



FANSHAWE



2019 2020 | Annual Report

OUR MISSION

To provide pathways to success, an exceptional learning experience, and a global outlook to meet student and employer needs.



FANSHAWE

Unlocking Potential

ANNUAL REPORT 2019/2020

FANSHAWE COLLEGE

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This has been an incredibly rewarding year and it has been a pleasure working alongside talented community members, students, staff, and senior leaders of the College.

We celebrated many accomplishments and the Board of Governors is especially proud of the outcomes tied directly to our students and graduates, measured through the Key Performance Indicators (KPI). Just over 90 per cent of our graduates were successful in finding employment within six months of graduating – the highest rate among all colleges in Ontario. This outstanding achievement is a direct result of strong and relevant academic programming, excellent teaching, and supportive student services.

This past year was the final year for Fanshawe's 2017/20 strategic goals and commitments. As shown in this report, the College has successfully met and in some instances, surpassed its ambitious objectives. Many of the outcomes have informed the next set of strategic goals and commitments. Others are a part of the College's ongoing operational processes. Fanshawe is truly committed to being an extraordinary place for students, employees, and its communities.

Fanshawe has been preparing for and negotiating the next Strategic Mandate Agreement (SMA) with the Ministry of Colleges and Universities (MCU). With a greater emphasis on performance outcomes, this SMA differs greatly compared to previous agreements. As a high performing College with excellent KPIs, this new SMA will hold us all accountable to continue to achieve high outcomes for our students and graduates.

The new strategic goals and commitments for 2020/25, based on rigorous research, consultation and planning, will help Fanshawe respond to unique and emerging challenges and opportunities. I have full confidence that these goals will be realized.

I would like to thank all employees for their dedication and outstanding response to the COVID-19 pandemic. Together, you have shown how deeply Fanshawe cares for its students and our communities.

Sincerely,

Patricia Hoffer

Chair, Fanshawe College Board of Governors



Fanshawe College is unlocking the potential of its students, staff, and community.

At Fanshawe, we value our students and strive to provide them with an exceptional learning experience and a pathway to success. Fanshawe is succeeding. Our graduates rank first in the province for finding employment upon graduation, according to the most recent Key Performance Indicators (KPIs). KPI survey results indicate that 90.3 per cent of Fanshawe alumni find jobs within six months of graduating, exceeding the provincial average. Fanshawe also scored higher results than the provincial average for student satisfaction with services, learning experiences, skills and knowledge gained, and college facilities/resources. These amazing results are a testament to the hard work, professionalism, and devotion of Fanshawe faculty and staff in preparing our students for rewarding careers upon graduation.

Enrolment continues to grow here at Fanshawe. It grew by seven per cent over this past year. Our international student population, who come from 103 countries, increased its size by 26.6 per cent over last year. Growing enrolment has demanded more space for classrooms and support services. To accommodate this need, we have developed plans to house some of our administrative departments off campus in a newly renovated office space, which will allow employees of these departments to work closely and collaborate with each other.

Fanshawe has begun implementing its Innovation Village concept. Construction for the physical space of Innovation Village is underway, and faculty teams for each program will provide a Signature Innovative Learning Experience (SILEx) for students. Innovation Village will be where students do things differently, in a non-traditional manner, where attitudes are open-minded, where community partners will access expert resources of students and professors through project work all with a view to fueling economic growth and social benefits.

Exciting accomplishments happened in the Fanshawe community in 2019/20. Music Industry Arts professor Dan Brodbeck received a Grammy nomination; the downtown campus received an urban design award from the City of London; alumna Nicole Snobelen won the London Better Business Bureau's Spark Award; MIA alumna Haviah Mighty won the 2019 Polaris Music Prize for her new album; and many of our Falcons' teams had successful seasons. These are just a few examples.

We end our academic year in uncharted territory. The COVID-19 crisis has been an unprecedented challenge in every way, testing our resiliency and strength. However, this crisis has demonstrated our true community character and reinforced Fanshawe's strengths, dedication and compassion. I would like to thank all employees in their efforts in supporting the move of most of our programs online, delivery of online student supports and College operations. I am also proud of the Fanshawe response to community needs at this time.

2019/20 was an eventful year, with many successes and achievements. I would like to thank our incredible Fanshawe community for their support, passion, and commitment to our students and for making Fanshawe a great place to be!

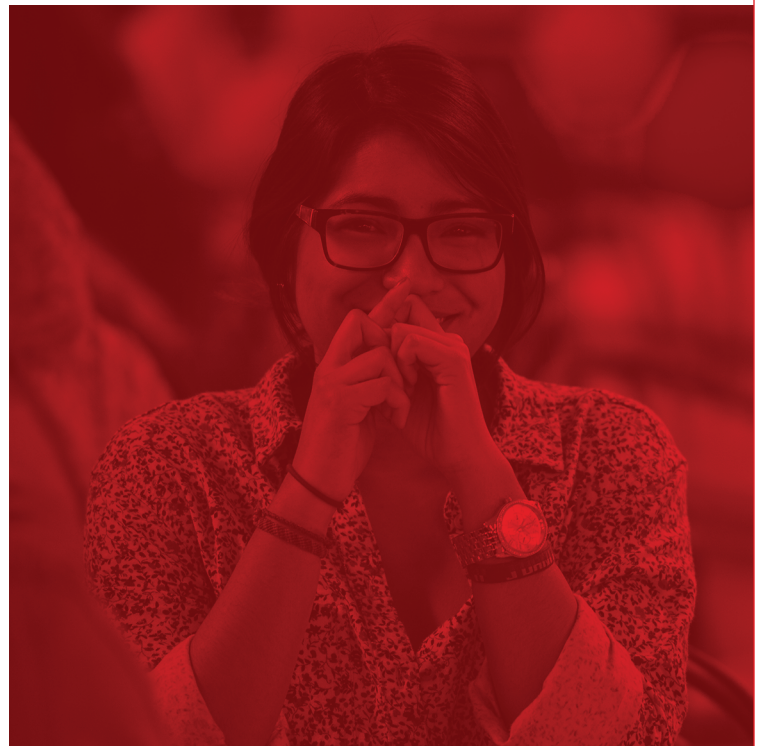
Sincerely,

Peter Devlin
President, Fanshawe College



SECTION A

Report on Previous Year's Goals



Challenges and Opportunities

The external environment (e.g., political, social, technological, and economic) greatly affected the post-secondary sector in 2019/20. The most pressing of these challenges, which is still ongoing, is the COVID-19 pandemic. In March of 2020, the College moved its courses to an online delivery platform (where possible), cancelled apprenticeship and dual credit classes, and closed its campuses to the public and non-essential staff. The College is closely monitoring updates on COVID-19 and is working with the provincial government and other professionals (e.g., a consulting construction firm) to provide it with direction. This crisis had an effect on the entire College for the winter 2020 term and will continue to have an impact on its operations in 2020/21 (e.g., enrolment, program delivery, construction projects).

The COVID-19 pandemic is having a pervasive and stronghold effect on the government, economy, and society. Yet, on an environmental basis, there were also other challenges and opportunities that the College was presented with in 2019/20. These include the following: a new performance-based funding agreement with the province; government initiatives to increase labour market supply (e.g., expanding the Student Direct Stream for international students); supporting a diverse student population; and technology advancements and the future of work (e.g., Industry 4.0 technologies).

In the sections below, the College's successful attainment of its strategic goals and commitments are discussed.

Goal 1: Enhance innovative practices for student learning

Commitment 1.1. Successfully meet the six standards in the College Quality Assurance Audit Process (CQAAP) in spring 2018.

Fanshawe completed the College Quality Assurance Audit Process (CQAAP) review in May 2018 with a two-day site visit. A panel of three external reviewers interviewed more than 100 participants and found Fanshawe's processes to be not only comprehensive, but also exemplary. Fanshawe successfully met all six standards in the College Quality Assurance Audit Process and was awarded a *Mature Effort* - the highest rating possible. In addition to a number of commendations and affirmations that recognized the institutional commitment to a highly effective quality assurance system, the panel identified five areas in need of improvement. The College is currently working on addressing these recommendations. It will document progress in the CQAAP Interim Report.

Commitment 1.2. Ensure all post-secondary programs provide at least five percent online delivery by spring 2020.

eLearning continues to be an area of focus and growth at the College. Over three-quarters of all post-secondary programs have at least one online or blended course, according to the 2019 Program Excellence Self-Assessment (PRESS) survey (77 percent).¹ The PRESS survey asks programs how many courses are currently delivered online or are blended. In total, 1,132 courses have an online component.

Over the past few years, implementing this commitment was challenging for the following two reasons: the underlying assumption that all programs have courses that can have an online component; and defining what constitutes five percent online delivery. The eLearning working group considered these challenges while developing an eLearning Strategy for the College.

¹ The 2019 PRESS survey was conducted in the fall of 2019 and references the 2018/19 academic year.

In 2019, the eLearning working group produced a first draft of the eLearning Strategy. This strategy defines organizational committee structures, quality assurance models, and organizational processes set to assist with the implementation of an enterprise-level approach to eLearning. Two key features of this strategy are the definition of credential-based blended and online delivery commitments by program, and recognition of the Quality Matters framework as the College's quality assurance model. In the spring of 2020, a newly designed eLearning Technology policy for the College will come forward for approval, outlining course content minimums and standards, as well as Learning Management System use.

Moving forward, the College plans to implement this strategy to support enrolment growth and enhance the student's digital learning experiences, as well as increase the number of fully online post-secondary programs by 6, by September 2023.

Commitment 1.3. Enhance the student first year experience through strategies that support transition into and through the College.

Specific initiatives targeting first year students carried out in 2019/20 are described below.

- The College aims to have an academic advising model that is holistic and involves a coordinated approach focused on first year advisement. In 2019/20, a final academic advising framework was adopted by the advising steering committee, presented to Senior Leadership Council, and reviewed by academic and pathways advisors. This framework includes the specific supports needed not only for first year students (Level 1), but also for prospective students, admitted students, and students who are in Level 2 and beyond. It is currently under consideration by the College. Notably, the College is participating in a provincial initiative to establish a framework for advising competencies for all staff engaged in student advising.
- For the second year in a row, the College held a dedicated orientation day for all Level 1 intakes in each of the three terms in 2019/20. While attendance is not tracked, high volumes of students attend. In fall 2019, the focus was on the engagement of upper level students to act as program mentors. Upper level students participated in various ways, including: assisting with social events; welcoming new students; facilitating wayfinding; running the games tables; and sharing their experiences and providing tips during the academic program's orientation. This practice will continue to move forward to enhance the first day experience of new students. For new online learners, the College hosted a virtual welcome session in the fall 2019. This experience served the College well when welcoming students in the summer of 2020.
- The College is working towards identifying at-risk students early in their academic lifecycle. In 2019/20, student services and the international office collaborated to hold multi-service drop-in sessions near the withdrawal date to offer supports and encourage students to re-register in future semesters. Moving forward, the student services and institutional research departments will work collaboratively to identify at-risk students early using data.
- First year students may also benefit from the Student Peer Support Program and the *Here for You* campaign, which both launched in 2018/19 for all students. In 2019/20, the Student Peer Support Program had 15 new peer support students trained as mentors, along with existing seasoned volunteers who helped mentor the new volunteers. The *Here for You* campaign promotes the varied College supports and services available to students. In 2019/20, a more targeted social media campaign launched through a *Here for You* Instagram account, increased its followers and grew its reach (e.g., impressions)

over the year. A third phase of *Here for You* is underway and will be completed in 2020/21.

