Annual Report 2022 2023

OUR MISSION

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

FANSHAWE

Unlocking Potential

Land Acknowledgement

We acknowledge and honour the Anishnaabe, Haudenoshaunee and Lenape people of Southwestern Ontario as the traditional owners and custodians of the lands and waterways where Fanshawe College is located. Further, we acknowledge the cultural diversity of all Indigenous peoples and pay respect to Elders past, present and future. We celebrate the continuous living cultures of the original inhabitants of Canada and acknowledge the important contributions Indigenous people have and continue to make in Canadian society. The College respects and acknowledges our Indigenous students, staff, Elders and Indigenous visitors who come from many nations.

ANNUAL REPORT 2022/2023

FANSHAWE COLLEGE

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NOTE: Appendix E does not apply to Fanshawe College (Appendix E: Institutes of Technology and Advanced Learning (ITAL) Reports) so an Appendix E is not included in this report.

“Opportunities to develop more flexible models for learning and working, an accelerating digital transformation, and delivering breakthroughs in innovation are inspiring.”

What an incredible year of change the College has experienced — a changing world, a changing educational landscape, and a changing City of London. Amidst tremendous change Fanshawe College showed strength, resilience, and ingenuity. Our community stood strong, came together, and continuously learned – just part of the reason Fanshawe College is *the* place to learn and grow.

Committing to one another and breaking down unneeded barriers has laid the groundwork for trying out new ideas and focussing on innovation. Caring for one another is also key to fulfilling our vision of creating exceptional learning experiences, pathways to success, and meeting labour market needs.

Making a difference in the lives of our students *is* our business. Advances in equity, diversity, and inclusion, and creating exceptional student experiences are key to fulfilling our role in meeting labour market needs of the region and beyond. Opportunities to develop more flexible models for learning and working, an accelerating digital transformation, and delivering breakthroughs in innovation are inspiring. I’m reminded of the statement, “You can’t use up creativity. The more you use, the more you have.”

Last year, part-time enrolment grew by more than 20 percent overall, providing increased access to a diversity of learners from around the globe. A new Research Strategy was developed; the pillars of partnerships, expertise, inclusivity, and capacity will guide innovative pathways of knowledge and training. The College continues to be in a sound financial position and is projecting operating surpluses over the next several years.

I am proud of the creative, passionate people at Fanshawe College, the leadership of our President, Peter Devlin, and our students who are at the very heart of education.

Yours Truly,

Louise Poole, Chair
Fanshawe College, Board of Governors

“Challenges are opportunities to grow and learn, and together, the Fanshawe community has done just that.”

Thank you Fanshawe!

The 2022/23 academic year presented Fanshawe with a quickly evolving landscape, and many new challenges. Challenges are opportunities to grow and learn, and together, the Fanshawe community has done just that. New areas of programming, innovative delivery models and data-driven decision-making will continue to shape education and impact the education industry and the labour market. I am proud of how Fanshawe grew in flexibility, resilience and agility as we navigate our new environments.

Last year, we worked together to create new and innovative ways of working, learning and growing. We advanced our commitment to strengthen the student experience, and became more knowledgeable about what it means to be equitable, diverse and inclusive. The College has a new research strategy, a Digital and eLearning Strategy that is well underway and we have seen tremendous growth in part-time studies. These are just a few of the inspiring success stories that came from the dedication of the College community toward our mission and vision —and there are many more.

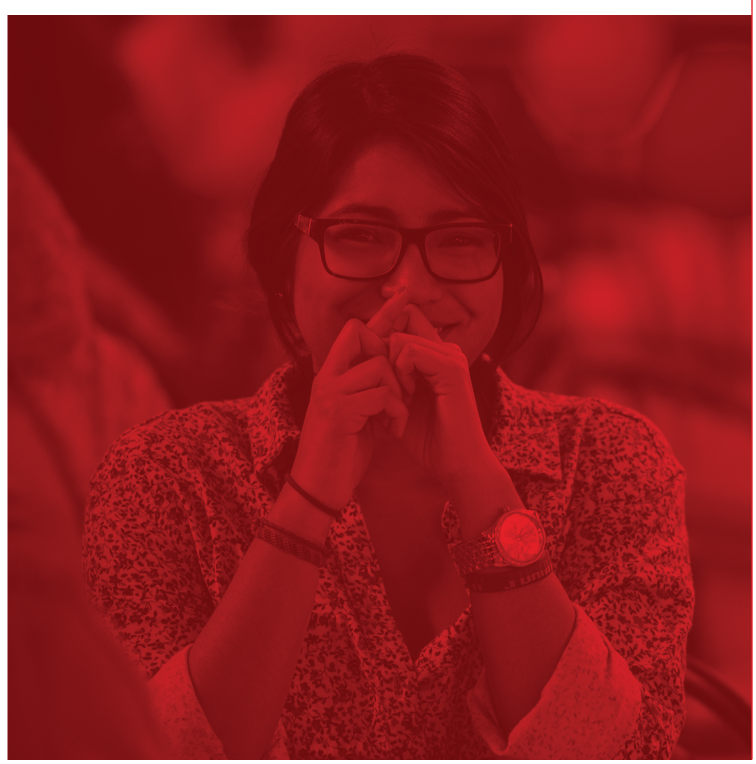
The ability to “embrace change” has been a long-held value at Fanshawe, and it is a skill that provides strength, especially when the world changes rapidly. Rethinking education in light of global and societal transformations has led to new strategies, plans and measures that will guide the College community forward. No matter how the world or our working and learning spaces change, Fanshawe will continue to create new pathways to success, exceptional learning experiences and a global outlook to meet student and employer needs. As I look to the new horizon, I feel inspired and excited about what’s to come!

Respectfully,

Peter Devlin, President
Fanshawe College

SECTION A

Report on Previous Year's Goals



Challenges and Opportunities

2022/23 presented Fanshawe and the rest of the world with a rapidly changing education industry. There were impacts from technological advancements, and evolving roles of teachers and learning practices. The growing role of virtual classrooms, and of remote work presented a time of transition and experimentation. Record low unemployment and a tight labour market also impacted the institution. Steps were taken toward innovative opportunities for flexible work and virtual learning and part time learning. In 2022/23, the College advanced many of its strategic goals and commitments. Updates are provided in the section below.

Goal 1: Enhance innovative practices for exceptional student learning.

Commitment 1.1. Complete an evaluation of the Signature Innovative Learning Experience (SILEx) and Job Skills for the Future initiatives and determine next steps for these initiatives by Winter 2025.

The evaluation for this commitment addressed whether programs incorporate the Silex and JSF initiatives, rather than output from them. In Winter and Spring 2022 research found that delivery of curriculum dedicated to the JSF does enhance students' understanding of those skills and their ability to articulate them. Results were presented internally and externally. Determinations of the currency of JSF have been planned for Fall 2023.

