(65,000)	-	-	-	(65,000)
Unamortized actuarial losses	128,000	583,000	199,000	-	910,000
Total liability	$ 506,000	$ 1,763,000	$ 221,000	$ 40,884	$ 2,530,884

	2015				
	Post-employment benefits	Non-vested sick leave	Vested sick leave	Parental leave	Total expense
Current year benefit costs	$ 26,000	$ 71,000	$ 1,000	$ (961)	$ 97,039
Interest on accrued benefit obligation	2,000	32,000	1,000		35,000
Amortized actuarial losses	(7,000)	(35,000)	1,000		(41,000)
Total expense	$ 21,000	$ 68,000	$ 3,000	$ (961)	$ 91,039

	2014				
	Post-employment benefits	Non-vested sick leave	Vested sick leave	Parental leave	Total expense
Current year benefit costs	$ (25,000)	$ 89,000	$ 1,000	$ 16,029	$ 81,029
Interest on accrued benefit obligation	4,000	34,000	-	-	38,000
Amortized actuarial losses	3,000	3,000	-	-	6,000
Total expense	$ (18,000)	$ 126,000	$ 1,000	$ 16,029	$ 125,029

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

The total expense for post-employment benefits and compensated absences is included in salaries and benefits on the Statement of Operations. The total amount paid during the year for post-employment benefits and compensated absences was $143,000 (2014 - $216,000).

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

Retirement Benefits

<u>CAAT Pension Plan</u>

Substantially all employees of the College are participants of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), which is a multi-employer jointly-sponsored defined benefit plan for eligible employees of public colleges and related employers in Ontario. As this is a multi-employer plan it is accounted for as if the plan were a defined contribution plan and contributions the College makes to the Plan, equal to those of the employees, are expensed in the period they become due. Contribution rates are set by the Plan's governors to ensure long term viability of the plan.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. Any unfunded liability is to be paid directly by the Ministry of Training, Colleges and Universities. The College made contributions to the Plan and its associated retirement compensation arrangements of $2,890,457 in 2015 (2014 - $2,871,527), which has been included in salaries and benefits on the Statement of Operations. The most recent actuarial valuation filed with the pension regulators as of January 1, 2015 indicated an actuarial surplus of $773 million.

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 valuation are as follows:

a) Discount rate
The present value as at March 31, 2015 of the future benefits was determined using a discount rate of 1.6% (2013 – 2.7%).

b) Drug costs
Drug costs were assumed to increase at 9.0% per annum in 2014, grading down to 4.0% per annum in 2034.

c) Hospital and other medical
Hospital and other medical costs were assumed to increase at 4.0% per annum. (2014 – 4%).

Medical premium increases were assumed to increase at 7.5% per annum in 2015 (2014 – 7.5%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 for the fiscal 2015 (2014 – 4.0%).

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

d) Dental costs
Dental costs were assumed to increase at 4.0% per annum in 2015 (2014 – 4.0%).

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 credits on termination or retirement to a maximum of six 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 employees groups a specified number of days each year to 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 provide 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 sick 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 vesting and non-vesting sick leave are the College's best estimates of expected rates of:

	2015	2014
Wage and salary escalation		
Academic full-time and partial load	1.75% per annum in 2015 and thereafter	0%, 1.75% per annum thereafter
Support staff full-time	0% in 2015, 1.75% per annum thereafter	0%, and in 2015, 1.75% per annum thereafter

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% (2014 - 0% to 24.0%) and 0 to 44.3 days (2014 – 0 to 44.3 days) respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

11. 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:

	2015	2014
Balance, beginning of year	$ 588,996	$ 530,197
Contributions received	167,627	552,276
Interest earned on contributions during the year	152,895	144,560
Unrealized gains (losses) on investments	138,362	(14,768)
Amounts transferred to deferred capital contributions	(54,466)	(344,615)
Amounts transferred to revenue	(266,108)	(278,654)
Balance, end of year	**$ 727,306**	**$ 588,996**

Deferred contributions are comprised of:

	2015	2014
Scholarships, bursaries and awards	$ 195,915	$ 145,665
Endowment fund interest and unrealized gains	330,538	181,224
Donations	-	54,466
Joint employment stability reserve	200,853	207,641
Balance, end of year	**$ 727,306**	**$ 588,996**

12. 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 deferred capital contribution balances are as follows:

	2015	2014
Balance, beginning of year	$ 41,328,046	$ 40,893,470
Contributions received for capital purposes	4,339,996	3,008,705
Disposal of capital assets	(11,482)	-
Amortization of deferred capital contributions	(2,779,853)	(2,574,129)
Balance, end of year	**$ 42,876,707**	**$ 41,328,046**

13. 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 the donors. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose in 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. Investment income on endowed assets recognized and deferred was $150,470 and $113,696 respectively (2014 - $169,628 and $147,921).

13. EXTERNALLY RESTRICTED NET ASSETS (continued)

Externally restricted endowment funds include grants provide by the Government of Ontario from the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support. Under these programs, the government matched funds raised by the College. The purpose of the program is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend College.

Schedule of changes in endowment fund balances:

	2015					2014
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**Total**	**Total**
Fund balance, beginning of year	$ 1,713,852	$ 275,744	$ 2,308,446	$ 843,875	$ 5,141,917	$ 5,015,909
Cash donations received	-	-	-	118,188	118,188	126,008
Fund balance, end of year	$ 1,713,852	$ 275,744	$ 2,308,446	$ 962,063	$ 5,260,105	$ 5,141,917

Schedule of changes in expendable funds available for awards:

	2015					2014
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**Total**	**Total**
Balance, beginning of year	$ 14,164	$ 3,937	$ 39,951	$ 49,870	$ 107,922	$ 113,561
Invesment income, net of direct investment related expenses	18,429	7,085	59,312	23,106	107,932	120,575
Bursaries awarded	(14,718)	(8,716)	(53,800)	(25,409)	(102,643)	(126,214)
Balance, end of year	$ 17,875	$ 2,306	$ 45,463	$ 47,567	$ 113,211	$ 107,922

14. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets represents the following:

	2015	**2014**
Capital assets	$ 60,512,112	$ 59,541,509
Less amounts financed by:		
Deferred capital contributions	(42,876,707)	(41,328,046)
Long-term debt	(6,536,967)	(7,043,369)
Obligations under capital lease	(109,534)	(255,131)
	$ 10,988,904	**$ 10,914,963**

14. INVESTMENT IN CAPITAL ASSETS (continued)

Changes in net assets invested in capital assets is calculated as follows:

	2015	2014
Purchase of capital assets	$ 5,092,264	$ 4,016,883
Principal payment of long-term debt	506,400	749,858
Principal payment of obligations under capital lease	145,596	261,960
Interest on long-term debt	302,084	376,172
Interest on obligations under capital lease	9,290	17,764
Less: proceed on disposal of fixed assets	(393,163)	-
Less: amount financed by obligations under capital lease	-	(8,257)
Less: amounts financed by deferred capital contributions	(4,339,996)	(3,008,706)
	$ 1,322,475	**$ 2,405,674**

15. CONTINGENCIES

In the normal course of operations the College is in the process of dealing with a number of grievances that may go to arbitration. As of the date of financial statement preparation the likelihood and impact of these grievances on the College's financial statements is unknown. Should any costs be incurred as a result of the arbitration process, such costs will be expensed in the year of settlement.

In the normal course of operations the College is involved in certain legal matters and litigations, the outcome of which is not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

16. CANADORE STUDENTS' COUNCIL

Included in assets and liabilities at year end was $599,149 (2014 - $512,914) in student fees collected and not disbursed during the year. During the year the College paid $618,778 (2014 - $311,769) in expenses on behalf of the College's students. These expenses and the associated fees collected have not been recognized in the College's statement of operations.