Commitment 1.4. Develop an Indigenous Strategy by fall 2018 that aligns with the Indigenous Educational Protocol for Colleges and Institutes.

After a series of consultations within the College and with Indigenous partners, Fanshawe has developed the Indigenous Action Plan (IAP). The IAP sets in place processes for increasing Indigenous students' access to the College's programs, improving Indigenous students' outcomes, enhancing community relationships, and fostering a greater understanding within the College environment of Indigenous knowledge and ways of being. The IAP is the first step in the College's journey to increase Indigenous students' access to higher education, and the fulfilment of their study and career aspirations. The College's approach to improving life opportunities for Indigenous students and communities is to embed accountabilities for the Indigenous agenda across the College. The IAP's seven key areas, aligned with the Indigenous Education Protocol for Colleges and Institutes, include the following: governance, leadership and institutional support; involve and support Indigenous communities; engage Indigenous learners; enhance Indigenous student experiences; embrace Indigenous knowledge, teaching, learning and Indigenous curriculum development; and Indigenous staff development.

Implementation of the IAP began in 2019/20. For example, 35 percent of post-secondary programs have embedded Indigenous knowledge into their programs, according to the 2019 PRESS survey. Specific IAP goals/targets regarding enrolment increases and staff development are integrated into the *College's 2020-25 Strategic Goals and Commitments*, showing the College's continued commitment to Indigenization. Student participation in Access and Transition programs over the summer of 2019 resulted in a 15-percentage point increase in Level 1 retention. Applicant numbers doubled between fall 2018 and fall 2019. Term one students in good standing grew from 48 percent to 50 percent, which increases the number of students who will progress to graduation.

Commitment 1.5. Ensure all post-secondary students have a research or innovation experience as part of their program.

The skills required for the knowledge-based workplace include creativity, critical thinking, complex problem solving, communications, and resilience. The integration of research and innovation into the curriculum for all post-secondary programs creates the opportunity for these skills to be developed and fostered as part of the program-specific teaching and learning process.

During the processes for program development and reviews, academic areas are to demonstrate how the curricula include research and/or innovation components. According to the 2019 PRESS survey, 79 percent of all post-secondary programs incorporate research into the teaching and learning activities for the program.

This commitment has evolved into the Signature Innovative Learning Experience (SILEx), which the College plans to incorporate into all new and existing post-secondary programs by September 2021.

Commitment 1.6. Develop a digital strategy by fall 2018 inclusive of infrastructure, support systems, and educational delivery.

The College has developed a digital strategy that focuses on educational delivery (transform programs and optimize teaching and learning); support systems (empower faculty, engage students), and infrastructure (including equipment and tools). Its aim is to discover how the

College can ensure Fanshawe students graduate with a mastery in using digital tools for the industry in which they will work. This strategy also aims to revolutionize pedagogical practices in order to impact student learning and student experience.

Six high-level objectives were identified for this purpose. The intent behind these objectives was to do the following: define digital skills that ought to be embedded into curriculum; adopt new digital teaching and learning practices and tools in the classroom; cultivate a culture of digital innovation; bridge the gaps in digital literacy; and acquire essential infrastructure, equipment and tools for this purpose.

Over the next year, consultations will be held with key stakeholders (i.e., faculty, students, and employers) in order to assess the readiness for technology-enabled learning, identify the digital skills needed in the labour market, and determine the support systems needed for students and faculty. The information collected will help in the development of critical activities, key performance indicators, milestones, and accountabilities for each objective within the digital strategy. To ensure that the College is meeting its identified objectives, the initiative will be continuously monitored and evaluated.

Goal 2: Manage enrolment growth

Commitment 2.1. Grow enrolment by six percent over three years (with baseline of full-time post-secondary enrolments established 2016/2017).

As of January 22, 2020, the full-time post-secondary enrolment (FTPS) count that includes summer 2019, fall 2019 and winter 2020 is 44,991.² This represents a year-over-year increase of seven percentage points. Of greater significance, the College has now experienced an enrolment increase of 27.6 percentage points over the past three years, far surpassing the College's original strategic growth target of six percentage points over three years.

International enrolment has grown tremendously at the College. Cumulative growth from 2016/17 is 156 percentage points; year-to-year growth is 26.6 percentage points between 2018/19 and 2019/20. In comparison, domestic enrolment is on a slight downward trend. Cumulative from 2016/17, domestic enrolment declined by three percentage points; domestic enrolment dropped by just over two percentage points in the year-to-year change between 2018/19 and 2019/20. Retaining full-time domestic enrolments is a challenge as the number of post-secondary-aged applicants continues to decline and competition among colleges remains fierce.

Commitment 2.2. Broaden flexible learning opportunities to enhance access for students.

The College is committed to provide students with flexible options that meet their unique learning needs with regard to time, geography, learning modality, and the stage in their lifelong learning journey. Flexible learning opportunities encompass the following five areas: online learning; modularized and accelerated delivery; geographic options; part-time admission, registration and continuing education; and access to post-secondary education.

In the 2019 PRESS survey, program managers were asked to identify the flexible delivery opportunities that were offered in their programs. Online or blended delivery is the most common flexible option implemented by programs. As mentioned earlier in the document, 77 percent of programs have at least one online or blended course. Also over one-third of programs (37 percent) offer part-time credit courses and 15 percent of programs offer modular

² This count does not include impacts on enrolments related to the College moving online due to COVID-19.

deliveries. A small number of programs adopt accelerated delivery (nine percent), fast track (four percent), and weekend (three percent) options.

In continuation of its commitment to broaden flexible learning opportunities, the College has developed a draft Mature/Part-time Learner Strategy. Using results from a market segmentation and needs analysis, this strategy includes recommendations for many areas of the College. The next step is the implementation of this strategy, which the College has included in its *2020-25 Strategic Goals and Commitments*.

Commitment 2.3. Implement, by winter 2018, a consolidated post-secondary program excellence lifecycle process in consideration of labour market need.

Program quality assurances for the College include using the Program Excellence Model and its accompanying tools, which consist of the following: Policy 126: Program Excellence, the Program Health Tool (PHT), Decision Balance Tool (DBT), and the PRESS survey. The Program Excellence Model includes a Stage Gate process for new program development, as well as program assessments on an annual basis using PHT and formal program reviews every five years. If programs do not meet the minimum criteria of the PHT, they go through the DBT, which aids to assess programs further and leads to either a suspension or implementation of improvement strategies.

Throughout the program lifecycle model, rigorous processes are followed to ensure the following: students' needs are met; program and course learning outcomes are achieved; the content of academic programs is current and relevant to meet labour market needs; the delivery format is effective; and that action plans include clear recommendations and detailed implementation guidelines.

Goal 3: Optimize use of resources

Commitment 3.1. Develop a long-term data strategy by spring 2018.

The purpose of the College's Data Strategy, which has been completed, is to provide optimized access to College data and intelligence for employees to make more informed decisions and drive performance and innovation. This strategy includes the following six pillars: questions (key challenges and business-critical questions that need to be addressed); data (easy access to reliable and valid data to respond to key questions); analytics (the ability to turn data into insights); technology (essential infrastructure, equipment, and tools for data management and analytics); governance (privacy, security, and other protocols in place); and people (the right culture, competencies, and communication system).

The College is committed to implementing its Data Strategy over the next five years and has included doing so in its *Strategic Goals and Commitments for 2020-25*.

Commitment 3.2. Complete a review, by fall 2018, to re-engineer the business planning and budgeting process.

A review of the business planning and budgeting process was successfully completed in fall 2018 and has resulted in a number of recommendations for phasing in over the next few business planning cycles. Approximately 35 percent of budget managers have completed a zero-based budgeting exercise for the 2019/2020 and 2020/2021 business planning and budgeting cycles. The College will continue to focus on an additional 20 percent of departments to complete a zero-based budgeting process in each year over the next few years. The Finance department has also introduced a Capital Planning Committee. As of spring 2019, the committee is the single point of contact to address capital and non-reoccurring project needs.

The Capital Planning Committee is responsible for determining multi-year capital priorities as well as prioritizing and approving investment ideas. In addition, a monthly financial close process was implemented to generate timely financial statements as well as introducing quarterly financial management reports.

Commitment 3.3. Complete an administrative process cost study by winter 2019.

In 2019, the College committed to conduct a process cost study on the procurement process of administrative computers. The aim of the study is to review the existing administrative processes associated with the purchase option in comparison to the lease option, with specific focus on costs and process improvement aspects. Full life of asset costing and sustainability improvements are among factors included in the analysis. The process cost study will result in a recommendation for purchase or lease options for administrative computers over the next few years. Findings of this pilot project will be presented to the Senior Leadership Council (SLC) to determine whether it would be beneficial to continue with additional cost studies in the future.

Commitment 3.4. Develop an integrated infrastructure plan by 2019.

The purpose of the integrated infrastructure plan is to project the financial needs of the College in three particular areas: facilities, academic equipment, and IT lifecycle maintenance. Over the past year, considerable progress has been made in projecting the five-year capital needs of the facilities and IT areas. The College Facility Condition Index (FCI) is updated annually based on a rolling, five-year refresh, conducted by an external third party organization. This data informs the deferred maintenance budget reflected in the five-year capital plan. In the IT area, the life cycle needs of all student and non-student equipment are reviewed and incorporated into a five-year plan, which will be updated annually. These efforts have led to the allocation of capital funds to meet the year 1 needs in the current fiscal year. Currently, academic equipment planning occurs on a case-by-case basis. Requests that require approval go through the financial processes in place (e.g., the Multi-Year Template Under \$500K).

Goal 4: Build sustainable sources of alternative revenue

Commitment 4.1. Create and operationalize a relevant corporate training solutions entity by fall 2018.

Building on the original internal business case analysis and the supporting consultant's report prepared by Deloitte LLP addressing revenue growth and market assumptions, Corporate Training Solutions (CTS) continues to expand and grow its current product, service and solutions portfolio across Southwestern Ontario. Main service areas include the following: business and leadership; health care; occupational health and safety; trades and technology; computer software and programming; licensing and certifications; compliance and regulation. The launch of a new regional sales and marketing plan is supported by structured and targeted business development activity.

Commitment 4.2. Complete an impact evaluation of the subsidiaries governance framework by spring 2019.

The Impact Evaluation Report on the subsidiaries governance framework is complete, inclusive of recommended options and implementation timelines, and has been approved by the Subsidiary Governance Task Force. Due to the current repointing of the CCPV business model and operations, the Subsidiary Governance Task Force further recommended, and the Board of Governors endorsed, an indefinite suspension of establishing a Holding Company model for subsidiary activity.

Commitment 4.3. Increase revenue from domestic and international corporate training and business development by ten percent per year.