Commitment 1.2. Develop a Fanshawe Innovation and Open Assets Strategy that supports Innovation Village, supports cultural transformation toward a more innovative mindset, and connects with partners and funders outside of the institution by Fall 2022 and implement the approved plan by Winter 2025.

An initial strategy was developed and disseminated. After consultation, it changed course and will now be geared toward strategic partnership, learning innovation, student experience, and community impact. Site visits to post-secondary innovation centres informed and refined this direction. Innovation Showcases were delayed and have been scheduled to take place in Winter 2024. Some elements of an operational plan were decided, as well as planned implementation hires. The Fanshawe Innovation Fund and Innovation Catalyst Cohort launched.

Commitment 1.3. Strengthen the Fanshawe student experience through a cross-College vision, framework, and action plan, developed by Fall 2022.

A vision, framework, and action plan were created, with outcome measures still to be refined. The student experience vision was presented to the College Community. The framework will focus on institutional barriers. The Barriers Task Team identified barriers and determined focus; it began with a focus on parking with possible actions discussed. The Research Task Team gathered information on research conducted at the College. Research tools underwent development.

Commitment 1.4. Improve the sense of belonging among students and employees at Fanshawe, with an emphasis placed on improving experiences of equity-deserving students and employees. Develop measurement baselines and targets by Winter 2023 and evaluate performance by Winter 2025.

Determining metrics and baselines of belonging is now scheduled for Fall 2023. Reflection on data acquisition took place, and steps were taken to embed self-identification questions into Fanshawe One. Currently, the College lacks indicators that the sense of belonging among students and employees has improved, however some equity-deserving individuals have been engaged in strategic processes.

Commitment 1.4.1. Develop an Equity, Diversity, and Inclusion (EDI) strategic framework by Winter 2023 and begin implementing an action plan by Fall 2023.

An EDI and Anti-Oppression Task Force was established to envision a future, identify barriers, themes, and priorities, and to map and analyze College processes related to equity-related disclosures. The Task force determined Terms of Reference. Areas of focus include diverse representation; equitable and inclusive working environments; equitable and inclusive curriculum and pedagogy; equitable and inclusive research environments; and accessible spaces and inclusive campus climates. Priorities and a survey were drafted, and informal consultations took place. A draft strategic framework has been created and is expected to launch in Fall 2023.

Commitment 1.4.2 Implement a framework to enable Fanshawe staff to examine core policies, processes, and activities with an EDI an anti-oppression lens and to determine what changes are necessary in order to embrace inclusivity by Winter 2025.

Themes and priorities that will inform the framework were identified. The Task Force identified where students and staff go when they experience or witness an equity issue. Analysis of whether stakeholders are aware of, and comfortable with the pathways, and whether they access adequate resolution through those pathways occurred. Some policies were identified that may require analysis through an equity- and trauma-informed lens.

Commitment 1.5. Develop a College Research Strategy that balances support to community partners to advance economic development with student and employee capacity building, by Winter 2023 and implement by Winter 2025.

A research strategy was developed and approved by ELT,[1] and is now being incorporated into the annual operational plans for the upcoming year. The four pillars of the strategy include: partnerships, expertise, inclusivity, and capacity. The goal of partnerships is to engage industry, organizations, and academic institutions to extend the impact of CRI. Research activities will support economic development of specific sectors. Plans were made to embed best practises for research activities and teams, and to build the capacity of college researchers and students. Increasing expertise and infrastructure will enable larger research projects with industry partners, supporting economic development of the region, and training opportunities.

[1] This document is available on the Strategy portal page.

Goal 2: Manage enrolment growth.

Commitment 2.1. Develop and begin to implement a long-term (5-10 year) Strategic Enrolment Management plan focused on domestic and international enrolment, by Summer 2023.

A SEM steering committee and Terms of Reference were developed.[2] A long-term enrolment forecast was researched and created by Institutional Research and validated and approved by the SEM Steering Committee and Executive Leadership Team (ELT). Five topic work groups were formed and operationalized. Those were: domestic recruitment, conversion, and admissions; program ideas gate, delivery methods and credential mix; international; mid- to long-term structure, process, and governance; and capacity.

Commitment 2.2. Maintain the enrolment of domestic students by staying within the corridor between 15,996 and 17,716 weighted funding units) as defined in the Strategic Mandate Agreement (SMA3) 2020-2025.

The midpoint of the corridor is 17,200 weighted funding units; Fanshawe's three-year average is 17,158. This is above the corridor floor; however domestic enrolment continues to decline.

2.2.1. Increase part-time post-secondary enrolment in each Faculty by 30 per cent over 2021/22 baseline, by Winter 2025.

The annual target of 10 percent growth in part-time enrolment in the 2022/23 academic cycle was exceeded, with 29 percent growth in part-time post-secondary course registrations, and 22 percent overall growth in part-time enrolment. More than 1400 part-time domestic students registered in over 7600 courses. Increases varied across faculties, as did the availability of personnel. The Regional Campuses began examining part-time courses with face-to-face delivery. This commitment was supported by ensuring all faculties across the college have a dedicated Academic Services Consultant to lead and operationalize part-time studies programming.

2.2.2. Implement the Digital and eLearning Strategy to support enrolment growth, foster a culture of digital innovation that serves students/employees/partners, and advances digital teaching and learning excellence, by Winter 2025.

The Digital and eLearning Strategy has 43 actions in five clusters. They are:

1) Teaching/learning (7 of 9 actions advancing on target; 1 complete)
2) Workplace readiness (5 of 9 actions complete)
3) Digital infrastructure (1 of 7 actions complete)
4) Environment and culture (1 of 8 actions complete)
5) Digital supports (mostly inactive)

[2] https://public.myfanshawe.ca/Policies/Pages/College-Policy-Manual.aspx

Progress is expected on initiatives for the call centre and virtual student service expansion, virtual career fair expansion, virtual and remote co-op pilots, and digital and remote mentorship once the College makes further decisions on the digital experience.

Commitment 2.3. Increase Indigenous student enrolment to represent 6 percent of Fanshawe's annual domestic student population by Fall 2025, supported by goals set in the Indigenous Action Plan (from 3.7 percent or 280 enrolments in Fall 2020 among Level 1)

In Fall 2022 Indigenous students represented 4.9 percent of Fanshawe's domestic Level 1 full-time population. There were 385 confirmed students with 324 paid and arrived. Increments of 0.46 percent annually from the baseline of 3.7 percent are expected,[3] exceeding the 4.6 percent target slightly. The Institute of Indigenous Learning engaged in targeted relationship-based recruitment activities, and removed barriers to entry, collaborating with the Office of the Registrar and Academic Schools to set aside access seats in competitive programs. An Indigenous Applicant tool helped to identify applicants and enable employees to intervene early to assist prospective students.