17. THE CANADORE COLLEGE FOUNDATION

The Canadore College Foundation (the "Foundation") was created for the purpose of raising funds for capital and other purposes to assist the College in continuing to provide outstanding applied education. Funds received from the Foundation during the year totaled $NIL (2014 - $NIL). The College provides support when required, office space, basis infrastructure and associated services, computer and other equipment, services of certain College departments and accounting and financial systems and processes. The Foundation is not controlled and therefore is not consolidated in these financial statements.

18. ECONOMIC DEPENDENCE

The College receives approximately 52% (2014 – 52%) of its revenues from the Ministry of Training, Colleges and Universities.

19. 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 related to its cash, debt holdings in its investment portfolio, other receivables and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to $300,000 (2014 - $300,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the Ministry of Training, Colleges and Universities 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. The maximum exposure to investment credit risk is outlined in note 2.

Accounts receivable are ultimately due from students. Credit risk is mitigated by financial approval processes before a student is enrolled 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. The amounts outstanding at year end were as follows:

	2015				
	Total	**1-30 days**	**31-60 days**	**61-90 days**	**91-120 days**
Government receivables	$ 5,360,110	$ 5,360,110	$ -	$ -	$ -
Student receivables	3,016,826	968,002	988,389	168,175	892,260
Other receivables	548,239	548,239			
Gross receivables	8,925,175	6,876,351	988,389	168,175	892,260
Less: impairement allowances	(280,000)				(280,000)
Net receivables	$ 8,645,175	$ 6,876,351	$ 988,389	$ 168,175	$ 612,260

	2014				
	Total	**1-30 days**	**31-60 days**	**61-90 days**	**91-120 days**
Government receivables	$ 3,928,990	$ 3,928,990	$ -	$ -	$ -
Student receivables	898,057	449,528	87,373	151,022	210,134
Other receivables	1,113,879	1,113,879	-	-	-
Gross receivables	5,940,926	5,492,397	87,373	151,022	210,134
Less: impairement allowances	(67,480)	-	-	-	(67,480)
Net receivables	$ 5,873,446	$ 5,492,397	$ 87,373	$ 151,022	$ 142,654

Student receivables not impaired are considered collectible based on the College's assessment and past experience regarding collections rates.

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

19. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk that the fair value of 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 operates within the constraints of the investment guidelines issued by the Ministry of Training, Colleges and Universities. The policy's application is monitored by management, the investment managers and the Board of Governors. Diversification techniques are utilized to minimize risk.

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

Currency Risk

Currency risk relates to the College operating in difference currencies and converting non-Canadian earnings at different points in time at different foreign levels when adverse changes in foreign currency rates occur. The College does not have any material transaction or financial instruments denominated in foreign currencies.

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

Interest rate risk

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

The College's guaranteed investment and bond portfolio has interest rates ranging from 2.1% to 10.5% (2014 – 2.1% to 10.5%) with maturities ranging from April 26, 2016 to May 19, 2036 (2014 – June 2, 2014 to May 19, 2036).

At March 31, 2015, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of guaranteed investment certificates and bonds of $44,406 (2014 - $41,800). A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College's bank loans of $109,912 (2014 - $118,000) and no impact on interest income related to the College's other long-term receivable.

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

19. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2015, a 5% movement in the stock markets with all other variables held constant would have an estimated effect on the fair value of the College's investments of $222,031 (2014 - $209,036).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure 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 maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2015			
	Within 6 months	6 montsh to 1 year	1 to 5 years	over 5 years
Accounts payable	$ 7,516,868	$ -	$ -	$ -
Long-term debt	457,552	457,551	3,528,293	7,237,330
Obligations under capital lease	32,408	32,407	44,719	-
	$ 8,006,828	$ 489,958	$ 3,573,012	$ 7,237,330

	2014			
	Within 6 months	6 montsh to 1 year	1 to 5 years	over 5 years
Accounts payable	$ 6,782,225	$ -	$ -	$ -
Long-term debt	412,582	5,608,722	2,398,270	4,140,294
Obligations under capital lease	72,897	72,897	109,337	-
	$ 7,267,704	$ 5,681,619	$ 2,507,607	$ 4,140,294

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.