Corporate Training Solutions' (CTS) financial forecasts project additional revenue growth, as for-profit and not-for-profit sector customers continue to engage CTS in career building and professional development deliveries. Growth in transportation training and licensing services has reached a sustainable level due to the addition of new training and certification deliveries such as the Ontario Ministry of Transportation, Fleet Certification, and Signing Authority approvals. As a result, CTS plans to improve current off-site training facilities for these services to accommodate the additional services and increased registrant volumes. CTS will follow a similar model for determining additional stand-alone delivery locations as business conditions warrant.

Fanshawe International Corporation (FIC) has changed its name to Fanshawe Global Corporation. It currently has projects in progress in Peru, Colombia, Mexico, Chile, and Brazil; additional projects are proposed or in discussion in these countries. In addition, it has a new collaborative agreement with Educity, Iskandar.

Commitment 4.4. Develop a Foundation Plan mapped to College strategic priorities by fall 2017.

The College's Foundation Board approved a new Foundation Strategic Plan in November 2017. The Plan aligns closely to the College's strategic goals by supporting innovative practices for exceptional student learning; supporting the implementation and sustainability of College programs aligned to labour market needs and student demands; building and supporting the development of sustainable sources of alternative revenue; and supporting strategic capital priorities. Notably, the Plan commits the Foundation to embark upon a new multi-year giving campaign in support of cross-College innovation initiatives. Moreover, it lists a number of key, multi-year capital support commitments.



SECTION B

Analysis of College Operational Performance



Summary of Major College Achievements

This past year is the final year of the College's 2017-20 strategic goals and commitments. The College was successful in its strategic plan for the past three years. Selected achievements for 2019/20 are presented below:

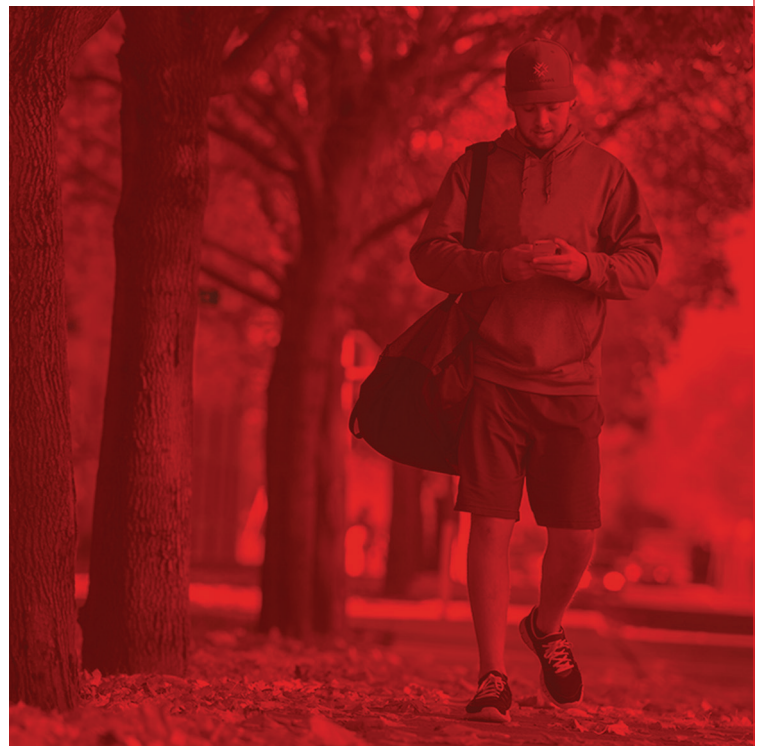
- Full-time post-secondary enrolment count (44,991 as of January 22, 2020) increased by seven percent compared to the previous year. Over the past three years, the College experienced a 27.6 percent enrolment increase, far surpassing its strategic target of six percent.
- Over three-quarters of all post-secondary programs have at least one online or blended course, according to the 2019 Program Excellence Self-Assessment (PRESS) survey.
- The College developed an eLearning Strategy (first draft). Two key features of this strategy are the definition of credential-based blended and online delivery commitments by program, and recognition of the Quality Matters framework as the College's quality assurance model.
- For the second year in a row, the College held a dedicated orientation day for all Level 1 intakes in each of the three terms in 2019/20. Upper level students participated as greeters and mentors.
- In 2019/20, the Student Peer Support Program had 15 new peer support students trained as mentors, alongside existing seasoned volunteers.
- Seventy-nine percent of all post-secondary programs incorporate research into the teaching and learning activities for the program.
- The College continues to implement the Program Excellence Model and its accompanying tools.
- The College has developed a Capital Planning Committee to be the single point of contact to address capital and non-reoccurring project needs.
- Corporate Training Solutions' (CTS) financial forecasts project additional revenue growth, as for-profit and not-for-profit sector customers continue to engage CTS in career building and professional development deliveries.
- Fanshawe Global Corporation has projects in progress in Peru, Colombia, Mexico, Chile, and Brazil; additional projects are proposed or in discussion in these countries.
- Construction of Phase 1 of Innovation Village began in January 2020.

Perhaps the biggest achievement of the College is its response to the COVID-19 pandemic. Faculty and support staff showed their commitment to student success in the transition of most programs to online delivery, as well as online student supports and College operations.



SECTION C

Analysis of College Financial Performance



The consolidated financial statements for The Fanshawe College of Applied Arts and Technology ("the College") which are attached contain the consolidated results for the College, Fanshawe College Foundation ("the Foundation"), Fanshawe Global Corporation ("FGC"), Canadian Centre for Product Validation Inc. ("CCPV") and Hot Zone Training Consultants Inc. ("HZTC"). The separate financial statements for the Foundation, FGC, CCPV and HZTC are attached.

Fanshawe College Foundation

The Foundation was formed to support the growth of the College and the financial needs of its students. It has just finished its tenth year of operation. Support is provided to students through the provision of bursaries and scholarships. The College will receive support for capital improvements from time to time from the funds derived from fundraising campaigns. The Foundation had a decrease in net assets of \$1.1M in the year driven primarily by the temporary declines in the fair value of investments held for endowments. The Foundation provided Student assistance (bursaries and scholarships) of \$1.4M in the year.

Fanshawe Global Corporation (FGC)

FGC, previously known as Fanshawe International Corporation was formed to provide teaching and training activities outside of Canada using the expertise we have developed within the College. FGC recorded an increase in contract service income for the end year ended March 31, 2020 of \$330K compared to the previous year. Net Income of the corporation increased by 51%. Due to COVID-19, all international consulting and advisory services planned for completion by year-end have been cancelled or postponed. Rescheduling of these services is subject to future domestic and international pandemic recovery planning permissions or restrictions.

Canadian Centre for Product Validation Inc. (CCPV)

CCPV was incorporated in February 2015 for the purpose of conducting developmental, performance and compliance testing for new or improved products in the areas of thermal, mechanical, electrical and environmental testing to support the College and began operations in June 2016. This entity incurred a loss for the year ended March 31, 2020. The Board approved and authorized the dissolution of CCPV in April 2020 and a transition plan will be developed in fiscal 2021 to implement the Board's direction.

Hot Zone Training Consultants Inc.

In July 2015, the College purchased Hot Zone Training Consultants Inc., an incorporated entity that operates as a safety training consulting organization. This wholly-owned subsidiary of the College is reporting a deficit primarily due to the application of push down accounting and increased salary costs due to the transitioning of new Operations Director.

Fanshawe College (consolidated)

The College recorded a surplus of \$26.8M for the year ended March 31, 2020 compared to \$30.4M in the year prior. Total revenues increased by \$13.4M over the prior year while total expenditures increased by \$17.0M. Key contributions driving the financial results are provided below. Charts for both revenue and expenditures covering the last six years are included in the section.

Revenue

Enrolment Revenue – Full time post-secondary enrolments increased year over year. The \$26.8M (15%) increase in revenues is driven by rate increases to International Tuition and a significant increase in International enrolments. Enrolment trends reflecting domestic and international enrolments are included on the last page of this section for Full Time Post-Secondary as of November 1st count dates for the last 6 years.

Government Grants – Grant revenue decreased by \$5.1M (-5%) in the year. This decrease is driven by a one-time grant from the Ministry of \$4.0M received in 2018/19 and an increase in International Student Recovery Fee as a result of increased International enrolments.

Ancillary revenue – Ancillary revenue experienced a decrease of \$1.1M (-5%) due to the impact of COVID-19. Students were advised to go home and were no longer on campus during the second half of March, negatively impacting Food Services, Retail Services, Parking, and Residence.

Other revenue – Other revenue decreased by \$7.2M (-22%) over 2018/19 driven by a number of factors. Investment income has gone down by \$1.1M from the prior year. This decrease is due to a change in the College's investment strategy to comply with government requirements, and to a lesser degree a result of rate changes due to COVID-19. In the prior year, an impairment loss on a funded capital project was recorded and resulted in the recognition of \$2.5M in deferred contributions as revenue. The current year also reflects a disposal of library books, which resulted in a loss on disposition of \$2.9M.

Expenditures

Instructional Services – Expenditures that are directly involved with the learning process where there is an expectation of a positive financial contribution. These costs include, but are not limited to, academic programs funded by government and contract training funded by business and industry. The main contributor for the increased cost of \$9.9M (7%) is increased full-time faculty and academic staff positions driven by addition new programs and increased international enrolments. Inflation and salary escalations are also a factor.

Instructional Support Services – Expenditures incurred that primarily support Instructional Services and contribute to the learning process, which may or may not attract additional revenue. Examples include, but are not limited to, the Library, Research, and International Partnerships. There was a \$2.9M (11%) increase to these costs, which are directly tied to increased enrolments, inflationary pressures, and salary escalation.