Commitment 2.4. Increase international term enrolments at Fanshawe by 50 percent (from baseline of 17,342 which includes Summer 2019, Fall 2019, and Winter 2020) over five years.

International term enrolments increased 35.2 percent from baseline.[4] Factors contributing to the increase include: the expansion of international recruitment team presence in Latin America, Africa, and South East Asia; changes in confirmation processes; and increased quantity and breadth of in-country pre-departure briefings.

Commitment 2.4.1. Implement the Global Engagement Framework including diversification of source recruitment countries, enhanced international student services and support, the launch of globally relevant programs, enhanced opportunities for student mobility, and professional development and resources to faculty and staff, by Winter 2025.

The College advanced all elements of the Global Engagement Framework well. Level 1 intake was kept at 54% Indian students with the remainder deriving from over 120 different countries. Fanshawe ranked 4th in Canada on the I-Grad Student Barometer Survey – a best-in-class industry indices of international student support for arrival services, student supports, academic programming, and post-graduate opportunities and outcomes. Key areas of top performance included: "Arrival Services" (2nd in Canada); "Learning" (2nd in Canada); "Living Experience" (1st in Canada); and "Student Supports" (2nd in Canada). There were 5 program ideas in the Academic Programs Stage Gate Process identified and recommended by the International Department. Policy A 138: Out of Country Travel was established and implemented in Fall 2022 – focusing on processes and methods to increase and at the same time de-risk off-shore experiential opportunities for academic staff and students. Professional development associated with understanding and enhancing multi-cultural competencies to teach was offered broadly at the College to faculty and academic administrators.

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[3] The difference of 2.3% (6% target minus 3.7% baseline) divided over five years; 4.2% in 2021, 4.6% in 2022, 5.1% in 2023, 5.5% in 2024, and 6.0% in 2025.

[4] This enrolment count does not include Fanshawe Toronto enrolment.

Commitment 2.5. Increase the first semester retention rate by 5 percent over three years (baseline 2021/22).

Retention rates for domestic students fell from 76.3 percent in 2018 to 71.9 percent in 2021. Some data suggests that the number of students not performing well academically is increasing; this is a trajectory that could worsen over time. Retention rates are lower from males, Indigenous students, domestic students, and younger students. Programs with low retention rates were flagged, as well as their Gatekeeper courses. A Retention Strategy was developed and presented to leadership groups. A working group formed and developed Terms of Reference.[5]

Goal 3: Optimize use of resources and enhance organizational capacity.

Commitment 3.1. Implement the ERP/integrated technological solutions project with a focus on a new Financial System, Human Resources Management System (HRMS), and Student Information System (SIS) by 2024/25 for Finance and HRMS and 2026/27 for SIS.

Phase one of the project "Powered by Workday" began. Milestones and timelines were not identified, however preparation for the first prototype of the ERP solution took place. Design sessions were completed, and work began on data extraction and transformation. A Project Manager was hired, and project leads were assigned to the project team overseeing HR, Finance, Student and IT functions. A planning exercise suggested a Phase I Go-live date of late Fall 2024. A high-level project plan is in review with Steering Committee with approval anticipated in May 2023. Workday uses a hybrid waterfall/agile methodology – a departure from Fanshawe's norm of following waterfall methodology – producing valuable learnings and increased comfort around the Workday methodology. This project has encountered challenges in recruiting and retaining staff for both Fanshawe and the implementation partner.

Commitment 3.2. Complete the Data Strategy related to enrolment optimization, capital planning, full enterprise customer relationship management system integration, data literacy training, and knowledge mobilization, by Winter 2025.

A coordinating committee with four work groups formed, focussed on addressing the following: College data requirements; BI analytics, visualization and predictive models, customer relationship management, and data literacy and knowledge mobilization. The Salesforce Lead Governance Framework milestone is in early stages. ITS extended retainer services from its CRM consultant with the aim of helping to form a governance structure and to learn best practices. Approval for IT human resources and hiring is expected to contribute to advancing this commitment. External resources have been reviewed in preparation for creating a data literacy and knowledge mobilization strategy, and a work group has developed its components.

[5] https://public.myfanshawe.ca/Policies/Pages/College-Policy-Manual.aspx

Commitment 3.3. Complete a Campus Master Plan for Fanshawe, including each regional campus, which guides the long-term development and improvement of campus lands and buildings to achieve the strategic goals, academic plans, and operational objectives of the College – and to optimize the stakeholder experience, by Winter 2023.

Consultants engaged stakeholder groups and gathered input. Guiding principles, a draft strategic framework, and planning scenarios for the Regional Campuses have been developed and shared with ELT. The draft strategic framework for the London campuses is in progress, and strategic framework and planning scenarios got underway for the London Campus. Space utilization analysis for all campuses was started by consultants, who utilized an online platform to share information with the staff, students, and the public on the progress of the CMP and to solicit input and feedback. More than 750 people engaged with the platform.[6] The lack of a centralized source of data, and conflicting demands for space created challenges. The College is in a space deficit, with little space to accommodate new capital and CMP requests.

Commitment 3.4. Address the recommendations and affirmations of the College Quality Assurance Audit Process (CQAAP) audit report by Winter 2025.

The auditors and the Ontario College Quality Assurance Service (OCQAS) provided Fanshawe with a draft CQAAP Audit Report. Some areas noted in the draft include recommendations to make changes to the PRESS Survey; dissemination of Teaching and Learning Core Competencies; ensuring minimum annual Program Advisory Committee (PAC) meetings; faculty performance development process, and the Student Feedback Survey. Additional areas in the draft include regulating program quality for third-party educational partnerships and ensuring staff and faculty performance evaluations are completed annually. An action plan by the Centre for Academic Excellence is expected to be complete by Fall 2023.

Commitment 3.5. Maintain Fanshawe as an employer of choice by ensuring a positive and productive experience for all employees.

The College conducted a survey about flexible work and innovation. Nearly 90 per cent of respondents indicated that they collaborate effectively with colleagues remotely. Nearly 50 per cent of respondents agreed that their manager checks in on their personal wellbeing. Establishing baseline measures for this commitment are in progress. Institutional Research and Strategic Enterprise Solutions will provide support for this commitment going forward.

Commitment 3.6. Improve environmental and social sustainability at Fanshawe through cross-college efforts aligned with the UN Sustainable Development Goals (SDGs) by developing a 2023-2030 action plan with baseline measures by Summer 2023.

