The Conestoga College Institute of Technology and Advanced Learning

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
INDEX OF CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Conestoga College Institute of Technology and Advanced Learning (the "College") are the responsibility of management and have been approved by the Board of Governors (the "Board").

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 series of standards applicable to government not-for-profit organizations. Where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Consolidated 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 consolidated 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 is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Finance and Audit Committee (the "Committee").

The Committee is appointed by the Board and includes within its ranks four Board members. The Committee meets periodically 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 consolidated financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

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

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John W. Tibbits	Jacinda Reitsma
President	Vice President, Finance and Corporate Services

May 19, 2022

Deloitte.

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Conestoga College Institute of Technology and Advanced Learning (the "College"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of revenue and expenditures, changes in fund balances, remeasurement gains and losses and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2022, and the results of its operations, its remeasurement gains and losses, changes in fund balances, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the College for the year ended March 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on May 20, 2021.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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.

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 19, 2022

Statement 1

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Financial Position

March 31, 2022, with comparative figures for March 31, 2021

Assets	**2022**	**2021**
Current Assets:		
Cash (Note 10)	$406,710,894	$302,050,239
Grants receivable	5,055,693	5,554,933
Accounts receivable	9,339,185	6,000,105
Current portion of pledges receivable (Note 3)	3,300,000	2,300,000
Inventory	1,034,317	1,707,396
Prepaid expenses	733,209	728,280
	426,173,298	**318,340,953**
Long-term investments (Note 2 and 10)	5,695,384	5,635,855
Long-term pledges receivable (Note 3)	7,703,296	12,533,296
Capital assets (Note 4)	350,244,738	284,873,208
	$789,816,716	**$621,383,312**
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	$47,180,847	$29,603,198
Vacation pay accrual	12,592,941	11,259,820
Deferred revenue (Note 5)	305,982,898	236,158,695
Current portion of long-term debt (Note 6)	2,420,575	2,353,943
Deferred contributions (Note 7)	2,891,581	2,407,974
	371,068,842	**281,783,630**
Long-term debt (Note 6)	19,002,686	21,423,261
Deferred capital contributions (Note 8)	143,914,862	146,400,884
Post-employment benefits and compensated absences (Note 9)	6,531,000	6,497,000
	540,517,390	**456,104,775**
Fund Balances (Deficits)		
Unrestricted:		
Operations	15,347,465	20,098,959
Vacation	(12,592,941)	(11,259,820)
Post-employment benefits and compensated absences	(6,531,000)	(6,497,000)
Investment in capital assets (Note 4)	184,906,615	114,695,120
Restricted fund balances:		
Internally restricted (Note 10)	62,000,000	42,000,000
Externally Restricted (Note 10)	480,360	456,615
Endowed (Note 10)	5,709,645	5,686,236
	249,320,144	**165,180,110**
Accumulated Remeasurement losses (gains)	(20,818)	98,427
	$789,816,716	**$621,383,312**

Commitments (Note 11)

See accompanying notes to consolidated financial statements

APPROVED BY THE BOARD

Frank Boutzis, Board Chair

John Tibbits, President

Statement 2

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Revenue and Expenditures

Year ended March 31, 2022, with comparative figures for March 31, 2021

Revenue	**2022**	**2021**
Tuition Fees	$280,443,669	$192,858,490
Grants	104,148,878	86,834,636
Other Student Fees	32,731,055	23,308,085
Ancillary operations	15,791,185	10,490,655
Contracted services	5,333,915	3,079,166
Other	11,820,758	11,401,006
Interest	2,489,952	1,824,189
Restricted revenue	1,758,997	1,076,608
Amortization of deferred capital contributions (Note 8)	8,943,419	8,078,717
Total revenue	**463,461,828**	**338,951,552**
Expenditures		
Salaries and benefits	244,101,885	209,562,059
Professional and contract fees	46,010,679	23,520,854
Student related expenses	19,052,208	15,560,305
Supplies and staff related expenses	6,551,747	4,128,465
Facilities related expenses	29,618,342	19,643,803
Other expenses	11,144,049	8,941,341
Reimbursed expenses	11,718,703	3,978,639
Amortization of capital assets	17,698,604	17,451,659
Scholarships, bursaries and work-study	20,084,226	6,211,654
Total expenditures	**405,980,443**	**308,998,779**
Excess of revenue over expenditures	**$57,481,385**	**$29,952,773**