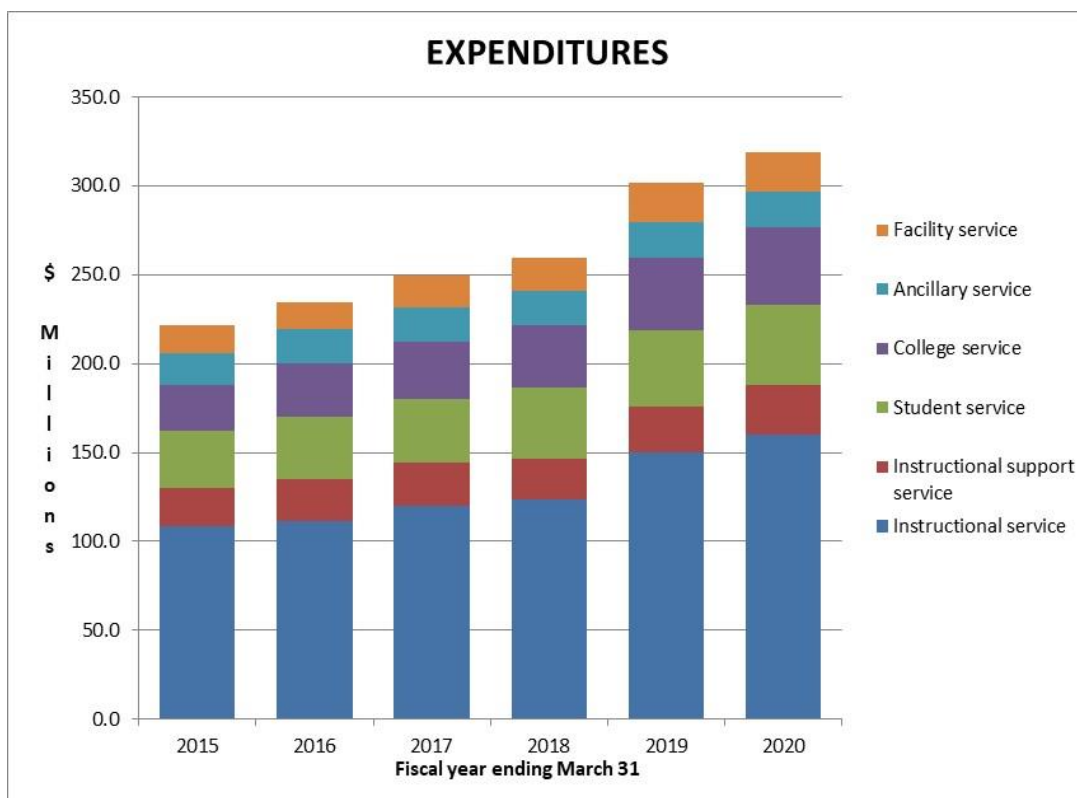
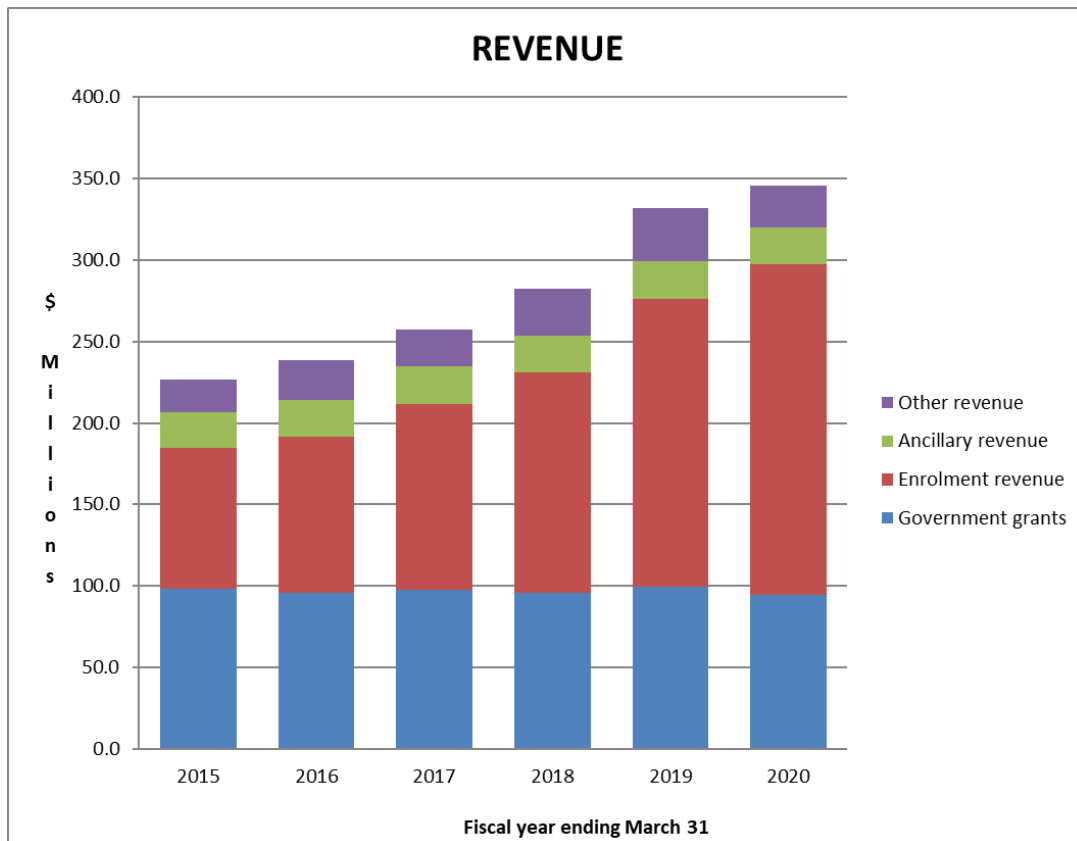
Student Services – Expenditures incurred to support the needs of students either in the learning process or in student life activities. Examples include the Registrar's Office, Counselling and Accessibility Services and Athletics. The \$2.0M (5%) increase in expenditures is attributable to inflation and salary escalation. Increased enrolment counts have also attributed to increased student service costs over the past few years.

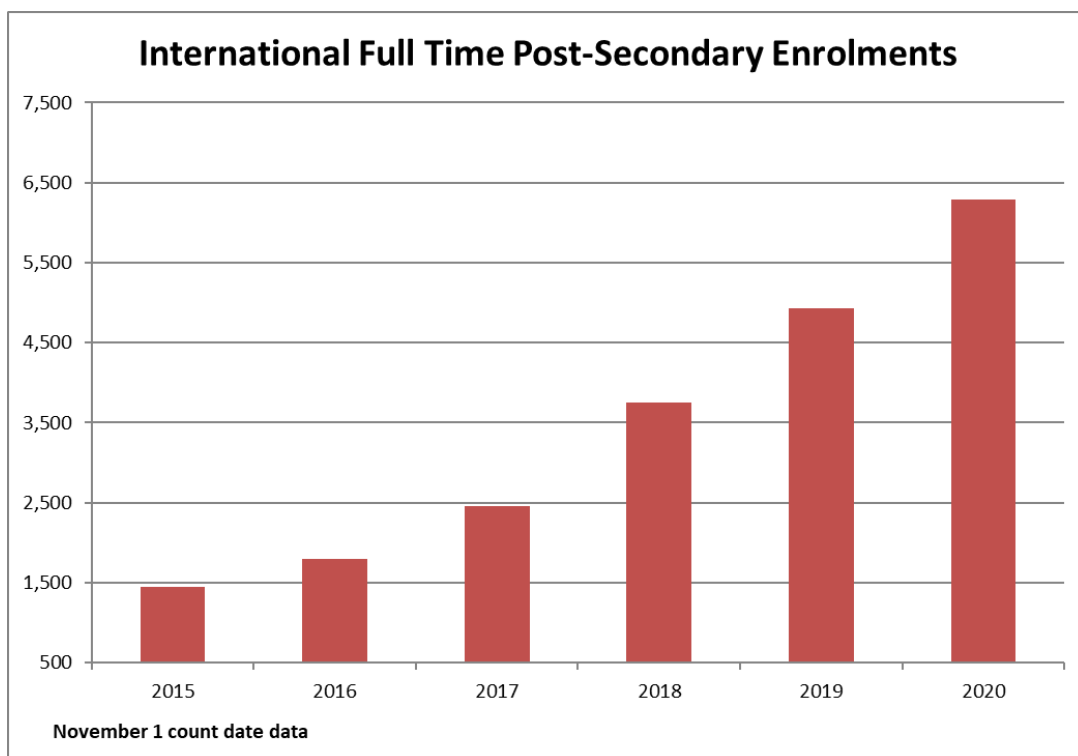
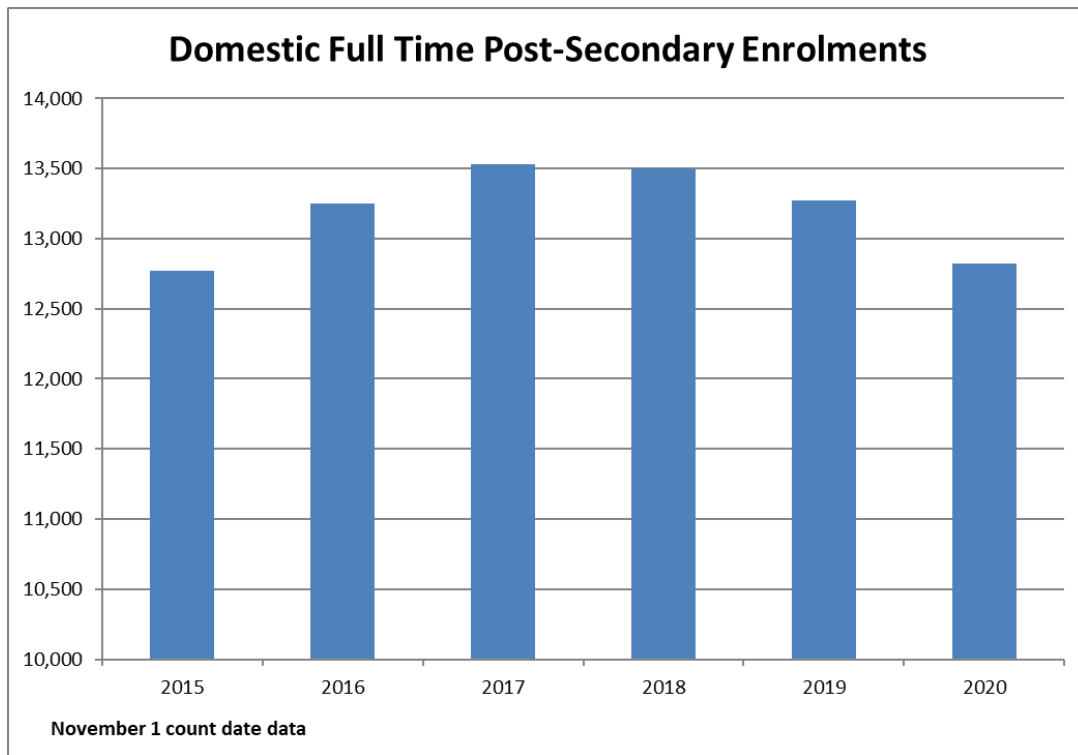
College Services – Expenditures incurred that primarily serve the needs of the College as a corporation. Examples include, but are not limited to, the Board of Governors, Development Office, Human Resources and Financial Services. Salary escalation, commission payments for additional international enrolments and expanding corporate service requirements to support our expanded enrolment base have driven most of the \$2.3M (6%) year over year cost increase.

Ancillary Services – Expenditures incurred that are primarily user-pay services provided at competitive rates as a convenience to students, and in some cases the College. Examples

include the College Stores, Residence operations, Canadian Centre for Product Validation (CCPV) and Parking Services. The decrease in this category of \$500K (-2%) is due to lower cost of goods sold as a result of lower Ancillary Sales during the College closure for the second half of March due to COVID-19.

Facility Services – Expenditures incurred that are primarily associated with providing a physical learning and working environment that is both safe and secure and complies with numerous codes and regulations. Examples include, but are not limited to facilities planning and development, maintenance, utilities, custodial services, and security. The cost increase of \$400K over 2018/19 reflects inflationary pressures and staff escalation.







SECTION D

Subsidiaries & Foundations



The financial statements for Fanshawe College Foundation, Fanshawe International Corporation, Canadian Centre for Product Validation Inc. and Hot Zone Training Consultants Inc. are included in the Consolidated Financial Statements for the College included in Appendix B.



SECTION E

Appendices





APPENDIX A

Strategic Mandate Agreement Report Back



The Ministry has exempted all Colleges from completing the Strategic Mandate Agreement (SMA) report back document this year.