A SDGs Steering Committee has not yet been formed, however, data collection on sustainability has begun. A gap analysis will be completed by the end of Fall 2023. Improving organizational understanding and knowledge of the United Nations Sustainable Development Goals is expected to help advance this commitment.

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[6] Available at fanshawecollegecmp.com/engage

Commitment 3.7. Complete a cybersecurity plan based on a recognized cybersecurity framework and achieve the 2022-2024-year targets identified in the plan.

Plans for training and awareness initiatives began, with Multifactor Authentication (MFA) implemented in phases by user group. MFA is complete for Global Protect (VPN) users, and it will be expanded to include users of Salesforce, PeopleAdmin, Microsoft 365, SharePoint, OneDrive, and Apps Anywhere. In Fall 2023 MFA will be required by student users. The Vice President, Finance and Administration became the executive owner for cyber security, and a governance committee was created to oversee the cyber workplan. A cybersecurity plan, based on findings in previous external audits was created, and contains initiatives for 2023, 2024 and 2025. Information Security was created as a separate group within ITS. A subscription for periodic testing of users' knowledge and awareness of malicious email messages was established. This system contains training modules for users. Email bulletins were issued from the IT Service Desk to alert users of malicious emails.

Goal 4: Build sustainable, complementary sources of revenue.

Commitment 4.1. Increase annual revenues and net income proceeds from new and re-occurring labour market focused client services:

Commitment 4.1.1. Meet or exceed annual eligible revenue targets documented in SMA3.

Consolidated revenues in Q4 increased, with actual revenue reaching $2.2M.[7] This is slightly above the target documented in SMA3.[8] The Ministry added the School College Work Initiative (SCWI) beginning in year 2 (2021/22), and net revenue from the public-private partnership beginning in year 3 as qualifying revenue sources. The largest contributor to this metric is SCWI. The College changed the weighting of this metric from 5 percent in year one, to 30 percent for year 2, and 25 percent for year 3.

Commitment 4.1.2. Achieve a minimum annual 5 percent net profit margin (consolidated) for fee-for-service activities offered by Corporate Training Solutions, Hot Zone Training Consultants, and Fanshawe Global.

Consolidated gross revenues were $5.6M and very slightly below target. This result was influenced negatively by provincial grant procurements being delayed as a result of the provincial election and global inflationary pressures. Net income for the combined entities was 12%
(approximately $700,000).

Commitment 4.2. Operationalize a public-private partnership with the International Language Academy of Canada consistent with the terms of the Ministry and Board approved contract and business case.

The Toronto @ ILAC campus construction was completed September 2022. The Level 1 enrolment intake was 963, almost a third above the target. Overall enrolment was budgeted for 1,064 registered students and the actual was 1,267 registered students (19 per cent above target), by fiscal year end.

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[7] This includes aggregated revenue from private sector and not-for-profit sources reported through the following College Financial Information System (CFIS) accounts: Educational Services Contractual, Other Fees for Services, Public College – Private Partnerships, Operating Grant Revenue and Cash Donations.
[8] The 2022/23 actuals are the average of 2019/20, 2020/21, and 2021/22.

Commitment 4.3. Achieve $3M in giving for 2022/23

The Foundation achieved $4.8M in giving for the 2022/23 fiscal year. A few examples of significant giving included: a $2M cash gift from the Crich family to support a contemporary model of skilled trades awareness, marketing, sectoral collaboration and post-secondary education and training at Fanshawe – titled the Don Crich Skilled Trades Accelerator; a $550,000 gift from an anonymous donor in support of wrap-around supports to students experiencing food, housing, and income insecurity (with additional emphasis placed on Ukrainian students); and cash support of $330,000 from the Schulich Foundation in support of skilled trades bursaries.

Commitment 4.4. Create readiness to optimize revenue generation opportunities across all of the College's out-facing, fee-for-service units, by fully implementing the Advanced Business and Industry Solutions (ABIS) plan by Fall 2024.

An ABIS Steering Committee began meeting in January 2023. Associated work groups were launched soon afterward focusing upon: shared business practices (of the participating network business units in the College); marketing and branding; identification of and outreach to strategic partners; and Customer Relationship Management (CRM) optimization through a Salesforce solution. The marketing campaign launched inclusive of a multi-media strategy and release of "Partner With Us" website. Strategic partners have been identified and tailored outreach approaches are underway. A governance framework has been created for CRM and associated business process development is on track. Full CRM adoption across all participating College business units is somewhat delayed owing to challenges associated with hiring necessary IT supports.

SECTION B

Analysis of College Operational Performance

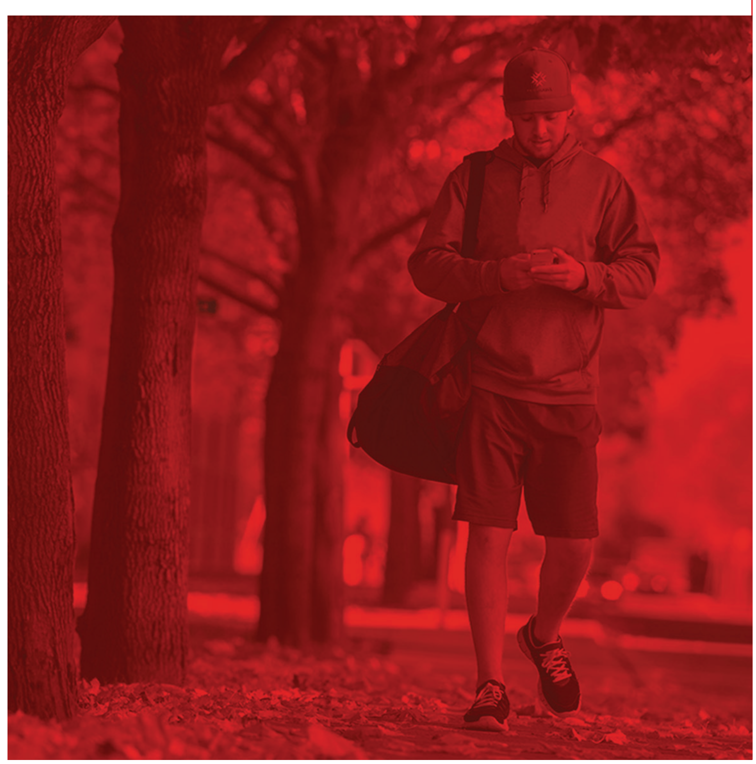
Summary of Major College Achievements

In 2022/23, the College succeeded in accomplishing strategic commitments, milestones, and other initiatives. Below are selected achievements:

- 2,288 students successfully secured co-op placements, representing an 82 per cent placement rate.
- Fanshawe unveiled an expanded and updated $5M welding lab including state-of-the-art virtual reality simulation stations. The lab is designed to accommodate 70 students at once.
- The College ranked 4th nationally for student satisfaction on the I-Graduate survey.
- In May 2022 the virtual President's Breakfast earned a prestigious international award – the Gold Quill Award of Merit from the International Associations of Business Communications (IABC). The award recognizes dedication, innovation, and passion in business communications.
- Fanshawe was the only institution in Ontario selected to host the CWB Welding Foundation's Women of Steel: Forging Forward Program. This is a fully-funded initiative aimed at providing a gateway for women and women-identifying individuals to welding and welding-related trades careers.
- The $1 Million Fanshawe Innovation Fund launched. The fund has two levels: a Spark Fund (up to $15,000) and a Surge Fund (between $15,000 and $50,000).
- The Innovation Catalyst Cohort launched. The Innovation Catalyst Cohort is designed to allow full time faculty or staff time away from work responsibilities to pursue passion-based innovation projects.
- Fanshawe is partnering with Lambton, Georgian, Humber, and Loyalist colleges on a memorandum of understanding to support military-connected students to complete their programs by transferring up to 100 per cent of their course credits to one of the five participating colleges. The Colleges will streamline enrolment processes and share military-affiliated prior learning and assessment recognition practices to support consistency.
- Indigenous enrollment has risen. In Fall 2023 the College had 10 per cent more applicants, 15 per cent more offers, and 25 percent more confirmations that at a comparable time the previous year.
- Fanshawe received the largest donation in its history in support of the skilled trades -- $2M for the Don Crich Skilled Trades Accelerator.
- Professor and Coordinator Karen Klee received a bronze medal in the Outstanding Educator category of the 2023 World Federation of Colleges and Polytechnics Award of Excellence.
- Fanshawe instructor and chef Erin Circelli-Russell won Guy's Grocery Games – a reality-based cooking television game show hosted on the Food Network.

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"), and Hot Zone Training Consultants Inc. ("HZTC"). The separate financial statements for the Foundation, FGC 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. Support is provided to students through the provision of bursaries and scholarships. The College receives support for capital improvements from time to time from the funds derived from fundraising campaigns. The Foundation provided Student assistance (bursaries and scholarships) of $1,037K for the year ended March 31, 2023. However, it had a slight decrease in net assets of $50K due to a temporary decline in estimated fair market value of Endowments.

Fanshawe Global Corporation (FGC)

FGC was formed to provide teaching and training activities outside of Canada using the expertise developed within the College. FGC recorded an increase in contract service income of $15K for the year ended March 31, 2023 compared to the prior year. Net Income of $73K, a decrease of 43% from the prior year due to slow economic recovery from the pandemic.

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. The wholly owned entity recorded a decrease in revenue for the year ended March 31, 2023 of $218K compared to the prior year due to the anticipated market pull back in the last quarter as a result of changing economic conditions. Net income of the corporation was $130K.

Fanshawe College (consolidated)

The College recorded a surplus of $43.8M for the year ended March 31, 2022 compared to $17.8M in the prior year. Total revenue increased by $64.7M from the prior year. The increase was primarily driven by the planned increase in international enrolments due to recovery from the global pandemic and the commencement of the public private partnership (PPP). In addition, Residence revenue increased as the College continued to transition towards pre-pandemic levels. The College also achieved a higher than planned investment income due to the increased interest rates on the colleges bank balance. Total expenditures increased by $38.6M to support increased enrolments, including the PPP and increased campus activities as a result of economic recovery from the pandemic. Charts for both revenue and expenditures covering the last six years are included in the section.

Revenue

Enrolment Revenue – International Full-time postsecondary enrolments increased year over year. The $59M (29%) increase in revenues was driven by recovery from the global pandemic as well as the commencement of our PPP. 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 $3.8M (4%) in the year. The decrease was largely due to the two factors. Firstly, the College experienced lower enrolments in the tuition-free Accelerated Personal Support Worker program which was introduced in the prior fiscal year and wasn't expected to continue into 2023/24. Secondly, with International enrolment growth, the College's grant was reduced due to higher International Student Recovery.

Ancillary revenue – Ancillary revenue increased by $5.9M (39%) due to an increase in the available capacity in the Residence as well as increased campus activities resulting in higher parking and retail revenue.

Other revenue – Other revenue increased by $3.7M (14%) which was mainly due to an increase in Investment income. The College's bank balance remained high throughout the year and with the increased interest rates resulting in a favourable variance. The remaining above variance was contributed to higher campus activities.

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 costs of $16.2M (10%) was driven by increased teaching costs and direct instructional supplies required to support growth and new programming, as well as economic increases and continued recovery of campus activities which were impacted during the pandemic.

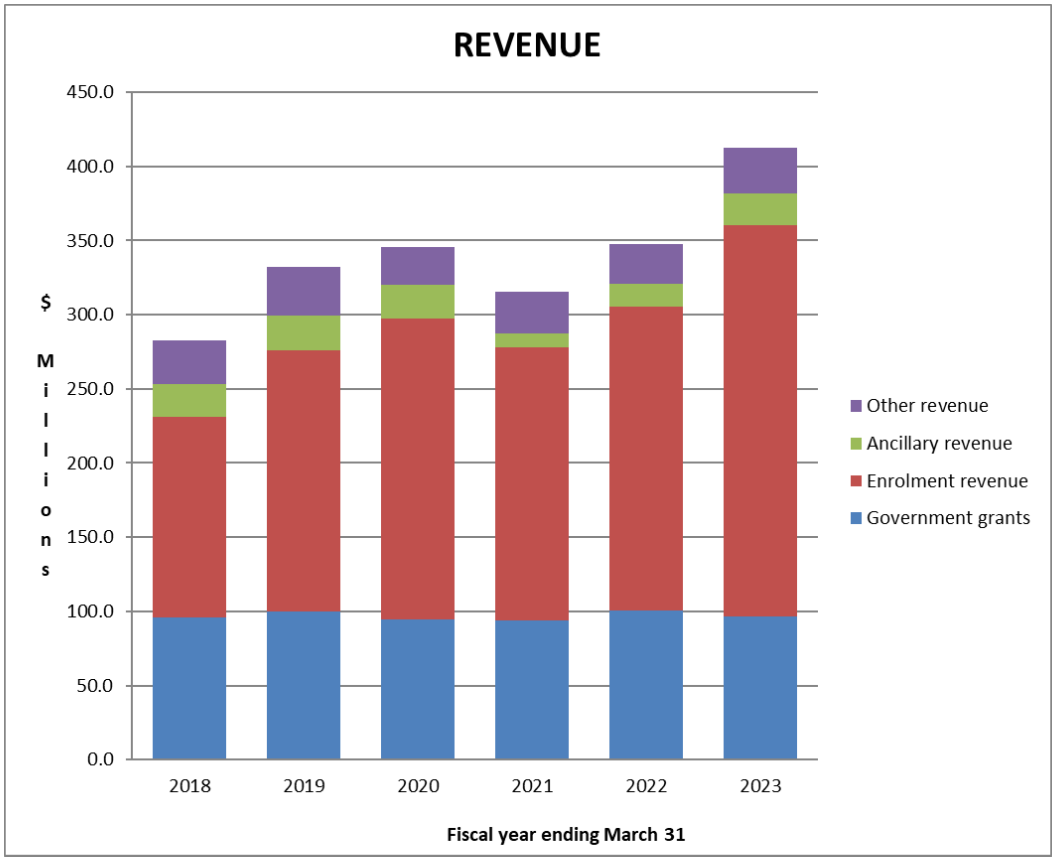
Instructional Support Services – Expenditures incurred that primarily support Instructional Services and contribute to the learning process, which may or may not generate incremental revenue. Examples include, but are not limited to, the Library, Research and International Partnerships. There was a $3.0M (11%) increase to these costs, due to higher enrolments, which directly affect the cost of student labs, as well as economic increases and continued recovery of campus activities which were impacted during the pandemic.