See accompanying notes to consolidated financial statements

Statement 3

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Cash Flows

Year ended March 31, 2022, with comparative figures for March 31, 2021

Net Inflow (Outflow) of Cash Related to the Following Activities	**2022**	**2021**
Operating		
Excess of revenue over expenditures – Restricted Fund	$23,745	$17,455
Excess of revenue over expenditures – Operating Fund	57,457,640	29,935,318
Items not involving cash:		
Amortization of capital assets	17,698,604	17,451,659
Amortization of deferred capital contributions	(8,943,419)	(8,078,717)
Post-employment benefit and compensated absences expense	912,000	1,090,000
	67,148,570	**40,415,715**
Cash paid for post-employment benefits and compensated absences	(878,000)	(875,000)
Changes in non-cash working capital items:		
Grants receivable	499,240	(854,393)
Accounts receivable	(3,339,080)	4,949,797
Inventory	673,079	(534,179)
Prepaid expenses	(4,929)	(3,475)
Accounts payable and accrued liabilities	17,577,649	(7,098,163)
Vacation pay accrual	1,333,121	(662,514)
Deferred revenue	69,824,203	111,292,556
	152,833,853	**146,630,344**
Financing		
Net change in deferred contributions	483,607	(4,322)
Endowment contributions	208,649	180,498
Repayment of long-term debt	(2,353,943)	(2,289,230)
	(1,661,687)	**(2,113,054)**
Capital		
Deferred grants and capital contributions	6,457,397	5,103,362
Purchase of capital assets	(56,620,134)	(9,630,253)
	(50,162,737)	**(4,526,891)**
Investing		
Decrease in pledges receivable	3,830,000	2,246,488
Net purchase of investments	(178,774)	(243,749)
	3,651,226	**2,002,739**
Net cash inflow	104,660,655	141,993,138
Cash, beginning of year	302,050,239	160,057,101
Cash, end of year	**$406,710,894**	**$302,050,239**

See accompanying notes to consolidated financial statements

Statement 4

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Changes in Fund Balances

Year ended March 31, 2022, with comparative figures for March 31, 2021

	Operations	Post-employment benefits and vacation	Investment in Capital Assets	Internally Restricted Fund	Externally Restricted Fund	Endowment Fund	2022 Total	2021 Total
Balances March 31, 2021	$20,098,959	($17,756,820)	$114,695,120	$42,000,000	$456,615	$5,686,236	$165,180,110	$135,046,839
Excess of revenue over expenditures (expenditures over revenue)	66,212,825		(8,755,185)		23,745		57,481,385	29,952,773
Vacation pay	1,333,121	(1,333,121)						
Post-employment benefits and compensated absences	34,000	(34,000)						
Capital asset additions financed with operating funds	(50,162,737)		50,162,737					
Repayment of long-term debt	(2,353,943)		2,353,943					
Transfer to Internally Restricted Fund (Note 10)	(20,000,000)			20,000,000				
Transfer to Operations (Note 10)	185,240					(185,240)		
Donated land (Note 4)			26,450,000				26,450,000	
Endowment contributions (Note 10)						208,649	208,649	180,498
Fund balances (deficits), end of year	**$15,347,465**	**($19,123,941)**	**$184,906,615**	**$62,000,000**	**$480,360**	**$5,709,645**	**$249,320,144**	**$165,180,110**

See accompanying notes to consolidated financial statements

Statement 5

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2022, with comparative figures for March 31, 2021

	2022	**2021**
Accumulated remeasurement gains (losses) at beginning of year	$98,427	$(720,904)
Change in unrealized gains(losses) on investments	(119,245)	819,331
Accumulated remeasurement (losses) gains at end of year	**$(20,818)**	**$98,427**

See accompanying notes to consolidated financial statements

The Conestoga College Institute of Technology and Advanced Learning ("Conestoga") was established pursuant to Ontario regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. Conestoga is an agency of the Crown and provides postsecondary, vocationally oriented education in the areas of applied arts, business, health sciences, and technology.