APPENDIX B

Audited Financial Statements



Consolidated Financial Statements of

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

And Independent Auditors' Report thereon

Year Ended March 31, 2020

Consolidated Financial Statements

March 31, 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of remeasurement gains and losses
- the consolidated statement of cash flows for the year then ended
- and notes and schedule to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2020, and its consolidated results of operations, its consolidated changes in net assets, its consolidated remeasurement gains and losses, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 Information

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

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

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

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

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

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

We have nothing to report in this regard.

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 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.

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

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

Auditors' 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 auditors' report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly curved line.

Chartered Professional Accountants, Licensed Public Accountants

July 2, 2020

London, Canada

Consolidated Statement of Financial Position

As at March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets		
Cash	\$ 127,983,386	\$ 110,179,575
Accounts receivable (Note 3 and 22)	15,647,345	16,570,447
Grants receivable	9,136,846	8,503,484
Inventories	3,092,724	3,115,901
Prepaid expenses	61,327	116,955
Current portion of Student fee receivable (Note 4)	608,400	586,691
Current portion of Student Union receivable (Note 5)	189,218	177,482
	<u>156,719,246</u>	<u>139,250,535</u>
Student fee receivable (Note 4)	20,188,980	20,797,380
Student Union receivable (Note 5)	1,960,163	2,149,381
Investments (Note 6)	139,095,212	97,366,946
Capital assets (Notes 7, 9 and 10)	365,696,975	369,326,376
Intangible assets (Note 8)	151,361	454,081
	<u>\$ 683,811,937</u>	<u>\$ 629,344,699</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 33,365,100	\$ 29,101,697
Accrued vacation pay	10,537,811	10,043,457
Deferred revenue	125,329,480	96,219,450
Capital lease obligation (Note 9)	5,917	5,806
Current portion of bank loans (Note 10)	2,726,333	2,579,899
	<u>171,964,641</u>	<u>137,950,309</u>
Bank loans (Note 10)	48,820,764	51,547,097
Deferred derivative liability (Note 2)	3,072,944	3,017,991
Post-employment benefits and compensated absences (Note 11)	6,956,962	7,174,962
Capital lease obligation (Note 9)	10,629	16,546
	<u>58,861,299</u>	<u>61,756,596</u>
Deferred contributions		
Restricted contributions (Note 12)	16,820,440	15,655,577
Capital assets (Note 13)	196,304,145	201,250,547
	<u>213,124,585</u>	<u>216,906,124</u>
Net assets (deficit)		
Investment in capital assets (Note 14)	140,775,946	137,637,413
Endowments	22,892,917	23,993,207
Internally restricted (Note 15)	84,981,314	40,685,453
Unrestricted	(7,461,703)	13,185,131
Accumulated remeasurement loss	(1,327,062)	(2,769,534)
	<u>239,861,412</u>	<u>212,731,670</u>
Commitments (Notes 16 and 17)		
Contingencies (Note 18 and 19)		
Contractual rights (Note 20)		
Subsequent event (Note 25)		
	<u>\$ 683,811,937</u>	<u>\$ 629,344,699</u>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue		
Enrollment revenue	\$ 203,115,209	\$ 176,346,504
Government grants	94,455,573	99,615,003
Ancillary revenue	22,642,236	23,706,345
Other revenue		
Amortization of deferred contributions related to capital assets (Note 13)	12,306,106	11,099,280
Impairment of deferred contributions related to capital assets (Note 13)	-	2,506,350
Investment income	4,155,263	5,248,307
Restricted contributions	2,096,574	2,770,591
Miscellaneous	6,863,450	10,901,451
	<u>345,634,411</u>	<u>332,193,831</u>
Expenditures		
Instructional service	159,942,968	147,870,910
Student service	44,928,321	42,181,548
College service	43,641,878	45,267,906
Instructional support service	28,291,096	25,058,840
Facility service	22,438,257	21,660,202
Ancillary service	19,611,156	19,781,002
(Schedule 1)	<u>318,853,676</u>	<u>301,820,408</u>
Excess of revenue over expenditures	\$ 26,780,735	\$ 30,373,423

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	Accumulated Remeasurement Loss	2020 Total
Balance, beginning of year	\$ 137,637,413	\$ 23,993,207	\$ 40,685,453	\$ 13,185,131	\$ (2,769,534)	\$ 212,731,670
Excess (deficiency) of revenue over expenditures (Note 14)	(12,700,401)	-	-	39,481,136	-	26,780,735
Unrealized gains (losses) attributable to:						
Investments	-	-	-	-	1,497,425	1,497,425
Deferred derivative liability	-	-	-	-	(54,953)	(54,953)
Endowments						
Donations	-	231,448	-	-	-	231,448
Investment income	-	1,066,837	-	-	-	1,066,837
Net loss	-	(1,721,253)	-	-	-	(1,721,253)
Awards	-	(686,687)	-	-	-	(686,687)
Net transfers from the College and Foundation	-	9,365	-	-	-	9,365
Internally restricted						
Deferred expenditures	-	-	51,045,786	(51,045,786)	-	-
Interfund transfer	-	-	(6,749,925)	6,749,925	-	-
Net transfers to the College	-	-	-	6,825	-	6,825
Net change in investment in capital assets (Note 14)	15,838,934	-	-	(15,838,934)	-	-
Balance, end of year	\$ 140,775,946	\$ 22,892,917	\$ 84,981,314	\$ (7,461,703)	\$ (1,327,062)	\$ 239,861,412

See accompanying notes to consolidated financial statements.

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	Accumulated Remeasurement Loss	2019 Total
Balance, beginning of year	\$ 132,532,277	\$ 22,852,601	\$ 24,528,068	\$ 4,074,229	\$ (4,847,245)	179,139,930
Excess (deficiency) of revenue over expenditures (Note 14)	(11,178,285)	-	-	41,551,708	-	30,373,423
Unrealized gains attributable to:						
Investments	-	-	-	-	1,846,544	1,846,544
Deferred derivative liability	-	-	-	-	231,167	231,167
Endowments						
Donations	-	167,939	-	-	-	167,939
Investment income	-	1,079,752	-	-	-	1,079,752
Net gain	-	507,554	-	-	-	507,554
Awards	-	(639,146)	-	-	-	(639,146)
Net transfers from the College and Foundation	-	24,507	-	-	-	24,507
Internally restricted						
Deferred expenditures	-	-	32,066,402	(32,066,402)	-	-
Interfund transfer	-	-	(15,909,017)	15,909,017	-	-
Net change in investment in capital assets (Note 14)	16,283,421	-	-	(16,283,421)	-	-
Balance, end of year	137,637,413	23,993,207	40,685,453	13,185,131	(2,769,534)	212,731,670

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 26,780,735	\$ 30,373,423
Change in non-cash working capital items (Note 21)	34,236,332	24,390,136
Items not involving cash:		
Amortization of capital assets	22,220,943	20,197,844
Impairment of capital assets	-	4,598,581
Gain on disposal of capital assets	(77,650)	(12,510)
Loss on disposal of library books	2,863,214	-
Amortization of intangible assets	302,720	302,720
Amortization of deferred contributions related to capital assets	(12,306,106)	(11,099,280)
Impairment of deferred contributions related to capital assets	-	(2,506,350)
Net increase in deferred contributions related to restricted contributions	1,164,863	1,829,753
Decrease in post employment benefits and compensated absences	(218,000)	(17,247)
	74,967,051	68,057,070
Cash flows from investing activities		
Short term investments greater than 90 days	-	15,002,342
Long term investments, net	(40,230,841)	1,672,800
Increase in internally restricted net assets	6,825	-
	(40,224,016)	16,675,142
Cash flows from capital activities		
Additions to deferred contributions related to capital assets	7,359,704	23,063,818
Additions to capital assets	(21,460,386)	(37,662,189)
Proceeds from sale of capital assets	83,280	20,280
Repayment of capital lease obligation	(5,806)	(17,585)
Repayment of bank loans	(2,402,417)	(2,253,501)
	(16,425,625)	(16,849,177)
Cash flows from financing activities		
Repayments from Student Union	177,482	166,474
Repayment of bank loans	(177,482)	(166,474)
Repayment of student fee receivable	586,691	565,756
Endowments		
Donations	231,448	167,939
Investment income	1,066,837	1,079,752
Net (loss) gain	(1,721,253)	507,554
Awards	(686,687)	(639,146)
Net transfers from the College and Foundation	9,365	24,507
	(513,599)	1,706,362
Increase in cash	17,803,811	69,589,397
Cash, beginning of year	110,179,575	40,590,178
Cash, end of year	\$ 127,983,386	\$ 110,179,575

See accompanying notes to consolidated financial statements.

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Balance, beginning of year	\$ (2,769,534)	\$ (4,847,245)
Unrealized gains (losses) attributable to:		
Investments	1,497,425	1,846,544
Deferred derivative liability-interest rate swap	(54,953)	231,167
Net remeasurement gain for the year	1,442,472	2,077,711
Balance, end of year	\$ (1,327,062)	\$ (2,769,534)

See accompanying notes to consolidated financial statements.

The Fanshawe College of Applied Arts and Technology (“the College”) is an incorporated entity that provides quality education and learning for employment to its communities. The College is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

(a) General:

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

The consolidated financial statements reflect the operations of the College and its wholly owned subsidiaries Fanshawe College Foundation, Fanshawe Global Corporation, Canadian Centre for Product Validation Inc. and Hot Zone Training Consultants Inc.

(b) Revenue recognition:

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

Under the Ontario Colleges of Applied Arts and Technology Act, the College is funded by the Ministry of Colleges and Universities (“MCU”). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Revenue from enrollment, ancillary operations and other revenue is recognized when the services are provided or the products are sold.

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 other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Deferred restricted contributions represent unspent donations for bursaries and scholarships, programs and other purposes. Deferred contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets.

Endowment contributions, having externally imposed restrictions requiring that the principal be maintained intact, are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are 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.

Materials and services donated to the College are recognized as restricted contributions in the year received and are recorded at their fair value.

(c) Inventories:

Inventories are stated at the lower of cost and net realizable value.

(d) Financial instruments:

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

Financial assets and financial liabilities are initially recognized at cost and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the College's designation of such instruments. Settlement date accounting is used.

Fair Value

This category includes instruments quoted in an active market.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations.

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

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Fair Value (continued)

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

Amortized Cost

This category includes accounts receivable, grants receivable, student fee receivable, Student Union receivable, accounts payable and accrued liabilities, capital lease obligation and bank loans. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the Statement of Operations.

(e) Derivative financial instrument:

Derivative financial instruments are utilized by the College in the economic management of its interest rate exposure. The College does not enter into derivative financial instruments for trading or speculative purposes. The College uses interest rate swap agreements to economically manage the floating interest rate of a portion of the debt portfolio and the related overall cost of borrowing.

(f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

1. Significant accounting policies (continued):

(f) Capital assets (continued):

Buildings occupied and equipment used by the former Ontario Vocational Centre, London were donated to the College as of September 1, 1967 by the Ontario Department of Works and Education and have been recorded at the original capital cost incurred by those departments. Land donated to the College by the Department of Public Works has been recorded at the nominal value of \$6. Subsequent additions to capital assets have been recorded at cost.