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 $3.6M (8%) increase in expenditures was the result of economic increases, increased international health insurance due to International enrolment growth as well as higher premiums as a result of higher utilization rates. Another contributor to the increased cost was due to the returned operations of Athletics programming and Wellness Centre. The overall increase was partially offset by the reduced student assistance related to COVID bursaries made in prior fiscal.

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, Marketing and Finance. The $11.4M (25%) increase in expenditures was due to economic increases and higher international recruitment commissions as a result of enrolment growth. The pre-implementation work of the Enterprise Resource Planning project also contributed the increase in costs.

Ancillary Services – Expenditures incurred that primarily refer to 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 and Parking Services. The increase in costs of $2.4M (15%) reflects a continued path to recovery towards pre-pandemic level of activities.

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 increase of $2.0M (8%) over the prior year reflects economic increases, higher utilities and cleaning costs from increased campus activities and the commencement of campus master planning exercise.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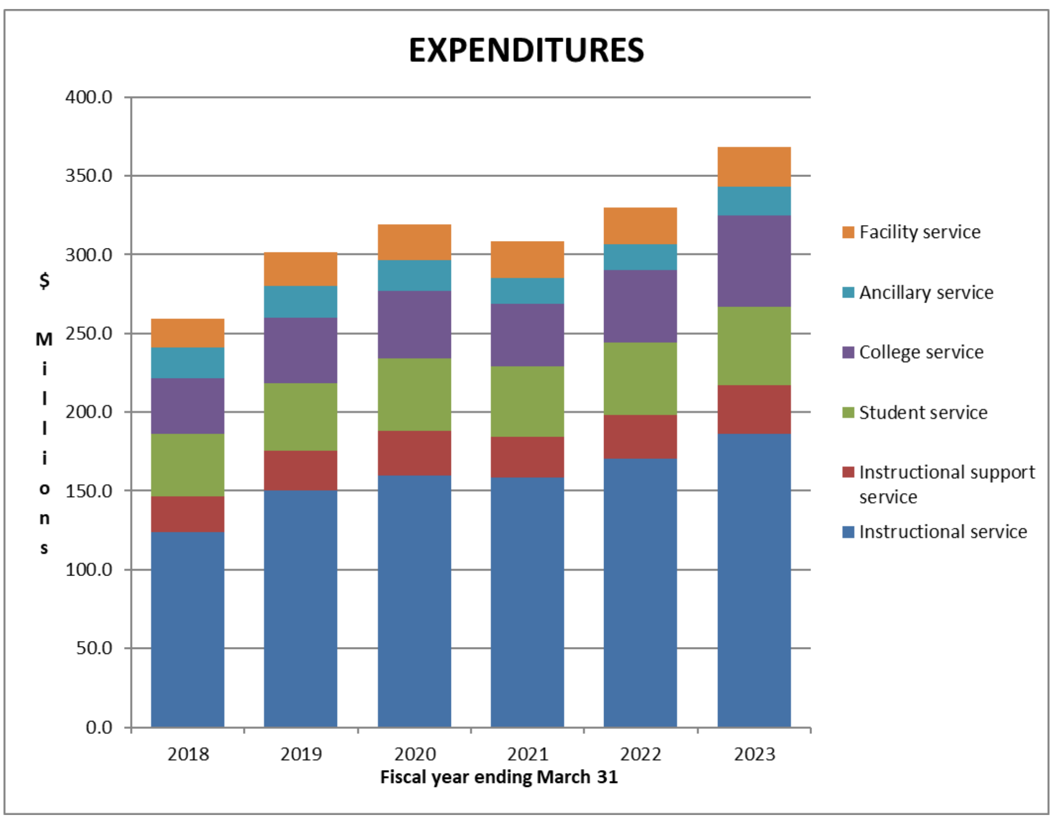
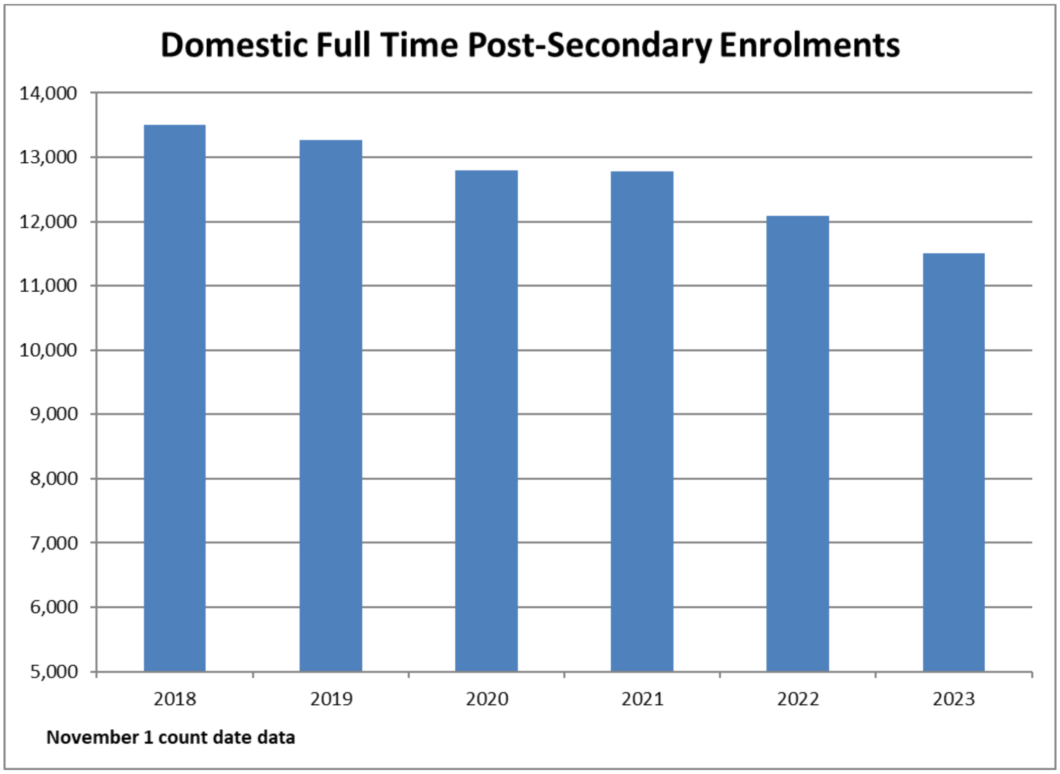
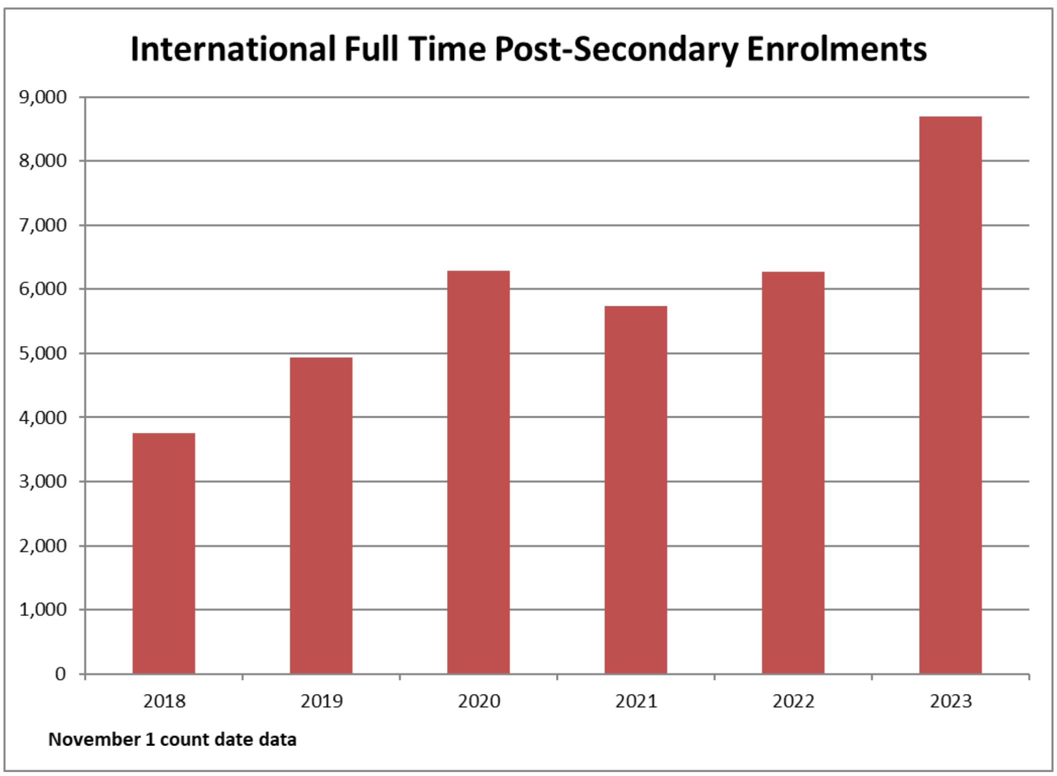
200.0
150.0
100.0
50.0
0.0
$ Millions
2018
2019
2020
2021
2022
2023
Fiscal year ending March 31
Other revenue
Ancillary revenue
Enrolment revenue
Government grants