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

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE

BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of Conestoga and its wholly-owned subsidiary, Conestoga College Communications Corp., a not-for-profit corporation that is licensed by the Canadian Radio-Television and Telecommunications Commission to operate a radio station.

BASIS OF PRESENTATION

The consolidated financial statements of Conestoga 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") and includes the following significant accounting policies.

REVENUE RECOGNITION

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

Tuition fees are recorded over the term of the semester. Fees received for semesters not yet completed or for semesters commencing in a subsequent fiscal period are recorded as deferred revenue.

Contracted services 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 prices are fixed and determinable, and collection is reasonably assured.

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

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 depreciable capital assets are deferred and recognized as revenue over the useful life of the related asset. Contributions of non-depreciable assets are recorded as a direct increase to net assets.

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

Restricted investment income that must be maintained as an endowment is credited to net assets. Unrestricted investment income is recognized as revenue of the unrestricted fund when earned.

USE OF ESTIMATES

The preparation of the consolidated financial statements, in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Areas of key estimation include determination of allowance for doubtful accounts, amortization of capital assets, amortization of deferred capital contributions, vacation pay accrual, and actuarial estimation of post-employment benefits and compensated absences liabilities.

POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

Conestoga provides defined benefit retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and non-vesting sick leave. Conestoga 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. Adjustment to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.

ii. The costs of the multi-employer defined benefit pension are 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 Conestoga's internal rate of borrowing.

VALUATION OF INVENTORY

Inventories are valued at the lower of cost and net realizable value. Cost is determined on an average cost basis.

PLEDGES RECEIVABLE

Pledges receivable includes corporate pledges for major capital projects as well as the portion of the student capital development fee receivable which is applied to Conestoga's building assets. Pledges receivable are recognized if the amount to be received is reasonably estimated and the ultimate collection is reasonably assured.

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 Conestoga's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value. Any unamortized deferred capital contribution amount related to an impaired capital asset is recognized in revenue in the consolidated statement of revenue and expenditure, provided that all restrictions have been complied with.

Construction in progress costs are capitalized as incurred. Once put in use, the assets are transferred to their appropriate capital asset category and are amortized on a basis consistent with the policy below.

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

Site Improvements	10 years
Buildings and Building Improvements	20 to 40 years
Furniture, Equipment and Vehicles	5 years
Information Technology	2 to 5 years
Leasehold Improvements	Term of the lease

VACATION PAY

Conestoga recognizes vacation pay as an expense on an accrual basis.

FINANCIAL INSTRUMENTS

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

Fair value
This category includes derivatives, cash and investments. 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 of the appropriate fund.

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 fund balances and recognized in the statement of operations.

Amortized cost
This category includes grants receivable, accounts receivable, pledges receivable, accounts payable and accrued liabilities and long-term debt. 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 included in the carrying value of the instrument.

Write-downs on the 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 write-down being recognized in the statement of operations.

2. FINANCIAL INSTRUMENTS 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.

	Fair Value	Amortized Cost	2022 Total
Cash and short-term deposits	$406,710,894	-	$406,710,894
Investments	5,695,384	-	5,695,384
Grants receivable		$5,055,693	5,055,693
Accounts receivable		9.339,185	9,339,185
Pledges receivable		11,003,296	11,003,296
Accounts payable and accrued liabilities		47,180,487	47,180,487
Long-term debt		21,423,261	21,423,261

	Fair Value	Amortized Cost	2021 Total
Cash and short-term deposits	$302,050,239	-	$302,050,239
Investments	5,635,855	-	5,635,855
Grants receivable	-	$5,554,933	5,554,933
Accounts receivable	-	6,000,105	6,000,105
Pledges receivable	-	14,833,296	14,833,296
Accounts payable and accrued liabilities	-	29,603,198	29,603,198
Long-term debt	-	23,777,204	23,777,204

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 date (unobservable inputs).