Capital assets are amortized on a straight line basis using the following estimated useful lives:

Buildings	40 years
Building improvements	15 years
Site improvements	10 years
Leasehold improvements	Term of the lease
Furniture and equipment	5 years
Information technology equipment	3 years

The College utilizes the ½ year rule when amortizing capital assets in the year of acquisition.

(g) Intangible assets:

Intangible assets are recorded at cost at the date of acquisition. When an intangible asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

Intangible assets are amortized on a straight line basis using the following estimated useful lives:

Goodwill	5 years
Future value of customer lists	5 years

The College utilizes the ½ year rule when amortizing intangible assets in the year of acquisition.

(h) Cost allocation:

Expenditures are recorded on the accrual basis and allocated among academic programs on the basis of direct charges wherever possible and otherwise on the basis of full time equivalent students or teaching contact hours.

(i) Vacation pay:

Vacation pay is accrued, as entitlement is earned.

1. Significant accounting policies (continued):

(j) 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, vesting sick leave and non-vesting sick leave. The College has adopted the following policies with respect to accounting for these employee benefits:

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

(k) Liabilities for contaminated sites:

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the College is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

The College does not have any liabilities for contaminated sites.

1. Significant accounting policies (continued):

(l) Measurement uncertainty:

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 expenditures during the period. Actual results could differ from these estimates. Areas of key estimation include determination of the allowance for doubtful accounts, derivative financial instruments and the actuarial estimation of post-employment benefits and compensated absence liabilities as outlined in Note 11.

2. Financial instrument classification:

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

	2020		
	Fair Value	Amortized Cost	Total
Cash	\$ 127,983,386	\$ -	\$ 127,983,386
Accounts receivable	-	15,647,345	15,647,345
Grants receivable	-	9,136,846	9,136,846
Student fee receivable	-	20,797,380	20,797,380
Student Union receivable	-	2,149,381	2,149,381
Investments	139,095,212	-	139,095,212
Accounts payable and accrued liabilities	-	33,365,100	33,365,100
Capital lease obligation	-	16,546	16,546
Bank loans	-	51,547,097	51,547,097
Deferred derivative liability	3,072,944	-	3,072,944
	<u>\$ 270,151,542</u>	<u>\$ 132,659,695</u>	<u>\$ 402,811,237</u>

2. Financial instrument classification (continued):

	2019		
	Fair Value	Amortized Cost	Total
Cash	\$ 110,179,575	\$ -	\$ 110,179,575
Accounts receivable	-	16,570,447	16,570,447
Grants receivable	-	8,503,484	8,503,484
Student fee receivable	-	21,384,071	21,384,071
Student Union receivable	-	2,326,863	2,326,863
Investments	97,366,946	-	97,366,946
Accounts payable and accrued liabilities	-	29,101,697	29,101,697
Capital lease obligation	-	22,352	22,352
Bank loans	-	54,126,996	54,126,996
Deferred derivative liability	3,017,991	-	3,017,991
	<u>\$ 210,564,512</u>	<u>\$ 132,035,910</u>	<u>\$ 342,600,422</u>

The amortized cost of accounts receivable, grants receivable and accounts payable and accrued liabilities approximate fair value because of their short terms to maturity. The student fee receivable, Student Union receivable, capital lease obligation and bank loans have an insignificant interest rate differential, therefore, recording at fair value is unnecessary.

The College entered into interest rate swap agreements in a prior year to economically manage the floating interest rate of term loans (Note 10). Under the terms of the interest rate swap agreements, the College has contracted with the counterparty to pay a fixed rate of interest, while receiving interest at a variable rate to be set monthly based on the term loan rates during the year. The fair value of the interest rate swap agreements are recorded as a deferred derivative liability on the consolidated statement of financial position.

The following tables provide 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):

	2020			
	Level 1	Level 2	Level 3	Total
Cash	\$ 127,983,386	\$ -	\$ -	\$ 127,983,386
Investments	-	139,095,212	-	139,095,212
Deferred derivative liability	-	-	3,072,944	3,072,944
	\$ 127,983,386	\$ 139,095,212	\$ 3,072,944	\$ 270,151,542

	2019			
	Level 1	Level 2	Level 3	Total
Cash	\$ 110,179,575	\$ -	\$ -	\$ 110,179,575
Investments	-	97,366,946	-	97,366,946
Deferred derivative liability	-	-	3,017,991	3,017,991
	\$ 110,179,575	\$ 97,366,946	\$ 3,017,991	\$ 210,564,512

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2020 and March 31, 2019. There were also no transfers in or out of Level 3.

3. Accounts receivable:

Includes a balance owing from the Student Union for March 2020 expenditures of \$826,898 (2019-\$289,294).

4. Student fee receivable:

The receivable represents the student's share in support of the construction costs related to the Wellness Centre located on the London campus.

Principal repayments are due in accordance to the amortization schedule relating to the long term debt identified in Note 10. The following is a summary of the total amount receivable from the London campus students:

4. Student fee receivable (continued):

	2020	2019
Loan receivable, negotiated with the London Campus Student Union, from London campus students with an effective fixed interest rate of 3.65% repayable over 25 years. No specific security has been received.	\$ 20,797,380	\$ 21,384,071
	20,797,380	21,384,071
Less current portion	608,400	586,691
	\$ 20,188,980	\$ 20,797,380

Principal repayments required during the next five years and thereafter are as follows:

2021	\$ 608,400
2022	630,912
2023	654,257
2024	678,467
2025	703,572
Thereafter	17,521,772
	\$ 20,797,380

5. Student Union receivable:

The receivable represents the Student Union's share in support of the construction costs related to the student centre located on the London campus.

Principal repayments are due in accordance to the amortization schedule relating to the long term debt identified in Note 10. The following is a summary of the total amount receivable from the Student Union:

	2020	2019
Loan receivable from the London Campus Student Union with an effective fixed interest rate of 7.17% repayable over 25 years. No specific security has been received.	\$ 2,149,381	\$ 2,326,863
	2,149,381	2,326,863
Less current portion	189,218	177,482
	\$ 1,960,163	\$ 2,149,381

5. Student Union receivable (continued):

Principal repayments required during the next five years and thereafter are as follows:

2021	\$	189,218
2022		201,729
2023		215,068
2024		229,288
2025		244,450
Thereafter		1,069,628
	\$	2,149,381

6. Investments:

The estimated fair and book values, held directly and indirectly through pooled funds, as at March 31 were:

	2020		2019	
	Estimated Fair Value	Book Value	Estimated Fair Value	Book Value
Bonds	\$ 115,532,184	\$ 113,786,302	\$ 73,213,659	\$ 72,965,204
Held through pooled funds:				
Bonds	10,836,569	10,671,820	10,411,628	10,266,797
Global equities	6,686,257	6,897,148	6,628,526	6,468,006
Canadian equities	5,769,818	7,424,516	6,739,073	7,024,010
Money market/short term	270,384	270,384	374,060	374,060
	\$ 139,095,212	\$ 139,050,170	\$ 97,366,946	\$ 97,098,077

7. Capital assets:

	2020		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 7,262,945	\$ -	\$ 7,262,945
Buildings	464,513,125	146,185,579	318,327,546
Buildings, construction in progress	522,778	-	522,778
Building improvements	6,710,216	223,674	6,486,542
Building improvements, construction in progress	1,642,704	-	1,642,704
Site improvements	29,370,477	23,390,785	5,979,692
Leasehold improvements	3,810,089	381,009	3,429,080
Leasehold improvements, construction in progress	311,804	-	311,804
Furniture and equipment	181,932,655	161,532,155	20,400,500
Furniture and equipment, construction in progress	33,505	-	33,505
Information technology equipment	1,559,855	259,976	1,299,879
	<u>\$ 697,670,153</u>	<u>\$ 331,973,178</u>	<u>\$ 365,696,975</u>

	2019		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 7,262,945	\$ -	\$ 7,262,945
Buildings	464,064,079	135,038,575	329,025,504
Buildings, construction in progress	88,234	-	88,234
Site improvements	28,355,190	22,704,050	5,651,140
Furniture and equipment	176,573,326	152,349,294	24,224,032
Library books	6,524,108	3,449,587	3,074,521
	<u>\$ 682,867,882</u>	<u>\$ 313,541,506</u>	<u>\$ 369,326,376</u>

During the year the College implemented Building improvements, Leasehold improvements, and Information technology equipment as new capital asset classes.

Construction in progress relates to a number of capital projects which are underway, but are not completed, as at March 31. No amortization has been recorded.

Included in 2019 is an impairment of the CCPV building in the amount of \$4,598,581.

8. Intangible assets:

Due to the acquisition of Hot Zone Training Consultants Inc. in July 2015, and as a result of the College's consolidation process, intangible assets were recorded and as at March 31 were:

	2020		
	Cost	Accumulated Amortization	Net Book Value
Goodwill	\$ 814,599	\$ 733,139	\$ 81,460
Future value of customer lists	699,000	629,099	69,901
	<u>\$ 1,513,599</u>	<u>\$ 1,362,238</u>	<u>\$ 151,361</u>

	2019		
	Cost	Accumulated Amortization	Net Book Value
Goodwill	\$ 814,599	\$ 570,219	\$ 244,380
Future value of customer lists	699,000	489,299	209,701
	<u>\$ 1,513,599</u>	<u>\$ 1,059,518</u>	<u>\$ 454,081</u>

9. Capital lease obligation:

	2020	2019
Equipment lease contract, repayable in monthly installments of \$515 including an effective fixed interest rate of 1.90%. The lease is repayable over 5 year and one-half years and matures December 2022. The lease is secured by specific equipment.	\$ 16,546	\$ 22,352
	16,546	22,352
Less current portion	5,917	5,806
	<u>\$ 10,629</u>	<u>\$ 16,546</u>

Principal payments required in each of the next three years are as follows:

2021	\$ 5,917
2022	6,030
2023	4,599
	<u>\$ 16,546</u>

10. Bank and term loans:

The debt noted below is structured with fixed repayment terms which will retire the debt over an agreed period of time. The College is not in violation of any covenants as at March 31, 2020 and it is the intent of the College to repay the debt in accordance with the repayment schedules.