EXPENDITURES
400.0
350.0
300.0
250.0
200.0
150.0
100.0
50.0
0.0
$ Millions
2018
2019
2020
2021
2022
2023
Fiscal year ending March 31
Facility service
Ancillary service
College service
Student service
Instructional support service
Instructional service


Domestic Full Time Post-Secondary Enrolments
14,000
13,000
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,000
2018
2019
2020
2021
2022
2023
November 1 count date data


International Full Time Post-Secondary Enrolments
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
2018
2019
2020
2021
2022
2023
November 1 count date data

SECTION D

Subsidiaries & Foundations

The financial statements for Fanshawe College Foundation, Fanshawe Global Corporation 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

Click here for the most recent SMA report, which is posted on the Ministry of Colleges and Universities website.

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, 2023

Consolidated Financial Statements

March 31, 2023

KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4880
Fax 519 672-5684

INDEPENDENT AUDITOR'S 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, 2023
- 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 financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements which indicates that certain comparative information presented for the year ended March 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other Information

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

- the information, other than the financial statements and the auditor's 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 auditor's report thereon, included in the "Annual Report" as at the date of this auditor's 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 auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 9, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 series of standards applicable to government not for-profit organizations. Where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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

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

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

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

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

Peter Devlin	Jenny Ruz
President	Vice President, Finance & Administration
June 14, 2023	06-13-2023
Date	Date

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

As at March 31, 2023, with comparative information for 2022

	2023	2022
		Restated-Note 2
Assets		
Current assets		
Cash (Note 3)	$ 262,152,115	$ 191,034,834
Accounts receivable (Note 5 and 23)	12,802,739	13,984,102
Grants receivable	6,070,463	4,060,811
Inventories	1,911,527	2,123,110
Prepaid expenses	8,926,857	5,605,929
Current portion of student fee receivable (Note 6)	678,467	654,257
Current portion of student union receivable (Note 7)	229,289	215,068
Current portion of long term receivable (Note 8)	4,400	4,400
	292,775,857	217,682,511
Student fee receivable (Note 6)	18,225,344	18,903,811
Student union receivable (Note 7)	1,314,077	1,543,366
Long term receivable (Note 8)	26,400	30,800
Investments (Note 9)	137,657,910	138,820,364
Capital assets (Note 11)	421,645,088	394,865,037
	$ 871,644,676	$ 771,845,889
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 39,582,427	$ 33,321,066
Accrued vacation pay	11,974,923	12,144,919
Deferred revenue	241,738,550	189,600,254
Current portion of bank loans (Note 12)	3,215,039	3,045,677
	296,510,939	238,111,916
Bank loans (Note 12)	39,678,629	42,893,668
Deferred derivative liability (Note 4)	573,951	1,168,337
Post-employment benefits and compensated absences (Note 13)	8,791,500	7,475,157
Asset retirement obligation (Note 10)	21,529,612	21,529,612
	70,573,692	73,066,774
Deferred contributions		
Restricted contributions (Note 14)	17,991,665	17,212,101
Capital assets (Note 15)	189,174,619	189,641,997
	207,166,284	206,854,098
Net assets (deficit)		
Investment in capital assets (Note 16)	210,023,976	180,600,195
Endowments	27,212,637	27,281,521
Internally restricted (Note 17)	131,009,097	138,952,367
Unrestricted	(59,393,990)	(81,774,897)
Accumulated remeasurement loss	(11,457,959)	(11,246,085)
	297,393,761	253,813,101
Commitments (Notes 18 and 19)		
Contingencies (Note 20)		
Contractual rights (Note 21)		
	$ 871,644,676	$ 771,845,889

See accompanying notes to consolidated financial statements.