	Level 1	Level 2	Level 3	2022 Total
Cash and short-term deposits	$406,710,894	-	-	$406,710,894
Investments	1,417,392	$4,277,992	-	5,695,384
Total	$408,128,286	$4,277,992	-	$412,406,278

	Level 1	Level 2	Level 3	2021 Total
Cash and short-term deposits	$302,050,239	-	-	$302,050,239
Investments	1,400,136	$4,235,719	-	5,635,855
Total	$303,450,375	$4,235,719	-	$307,686,094

			2022		2021
	Level	Fair Value	Book Value	Fair Value	Book Value
Canadian Equities	1	$299,880	$233,427	$269,875	$234,378
Canadian Fixed Income Investments	2	220,012	250,000	49,502	50,000
Foreign Equities	1	1,117,512	961,213	1,130,261	1,051,862
Money Market Mutual Funds	2	-	-	15,000	15,000
Canadian Fixed Income Mutual Funds	2	2,287,661	2,444,260	2,457,212	2,444,260
Foreign Equity Mutual Funds	2	1,099,669	1,169,761	695,173	750,227
Other	2	670,650	657,541	1,018,832	991,701
		$5,695,384	$5,716,202	$5,635,855	$5,537,428

3. PLEDGES RECEIVABLE

Pledges receivable includes corporate pledges of $1,600,000 (2021-$2,400,000) for major capital projects, as well as the student capital development fees which are related to the Recreation Centre building assets and the Waterloo Campus assets of $9,403,296 (2021-$12,433,296).

4. CAPITAL ASSETS

(a) Capital assets consist of the following:

	Capital Costs	Accumulated Amortization	2022 Net Book Value
Land	$70,601,001	-	$70,601,001
Site Improvements	8,061,646	$6,424,888	1,636,757
Buildings and Building Improvements	300,357,737	97,607,421	202,750,316
Furniture, Equipment and Vehicles	48,678,879	36,075,332	12,603,547
Information Technology	26,985,143	25,306,076	1,679,067
Leasehold Improvements	18,845,189	9,081,179	9,764,010
Construction in Progress	51,210,040	-	51,210,040
	$524,739,635	$174,494,897	$350,244,738

	Capital Costs	Accumulated Amortization	2021 Net Book Value
Land	$44,151,001	-	$44,151,001
Site Improvements	8,061,646	$6,120,120	1,941,525
Buildings and Building Improvements	300,357,737	89,917,108	210,440,629
Furniture, Equipment and Vehicles	43,602,341	30,988,925	12,613,415
Information Technology	25,877,838	24,304,705	1,573,133
Leasehold Improvements	16,339,796	5,464,434	10,874,362
Construction in Progress	3,279,142	-	3,279,142
	$441,669,501	$156,796,293	$284,873,208

In September 2021, the College finalized an agreement with the Town of Milton to transfer property from the Town of Milton to Conestoga College for future development in the Milton Education Village. The value of the land, which includes 14 acres of developable land, is assessed at $26,450,000 and is recorded as a land donation. The agreement includes direction for the College regarding use and development requirements.

(b) Investment in capital assets

The net book value of capital assets is financed by:

	2022	2021
Capital assets	$350,244,738	$284,873,208
Deferred capital contributions	(143,914,862)	(146,400,884)
Long-term debt	(21,423,261)	(23,777,204)
Investment in capital assets ending balance	$184,906,615	$114,695,120

Excess of expenditure over revenue	2022	2021
Amortization of deferred capital contributions	$8,943,419	$8,078,717
Amortization of capital assets	(17,698,604)	(17,451,659)
Excess of expenditures over revenue for the year	($8,755,185)	($9,372,942)

5. DEFERRED REVENUE

Details of the year-end balance are as follows:

	2022	2021
Prepaid tuition fees for future semesters	$258,119,903	$193,128,250
Student tuition fees	21,860,491	22,995,998
Student fees and student financial aid	11,647,768	7,880,587
Grants and reimbursements	5,856,804	8,996,940
Other projects	8,497,931	3,156,920
	$305,982,898	$236,158,695

Prepaid tuition fees represent fees paid in advance for future semesters.

Student tuition fees are for academic courses in process at the end of the year.

Student fees represent unspent student fees collected during the year and student financial aid represents amounts set aside for the work study program.

Grants and reimbursement are unexpended externally restricted grants to be spent on specific projects.

Other projects include contributions, donations, and deposits related to small projects and activities of the College.