	2020	2019
Term loan with a notional amount of \$22,225,090 and an effective fixed interest rate of 3.65%. The loan is repayable over 25 years in blended quarterly payments of \$339,810 and matures July 2042. No specific security has been pledged.	\$ 20,797,380	\$ 21,384,071
Term loan with a notional amount of \$20,000,000 and an effective fixed interest rate of 5.49%. The loan is repayable over 30 years in blended quarterly payments of \$340,908 and matures February 2040. No specific security has been pledged.	16,491,800	16,934,728
Term loan with a notional amount of \$10,000,000 and an effective fixed interest rate of 6.46%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$67,251. The SWAP agreement matures May 2028. No specific security has been pledged.	5,071,480	5,534,650
Term loan with a notional amount of \$7,500,000 and an effective fixed interest rate of 6.58%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$51,041. The SWAP agreement matures November 2028. No specific security has been pledged.	4,007,449	4,343,898
Term loan with a notional amount of \$10,000,000 and an effective fixed interest rate of 6.05%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$63,526. The SWAP agreement matures September 2024. No specific security has been pledged.	3,009,595	3,577,679

10. Bank and term loans (continued):

	2020	2019
Term loan with a notional amount of \$4,000,000 and an effective fixed interest rate of 7.17%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$26,809. The SWAP agreement matures January 2029. No specific security has been pledged.	2,149,381	2,326,863
Term loan with a notional amount of \$28,298 and an effective fixed interest rate of 7.49%. The loan is repayable over 5 years in blended monthly payments of \$567 and matures July 2023. The loan is secured by a vehicle.	20,012	25,107
	51,547,097	54,126,996
Less current portion	2,726,333	2,579,899
	\$ 48,820,764	\$ 51,547,097

Principal payments required in each of the next five years and thereafter are as follows:

2021	\$ 2,726,333
2022	2,881,419
2023	3,045,677
2024	3,215,036
2025	3,010,765
Thereafter	36,667,867
	\$ 51,547,097

11. Post-employment benefits and compensated absences:

2020					
	Vesting sick leave	Non-vesting sick leave	Post- employment benefits	WSIB post- employment benefits	Total liability
Accrued employee future benefits obligations	\$ 375,000	\$ 7,264,000	\$ 1,770,000	\$ 323,962	\$ 9,732,962
Value of plan assets	-	-	(399,000)	-	(399,000)
Unamortized actuarial gain (loss)	167,000	(2,604,000)	60,000	-	(2,377,000)
Total liability	\$ 542,000	\$ 4,660,000	\$ 1,431,000	\$ 323,962	\$ 6,956,962

2019					
	Vesting sick leave	Non-vesting sick leave	Post- employment benefits	WSIB post- employment benefits	Total liability
Accrued employee future benefits obligations	\$ 499,000	\$ 5,716,000	\$ 1,760,000	\$ 323,962	\$ 8,298,962
Value of plan assets	-	-	(325,000)	-	(325,000)
Unamortized actuarial gain (loss)	160,000	(1,017,000)	58,000	-	(799,000)
Total liability	\$ 659,000	\$ 4,699,000	\$ 1,493,000	\$ 323,962	\$ 7,174,962

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 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.

11. Post-employment benefits and compensated absences (continued):

Retirement Benefits (continued):

CAAT Pension Plan (continued)

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 of the Plan at December 31, 2019, disclose a net assets value of \$13.5 billion with accrued going concern liabilities relating to pension obligations of \$11.3 billion, resulting in a surplus of \$2.2 billion (2019-\$1.2 billion). The College made contributions to the Plan and its associated retirement compensation arrangement of \$15,799,879 (2019-\$15,522,464), which has been included in the Statement of Operations.

In 2018 the Public Sector Accounting Board issued an Invitation to Comment – Employment Benefits: Non-traditional Pension Plans which proposed placing allocated pension liabilities on the statement of financial position of public-sector entities, including colleges. Responses from CAAT Pension Plan, College Ontario Finance Officers, and others were strongly against such provisions as being challenging to implement and not being in the best public interest. In November 2019, PSAB indicated it was revisiting the project by reviewing its project plan and scope. The CAAT Plan, along with several other Canadian public pension plans, continue to engage PSAB to educate and support current pension plan accounting that reflects the risk and rewards of colleges participating in the Plan.

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 employee's tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council ("the Council").

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

(a) Discount rate

The present value as at March 31, 2020 of the future benefits was determined using a discount rate of 1.6% (2019-2.2%).

(b) Drug costs

Drug costs increased 8.0% per annum for fiscal 2020 (2019-8.0%) grading down to 4.0% in 2040 (2019-4.0% in 2040).

11. Post-employment benefits and compensated absences (continued):

Post-employment benefits (continued):

(c) Hospital and other medical

Hospital and other medical costs increased 4.0% per annum for fiscal 2020 (2019-4.0%).

(d) Dental costs

Dental costs increased 4.0% per annum for fiscal 2020 (2019-4.0%).

Compensated absences

Vesting sick leave

The College 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 credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the Council.

Non-vesting sick leave

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

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

	2020	2019
Wage and salary escalation		
Support staff	1.0%	1.5%
Academic	2.0%	2.0%
Discount rate	1.6%	2.2%

The probability that the employee will use more sick days than the annual entitlement and the excess number of sick days used over the annual entitlement are within ranges of 0% to 26.2% and 0.0 to 51.0 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

12. Deferred restricted 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:

	2020	2019
Balance, beginning of year	\$ 15,655,577	\$ 13,825,824
Add amounts received during the year	20,067,465	20,581,298
Less amounts disbursed in the year	(18,902,602)	(18,751,545)
Balance, end of year	\$ 16,820,440	\$ 15,655,577

Deferred contributions are comprised of:

	2020	2019
Student activity fees	\$ 7,521,791	\$ 6,939,864
Fundraising campaigns	5,304,211	5,402,761
Bursaries and scholarships	1,650,627	1,202,507
Employee stability fund	578,765	551,666
Alumni activities	374,271	233,215
Other	1,390,775	1,325,564
	\$ 16,820,440	\$ 15,655,577

13. 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. Changes in the deferred capital contributions balances are as follows:

	2020	2019
Balance, beginning of year	\$ 201,250,547	\$ 191,792,359
Add contributions received for capital projects	7,359,704	23,063,818
Less amortization of deferred capital contributions	(12,306,106)	(11,099,280)
Less impairment of deferred capital contributions	-	(2,506,350)
Balance, end of year	\$ 196,304,145	\$ 201,250,547

Associated with the 2019 impairment of the CCPV building in the amount of \$4,598,581 as disclosed in Note 7, Deferred capital contributions were also impaired by \$2,506,350.

14. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 365,696,975	\$ 369,326,376
Amounts financed by: Student fee receivable	20,797,380	21,384,071
Deferred contributions	(196,304,145)	(201,250,547)
Capital lease obligations	(16,546)	(22,352)
Bank loans	(49,397,718)	(51,800,135)
	\$ 140,775,946	\$ 137,637,413

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

	2020	2019
Excess of expenditures over revenue:		
Amortization of deferred contributions related to capital assets	\$ 12,306,106	\$ 11,099,280
Impairment of deferred contributions related to capital assets	-	2,506,350
Amortization of capital assets	(22,220,943)	(20,197,844)
Impairment of capital assets	-	(4,598,581)
Gain on disposal of capital assets	77,650	12,510
Loss on disposal of library books	(2,863,214)	-
	\$ (12,700,401)	\$ (11,178,285)

Net change in investment in capital assets:

Additions to capital assets	\$ 21,460,386	\$ 37,662,189
Amount financed by: Student fee receivable	(586,691)	(565,756)
Proceeds on disposal of capital assets	(83,280)	(20,280)
Deferred contributions	(7,359,704)	(23,063,818)
Capital lease obligations	5,806	17,585
Bank loans	2,402,417	2,253,501
	\$ 15,838,934	\$ 16,283,421

15. Internally restricted net assets:

Internally restricted net assets represent funds set aside for future expenditures. Details of the internally restricted net asset balances are as follows. These internally restricted net assets will be used in part to fund future commitments disclosed in Note 17, Commitments.

	2020	2019
Deferred capital expenditures	\$ 83,875,742	\$ 39,713,168
Deferred operating expenditures	1,105,572	972,285
Balance, end of year	\$ 84,981,314	\$ 40,685,453

16. Operating leases:

The College leases premises and equipment. The remaining aggregate minimum rental payments under operating leases for the next five years and thereafter are as follows:

2021	\$ 2,090,541
2022	2,665,445
2023	2,605,975
2024	2,531,091
2025	2,002,280
Thereafter	1,848,580
	\$ 13,743,913

17. Commitments:

As at March 31, 2020, outstanding capital asset commitments approximate \$56,552,301 (2019-\$5,813,881) primarily relating to the construction and expansion of various facilities. The internally restricted net assets in Note 15, Internally restricted net assets, will be used to fund these future commitments.

18. Contingencies:

In the normal course of operations there are outstanding claims against the College, primarily as a result of grievances filed under the provisions of the collective agreements between the College and The Ontario Public Services Employees Union ("OPSEU"). The amount of these claims is not determinable at this time, and accordingly losses, if any, as a result of these claims will be expensed in the period in which the claims are known.

19. Contingent assets:

The College is a defendant in a number of legal proceedings arising in the normal course of business. The College has insurance to recover any possible legal settlement. The future receipt of these assets is dependent on the outcome of the contingent liability occurring. Contingent assets are not recorded in the consolidated financial statements.

20. Contractual rights:

Estimated amounts from contracts which will be received or receivable in each of the next four years and thereafter are as follows:

2021	\$	981,608
2022		932,881
2023		739,014
2024		60,154
Thereafter		5,400,000
March 31, 2020	\$	8,113,657
March 31, 2019	\$	9,013,012

21. Supplemental cash flow information:

	2020	2019
Change in non-cash working capital items:		
Accounts receivable	\$ 923,102	\$ 5,367,902
Grants receivable	(633,362)	(1,628,630)
Inventories	23,177	(223,647)
Prepaid expenses	55,628	(48,768)
Accounts payable and accrued liabilities	4,263,403	566,258
Accrued vacation pay	494,354	351,353
Deferred revenue	29,110,030	20,005,668
	\$ 34,236,332	\$ 24,390,136

During the year, the following cash amounts were received (paid):

	2020	2019
Interest revenue	\$ 5,660,370	\$ 6,713,192
Interest expense	(2,499,862)	(2,793,885)

22. Financial instrument risk management:

Credit risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to \$100,000 (2019-\$100,000).

The maximum exposure to investment credit risk is the amount of the investments as shown in Note 6.

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 as at March 31, 2020 and March 31, 2019 were as follows:

	2020					
	Past Due					
	Total	Current	1-30 days	31-60 days	61-90 days	91+ days
Student receivables	\$ 10,541,995	\$ 5,036,797	\$ 4,159,923	\$ 80,201	\$ 827,098	\$ 437,976
Other receivables	7,513,233	3,559,333	415,217	316,357	60,101	3,162,225
Gross receivables	18,055,228	8,596,130	4,575,140	396,558	887,199	3,600,201
Less: impairment allowances	(2,407,883)	-	-	-	-	(2,407,883)
Net receivables	\$ 15,647,345	\$ 8,596,130	\$ 4,575,140	\$ 396,558	\$ 887,199	\$ 1,192,318

	2019					
	Past Due					
	Total	Current	1-30 days	31-60 days	61-90 days	91+ days
Student receivables	\$ 10,258,745	\$ 6,705,762	\$ 2,166,228	\$ 41,957	\$ 714,114	\$ 630,684
Other receivables	8,641,330	4,786,462	683,023	104,453	36,786	3,030,606
Gross receivables	18,900,075	11,492,224	2,849,251	146,410	750,900	3,661,290
Less: impairment allowances	(2,329,628)	-	-	-	-	(2,329,628)
Net receivables	\$ 16,570,447	\$ 11,492,224	\$ 2,849,251	\$ 146,410	\$ 750,900	\$ 1,331,662

Other receivables include Collections receivables and year end financial statement reclassification balances, for example, credit balances on the student accounts receivable sub ledger.

22. Financial instrument risk management (continued):

Market risk

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

Since it is the College's intent to make payments on the bank loans until maturity, it is not cost effective to determine the fair value of the debt. The fair value of investments included in Note 6 is based on quoted market prices.