6. LONG-TERM DEBT

	2022	2021
Ontario government Residence Loan bearing interest at 3.511%. Repayable in May and November each year in a blended payment of $634,494, due May 4, 2027.	$6,296,954	$7,317,895
Student Rec Centre Loan from Ontario Financing Authority bearing interest at 2.273%. Repayable in April and October each year in a blended payment of $849,795, due October 6, 2031.	15,126,307	16,459,309
	21,423,261	23,777,204
Less: Current portion	2,420,575	2,353,943
	$19,002,686	$21,423,261

The Consolidated Statements of Revenue and Expenditures and Changes in Fund Balances include interest expense related to long-term debt in the amount of $585,507 (2021-$651,350).

The estimated principal portion of long-term debt payments are as follows:

2023	$2,420,575
2024	2,489,183
2025	2,559,830
2026	2,632,579
2027	2,707,495
Thereafter	8,613,599
Total	$21,423,261

7. DEFERRED CONTRIBUTIONS

Deferred contributions reported in the Restricted Fund relate to donations received for student bursaries and interest earned on related endowed and unspent funds, to the extent they are unspent. Changes in the deferred contributions balance in the Restricted Fund are as follows:

	2022	**2021**
Beginning balance	$2,407,974	$2,412,296
Add: donations and grant received during year	2,091,018	1,135,005
Add: net interest on endowed and unspent funds	230,877	(80,174)
Less: amounts recognized as revenue in the year	(1,838,288)	(1,059,153)
Ending balance	$2,891,581	$2,407,974

8. DEFERRED CAPITAL CONTRIBUTIONS

Contributions restricted for the purpose of capital purchases are deferred and then amortized over the life of the asset at the corresponding rate of amortization.

	Ministry Funded Grants	**Other**	**2022 Total**	**2021 Total**
Opening balance	$112,445,150	$33,955,735	$146,400,885	$149,376,239
Deferred	5,637,993	819,404	6,457,396	5,103,362
Amortization	(6,953,410)	(1,990,009)	(8,943,419)	(8,078,717)
Ending balance	$11,129,733	$32,785,130	$143,914,862	$146,400,884

The majority of Other Deferred Capital Contributions include funding received from federal funding agencies, municipal agencies, corporate entities, etc.

9. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

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

				2022
	Post-employment benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total liability**
Accrued employee future benefits obligations	$1,837,000	$6,636,000	$62,000	$8,535,000
Value of plan assets	(502,000)	-	-	(502,000)
Unamortized actuarial gains (losses)	-	(1,494,000)	(8,000)	(1,500,000)
Total liability	$1,335,000	$5,142,000	$54,000	$6,531,000

				2021
	Post-employment benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total liability**
Accrued employee future benefits obligations	$1,821,000	$7,084,000	$139,000	$9,044,000
Value of plan assets	(432,000)	-	-	(432,000)
Unamortized actuarial gains (losses)	(8,000)	(2,059,000)	(48,000)	(2,115,000)
Total liability	$1,381,000	$5,025,000	$91,000	$6,497,000

				2022
	Post-employment benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total expense**
Current year benefit cost	$7,000	$597,000	$5,000	$609,000
Interest on accrued benefit obligation	2,000	130,000	2,000	134,000
Amortized actuarial (gains) losses	($46,000)	178,000	37,000	169,000
Total expense	($37,000)	$905,000	$44,000	$912,000

				2021
	Post-employment benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total expense**
Current year benefit cost	$52,000	$748,000	$4,000	$804,000
Interest on accrued benefit obligation	2,000	117,000	3,000	122,000
Amortized actuarial (gains) losses	-	164,000	-	164,000
Total expense	$54,000	$1,029,000	$7,000	1,090,000

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

Retirement Benefits

CAAT Pension Plan

All full-time employees of the College, and any part-time employees who opt to participate, are members of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), a multi-employer jointly sponsored defined benefit plan for public colleges in Ontario and other employers. 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. Since the Plan is a multi-employer plan, the College's contributions are accounted for as if the plan were a defined contribution plan with the College's contributions being expensed in the period they come due.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with the regulators as at January 1, 2022 indicated an actuarial surplus of $4.4 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of $17,601,214 (2021- $16,373,064), which has been included in the consolidated statement of revenue and expenditures.

Post- Employment Benefits

Conestoga extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. Conestoga 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 results are extrapolated from the most recent February 2020 actuarial valuation.

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

a) Discount rate

   The present value as at March 31, 2022 of the future benefits is determined using a discount rate of 2.9% (2021-1.7%).

b) Drug costs

   Drug costs are assumed to increase 8.0% per annum in 2022 (2021-8.0%), grading down to 4.0% per annum by 2040.

c) Hospital and other medical

   Hospital and other medical costs are assumed to increase at 4.0% per annum in 2022 (2021-4.0%)

   Medical premiums are assumed to increase 6.29% per annum in 2022 (2021-6.42%), grading down to 4.0% per annum by 2040.

d) Dental costs

   Dental costs are assumed to increase at 4.0% per annum in 2022 (2021-4.0%).

Compensated Absences

Non-Vesting Sick Leave

Conestoga 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 results are extrapolated from the most recent February 2020 actuarial valuation.

Vesting Sick Leave

Conestoga has provided for vesting 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 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. The results are extrapolated from the most recent August 2019 actuarial valuation.

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

	2022	2021
Wage and salary escalation	1.0-2.0%	1.0-2.0%
Discount rate	2.9%	1.7%

10. ENDOWED AND RESTRICTED FUND BALANCES

Internally Restricted Fund Balance

The Internally restricted fund includes funds restricted by the College for approved future capital projects. The balance at March 31, 2022 is $62,000,000 (2021-$42,000,000).

Externally Restricted Fund Balance

The Union Employment Stability Fund is required under the terms of the collective agreements for academic and support staff and is to be used to enhance employment stability. Under the agreements Conestoga makes annual contributions on a per capita basis. Disbursements must be authorized by a joint Union/College Committee.

	Student Bursary/ Scholarship/ Loan	Union Employment Stability	2022 Total	2021 Total
Externally Restricted Fund Balance	$36,639	$443,721	$480,360	$456,615

Endowment and Restricted Fund

Included in cash, short term deposits, and investments are amounts restricted for endowments, bursaries, scholarships, and restricted funds. Endowed assets represent funds held by Conestoga which have been permanently endowed. The annual income earned on the endowed funds may be used only for the externally restricted purpose specified by the donor. Restricted funds may be expended only for the purpose specified by the donor. The changes during the year in endowed and restricted fund assets are noted below:

	Endowment Fund	Restricted Fund	2022 Total	2021 Total
Opening balance included in cash and short-term deposits, and investments	$5,784,663	$2,864,589	$8,649,252	$7,636,290
Unrealized investment gains (losses)	(119,245)	-	(119,245)	819,331
Transfer to operations	(185,240)	-	(185,240)	-
Contributions	208,649	2,091,018	2,299,667	1,315,503
Bursary and scholarship activity	-	(1,583,666)	(1,583,666)	(1,121,872)
Ending balance included in cash, short term deposits, and investments	5,688,827	3,371,941	9,060,768	8,649,252
Deferred contributions and unrealized investment losses	20,818	(2,891,581)	(2,870,763)	(2,506,401)
Ending fund balance	$5,709,645	$480,360	$6,190,005	$6,142,851

11. COMMITMENTS

As of March 31, 2022, outstanding capital asset commitments approximate $55,700,000 primarily related to the construction and expansion of Conestoga's facilities. The internally restricted net assets and unrestricted net assets will be used to fund these future commitments.

Conestoga has entered into various agreements to lease premises. The minimum payments required to the maturity dates of existing leases are as follows:

2023	$4,961,047
2024	4,956,333
2025	3,657,621
2026	666,582
2027	527,721
Thereafter	916,391

12. FINANCIAL INSTRUMENTS RISK MANAGEMENT

CREDIT RISK

Accounts receivable and certain long-term pledges 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. Students with funds owing to Conestoga are not able to receive marks, a T2202a tax form or register for the next term. Continuing education students are required to pay in advance before they can be registered in a course.

	Total	Current	Past Due 31-60 days	Past Due 61-90 days	Past Due Over 90
Grants receivables	$5,055,693	$5,055,693	-	-	-
Pledges receivable	11,003,296	11,003,296	-	-	-
Student receivables	2,721,510	147,776	175,067	220,935	2,177,732
Other receivables	9,291,458	8,224,626	146,771	128,057	792,004
Less: bad debt allowance	(2,673,783)	-	-	-	(2,673,783)
Net receivables	$25,398,174	$24,431,391	$321,838	$348,992	$295,953

Conestoga estimates its aggregate exposure to credit risk as the sum of its reported balances owing from third parties recorded on the Consolidated Statement of Financial Position.