The College's investment policy recognizes the investment guidelines issued by MCU. The policy's application is monitored by management, the investment managers and the board of governors. Diversification techniques are utilized to minimize risk.

Currency risk

Currency risk relates to the risk of operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency rates occur.

The College does not have any material transactions or directly hold financial instruments denominated in foreign currencies.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The College is exposed to this risk through its capital lease obligation and bank loans.

The College mitigates interest rate risk on its capital lease obligation through a fixed interest rate (Note 9) and on its bank loans through derivative financial instruments which replace the variable rates inherent in the bank loans for a fixed rate (Note 10). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the capital lease obligation and bank loans.

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

The College does not have any material transactions or directly hold financial instruments subject to equity risk.

22. Financial instrument risk management (continued):

Liquidity risk

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

	2020			
	Within	6 months to		
	6 months	1 year	1-5 years	>5 years
Accounts payable and accrued liabilities	\$ 33,365,100	\$ -	\$ -	\$ -
Capital lease obligation	2,944	2,973	10,629	-
Bank loans	1,344,335	1,381,998	12,152,897	36,667,867
	<u>\$ 34,712,379</u>	<u>\$ 1,384,971</u>	<u>\$ 12,163,526</u>	<u>\$ 36,667,867</u>
	2019			
	Within	6 months to		
	6 months	1 year	1-5 years	>5 years
Accounts payable and accrued liabilities	\$ 29,101,697	\$ -	\$ -	\$ -
Capital lease obligation	2,890	2,916	16,546	-
Bank loans	1,272,167	1,307,732	11,868,465	39,678,632
	<u>\$ 30,376,754</u>	<u>\$ 1,310,648</u>	<u>\$ 11,885,011</u>	<u>\$ 39,678,632</u>

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

23. Capital management:

The College's objectives when managing capital are to develop and maintain a financial model and a capital expenditure process which supports the strategic directions of the College, and safeguards the College's ability to continue to provide benefits to the community.

Capital at the College is comprised of net assets. In order to maintain or adjust the capital structure, the College must obtain additional funding.

Endowment contributions have externally imposed restrictions requiring that the principal be maintained intact.

24. Comparative figures:

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

25. Subsequent event:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, the College implemented the following actions in relation to the COVID-19 pandemic:

- The closure of the College to students, the public and employees, along with the implementation of working from home requirements for employees;
- Cancellation of student classes for the week of March 16 to 20, 2020, with online classes beginning March 23, 2020;
- Deferral of the completion of certain winter programs and/or courses that require up to two weeks of in class time to complete the semester, which will be scheduled once the College reopens;
- Approval and initiation of a Student Emergency Fund of \$1,500,000 in April 2020, with funds paid out during the same month; and
- Requirement for all employees to take vacation by July 31, 2020, although there were no temporary or permanent employee terminations implemented.

As a result of these actions, the College experienced decreases in operating revenues and increases in operating costs.

(a) Current year transactions:

During the year, the College reduced residence revenue by \$696,000 as a result of cancellations and deferred tuition revenue of \$1,464,000 to fiscal 2021. For the year ended March 31, 2020, MCU provided COVID-19 Emergency Funding of \$400,000, which was recorded in government grants on the consolidated statement of operations.

(b) Impact of COVID-19 on financial risks:

The COVID-19 pandemic has impacted the financial risks of the College as follows:

Subsequent event (continued):

(b) Impact of COVID-19 on financial risks (continued):

i) Credit risk:

Credit risk has increased due to the greater uncertainty surrounding the collectability of accounts receivable from students, individuals, and businesses because of the economic slowdown and changes in operations caused by COVID-19. The College is mitigating this risk by closely monitoring these receivables and by entering transactions with credit-worthy counterparties.

ii) Liquidity risk:

The ability of the College to meet their cash flow requirements in the short term has been impacted by several factors including delays in collections on accounts receivable, and the reduction of revenue associated with student residences, parking and other forms of ancillary services. The College is continuously monitoring their cash flow in order to maintain its liquidity moving forward.

The College is continually monitoring the impact of market volatility on its financial instruments and will make adjustments to investment strategies as required to reduce the risk on the College's operations and financial position.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the College's operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the College is not practicable at this time.

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Expenditures		
Salaries and benefits	\$ 190,491,897	\$ 180,773,643
Contract services	26,826,776	25,103,037
Other operating costs	24,189,885	21,948,807
Amortization expense	22,523,663	20,500,564
Utilities and maintenance	21,238,255	19,240,412
Operating supplies	15,723,672	12,386,789
Ancillary cost of sales	7,840,556	8,473,753
Student assistance	7,519,110	6,000,937
Impairment of capital assets	-	4,598,581
Loan interest	2,499,862	2,793,885
	<u>\$ 318,853,676</u>	<u>\$ 301,820,408</u>



APPENDIX C

KPI Performance Report



Thousands of students, graduates, and employers across the province are surveyed every year to collect data pertaining to quality and accountability measures for graduate employment outcomes, graduate satisfaction, employer satisfaction, and student satisfaction. This section presents the 2018/19 results, the most recent data available before the submission of this document.

Results of three surveys are included in this report – the KPI Student Satisfaction Survey, the KPI Graduate Satisfaction Survey, and the KPI Employer Satisfaction Survey. While the KPI Student Satisfaction Survey results are based on ratings from 2018/19 students, the KPI Graduate and Employer Satisfaction Surveys are based on responses from 2017/18 graduates and their employers respectively. Satisfaction ratings for 2018/19 graduates will be collected six months after they graduate and will be included in the next KPI Performance Report, released by the Ministry annually.

The College's KPI graduation rate, which is based on 2017/18 graduates, is 69.5 percent and above the provincial average of 67.2 percent.

Fanshawe's graduates are successful in finding employment after they leave school. KPI survey results reveal that 90.3 percent of 2017/18 graduates were employed within six months of graduating. This result is the highest among all colleges in Ontario and the provincial average of 86.2 percent.

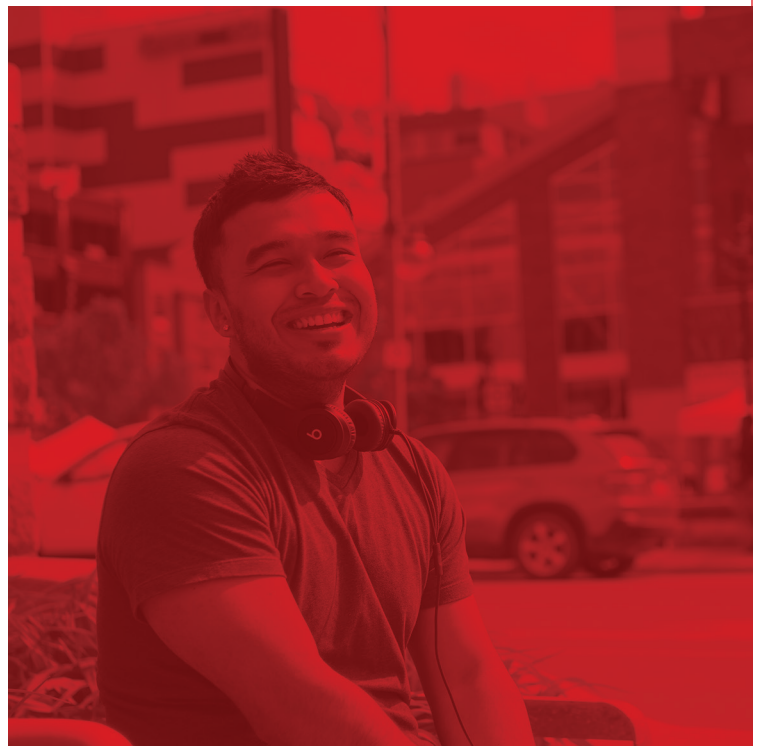
Other key findings include the following:

- 85.8 percent of employers were satisfied with the quality of educational preparation of Fanshawe graduates, which is slightly below the provincial average of 89.6 percent.
- Six months after graduation, 78 percent of Fanshawe graduates reported that they were satisfied with the usefulness of their postsecondary education in achieving their post-graduate goals; the provincial average was also 78 percent.
- 77.8 percent of full-time Fanshawe students, surveyed in their second semester and beyond, reported that they were satisfied or very satisfied with the overall quality of services, programming, and resources available to them, which is above the provincial average of 75.7 percent. The results are based on the following data:
 - 87.1 percent of students were satisfied with the knowledge and skills developed for their future career, which is above the provincial average of 86.2 percent.
 - 80.5 percent of students were satisfied with their learning experience, which is above the provincial average of 78.3 percent.
 - 76 percent of students were satisfied with the quality of Fanshawe's facilities and resources, which is above the provincial average of 74.8 percent.
 - 67.6 percent of students were satisfied with the quality of Fanshawe's services, which is above the provincial average of 63.6 percent.



APPENDIX D

Summary of Advertising and Marketing Complaints Received



Fanshawe College is filing a nil report.

Nature of complaint	Date received	How resolved/ addressed	Date resolution communicated to student	# of working days to resolve

Total number of complaints: **nil**

Average number of working days to resolution: **n/a**



APPENDIX F

List of Governors



Board of Governors 2019-20

Name	Board Position	Appointment Start	Appointment End	Term
Ms. Tammie Ashton	External	18-Sep-01	21-Aug-31	1
Mr. Paul Cocker	External	16-Sep-01	22-Aug-31	2
Mr. Peter Devlin	College President (Ex-Officio)	13-Sep-03		
Mr. Brad Duncan	External - First Vice-Chair	16-Sep-01	21-Aug-31	2
Ms. Connie Graham	External - LGIC Appointment	19-Sep-01	22-Aug-31	1
Ms. Patricia Hoffer	External - Chair	14-Sep-01	20-Aug-31	2
Mr. Thomas Hutchison-Hounsell	Student Governor	19-Sep-01	20-Aug-31	1
Mr. George Kerhoulas	External	18-Sep-01	21-Aug-31	1
Mr. Kapil Lakhotia	External - LGIC Appointment	15-Sep-01	21-Aug-31	2
Mr. Alex Lau	External - LGIC Appointment	14-Sep-01	20-Aug-31	2
Mr. Larry Lau	External	19-Sep-01	22-Aug-31	1
Dr. Stephen McClatchie	External	16-Sep-01	22-Aug-31	2
Ms. Michele Martin	External - Second Vice-Chair	17-Sep-01	20-Aug-31	1
Mr. Paul Meahan	Academic Staff Member	17-Sep-01	20-Aug-31	2
Ms. Lauren Monteith	Support Staff Representative	17-Sep-01	20-Aug-31	1
Mr. Louise Poole	External	19-Sep-01	22-Aug-31	1
Ms. Michelle Quintyn	External - LGIC Appointment	14-Sep-01	20-Aug-31	2
Mr. Dave Schwartz	Administrative Staff Representative	16-Sep-01	22-Aug-31	2

STRATEGIC GOALS

To help direct and focus the time, energy, and resources of the College, strategic goals have been identified:

- 1** Enhance innovative practices for exceptional student learning.
- 2** Manage enrolment growth.
- 3** Optimize use of resources.
- 4** Build sustainable sources of alternative revenue.