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

From time to time, Conestoga enters interest rate swap contracts as part of its risk management strategy to minimize exposure to interest rate fluctuations related to floating rate loans and mortgages. Conestoga has fixed the interest rate on $21,423,261 of long-term debt and therefore is not exposed to any interest rate risk on these financial instruments.

CURRENCY RISK

Conestoga does not have any material transactions 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.

LIQUIDITY RISK

Liquidity risk arises through an excess of financial obligations over available financial assets at any point in time. Conestoga's objective in managing liquidity risk is to maintain sufficient readily available resources in order to meet its financial obligations as they fall due. Management monitors rolling forecasts of Conestoga's liquidity reserve (comprises undrawn borrowing facility, cash and cash equivalents) on the basis of expected cash flow. Conestoga currently settles its financial obligations out of cash. The following table sets out the contractual maturities at the fiscal year end (representing undiscounted contractual cash-flows of financial liabilities).

	Up to 1 year	**1-5 years**	**>5 years**
Accounts payable	$47,180,847	-	-
Long-term debt	2,420,575	$12,539,238	$6,463,448

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.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

14. IMPACT OF COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. In response to the pandemic, governments worldwide have enacted emergency measures to combat the spread of COVID-19, including travel restrictions, indoor and outdoor gathering limits, stay at home orders other than for essential activities, and minimum physical distancing requirements. On September 7, 2021, the College policy requiring proof of full vaccination for employees, students, and visitors on campus took effect. The College also continues to require masks for all those on campus to reduce the risk of transmission of COVID-19. Certain restrictions have continued over the past two years and the College continues to assess changes in public health guidance to ensure a safe work and learning environment.

The extent of the impact of the pandemic on Conestoga's business, operational and financial performance for the upcoming year remains uncertain. The impacts will depend on future developments, including the continued spread and severity of the virus, vaccine efficacy and availability, reinstatement of physical distancing requirements, the duration of related travel advisories and restrictions and any delays in the student visa approval process. Management has considered the potential impacts of the pandemic on its approved capital and operating budget for the year ending March 31, 2023 and assessed its operational and liquidity risks and believes there are no significant issues, given Conestoga's strong working capital base and access to resources to support operations in the coming year.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Analysis of Operating Fund Revenue

March 31, 2022, with comparative figures for March 31, 2021

	2022	2021
Grants and government contracts:		
Operating – basic and enrolment growth	$24,375,451	$34,162,297
Operating – second career	856,570	895,505
Operating – performance	23,406,693	16,525,202
Operating – supplementary	1,000,820	1,051,443
Operating – premise rental	223,460	226,578
Operating – per capita tax	645,150	674,250
Apprentice related	10,304,903	9,536,385
Employment services	3,360,980	3,274,015
Literacy basic skills	2,632,910	2,676,985
Student support services and special business	1,701,518	1,820,126
Other Ontario	4,819,710	4,015,642
Municipal grants	1,307,850	1,454,898
Non-Government grant	19,307,519	3,035,496
Federal grants	10,205,344	7,485,814
	104,148,878	**86,834,636**
Tuition:		
Full time post secondary programs	269,882,544	183,658,886
Part-time courses and seminars	9,324,649	8,739,691
Full fee recovery programs	117,853	83,468
Apprentice	1,118,643	937,558
	280,443,669	**193,419,603**
Other student fees	**32,731,055**	**23,471,932**
Contracted services	**5,333,915**	**3,079,166**
Other:		
Day-care revenue	1,257,231	569,323
Ancillary operations	15,791,185	10,507,987
Donation revenue	2,110,892	1,435,236
Interest revenue	2,489,952	1,824,189
Application fees	6,401,600	4,710,761
Gain recognized for access rights	-	2,301,542
Miscellaneous revenue	2,051,036	2,384,144
	30,101,895	**23,733,182**
Amortization of deferred capital contributions:		
Grant	6,953,410	6,588,318
Other	1,990,009	1,490,399
	8,943,419	**8,078,717**
	$461,702,831	**$338,617,236**

See accompanying notes to consolidated financial statements