On behalf of the Board of Governors:

Louise Poole

Louise Poole
Chair, Board of Governors

Peter Devlin
President

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue		
Enrollment revenue	$ 263,755,385	$ 204,759,796
Government grants	96,631,513	100,455,764
Ancillary revenue	21,059,969	15,193,804
Other revenue		
Amortization of deferred contributions related to capital assets (Note 15)	11,412,716	11,793,516
Investment income	6,013,120	2,882,718
Restricted contributions	1,883,871	1,593,705
Miscellaneous	11,703,406	11,088,853
	412,459,980	347,768,156
Expenditures		
Instructional service	186,489,874	170,260,272
Student service	49,540,061	45,932,918
College service	57,871,649	46,537,643
Instructional support service	30,737,584	27,738,997
Facility service	25,551,953	23,570,152
Ancillary service	18,420,974	15,975,436
(Schedule 1)	368,612,095	330,015,418
Excess of revenue over expenditures	$ 43,847,885	$ 17,752,738

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	Accumulated Remeasurement Loss	2023 Total
Balance, beginning of year	$ 180,600,195	$ 27,281,521	$ 138,952,367	$ (81,774,897)	$ (11,246,085)	$ 253,813,101
Excess (deficiency) of revenue over expenditures (Note 16)	(11,562,906)	-	-	55,410,791	-	43,847,885
Unrealized gains (losses) attributable to:						
Investments	-	-	-	-	(806,261)	(806,261)
Deferred derivative liability	-	-	-	-	594,387	594,387
Endowments						
Donations	-	129,913	-	-	-	129,913
Investment income	-	1,036,094	-	-	-	1,036,094
Net gain	-	(729,833)	-	-	-	(729,833)
Awards	-	(505,066)	-	-	-	(505,066)
Net transfers from the College and Foundation	-	8	-	-	-	8
Internally restricted						
Deferred expenditures	-	-	20,179,058	(20,179,058)	-	-
Interfund transfer	-	-	(28,122,328)	28,122,328	-	-
Net transfers to the College	-	-	-	13,533	-	13,533
Net change in investment in capital assets (Note 16)	40,986,687	-	-	(40,986,687)	-	-
Balance, end of year	$ 210,023,976	$ 27,212,637	$ 131,009,097	$ (59,393,990)	$ (11,457,959)	$ 297,393,761

See accompanying notes to consolidated financial statements.

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	Accumulated Remeasurement Loss	2022 Total Restated-Note 2
Balance, beginning of year	$ 154,911,374	$ 27,535,507	$ 93,606,793	$ (23,352,072)	$ (5,057,507)	247,644,095
Excess (deficiency) of revenue over expenditures (Note 16)	(11,388,484)	-	-	29,141,222	-	17,752,738
Unrealized gains (losses) attributable to:						
Investments	-	-	-	-	(7,234,238)	(7,234,238)
Deferred derivative liability	-	-	-	-	1,045,660	1,045,660
Endowments						
Donations	-	187,589	-	-	-	187,589
Investment income	-	1,325,287	-	-	-	1,325,287
Net loss	-	(1,141,897)	-	-	-	(1,141,897)
Awards	-	(625,865)	-	-	-	(625,865)
Net transfers from the College and Foundation	-	900	-	-	-	900
Internally restricted						
Deferred expenditures	-	-	57,239,924	(57,239,924)	-	-
Interfund transfer	-	-	(11,894,350)	11,894,350	-	-
Net transfers to the College	-	-	-	27,897	-	27,897
Net change in investment in capital assets (Note 16)	20,716,758	-	-	(20,716,758)	-	-
Balance, end of year	164,239,648	27,281,521	138,952,367	(60,245,285)	(11,246,085)	258,982,166
Adjustment on adoption of the asset retirement obligation standard (Note 2)	16,360,547	-	-	(21,529,612)	-	(5,169,065)
Balance, end of year, as restated	180,600,195	27,281,521	138,952,367	(81,774,897)	(11,246,085)	253,813,101

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Cash flows from operating activities		
Excess of revenue over expenditures	$ 43,847,885	$ 17,752,738
Change in non-cash working capital items (Note 22)	54,292,027	54,501,413
Items not involving cash:		
Amortization of capital assets	23,068,979	22,987,810
Loss (gain) on disposal of capital assets	(93,357)	194,190
Amortization of deferred contributions related to capital assets	(11,412,716)	(11,793,516)
Net increase (decrease) in deferred contributions related to restricted contributions	779,564	(31,226)
Increase (decrease) in post employment benefits and compensated absences	1,316,343	(194,208)
	111,798,725	83,417,201
Cash flows from investing activities		
Long term investments, net	356,193	(1,157,297)
Increase in internally restricted net assets	13,533	27,897
	369,726	(1,129,400)
Cash flows from capital activities		
Additions to deferred contributions related to capital assets	10,945,338	10,834,138
Additions to capital assets	(49,849,030)	(29,691,763)
Proceeds from sale of capital assets	93,357	200,274
Repayment of capital lease obligation	-	(10,629)
Repayment of bank loans	(2,830,609)	(2,679,690)
	(41,640,944)	(21,347,670)
Cash flows from financing activities		
Repayments from student union	215,068	201,729
Repayment of bank loans	(215,068)	(201,729)
Repayment of student fee receivable	654,257	630,912
Repayment of long term receivable	4,400	4,400
Endowments		
Donations	129,913	187,589
Investment income	1,036,094	1,325,287
Net gain (loss)	(729,833)	(1,141,897)
Awards	(505,066)	(625,865)
Net transfers from the College and Foundation	8	900
	589,773	381,326
Increase in cash	71,117,281	61,321,457
Cash, beginning of year	191,034,834	129,713,377
Cash, end of year	$ 262,152,115	$ 191,034,834

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	$ (11,246,085)	$ (5,057,507)
Unrealized (losses) gains attributable to:		
Investments	(806,261)	(7,234,238)
Deferred derivative liability-interest rate swap	594,387	1,045,660
Net remeasurement loss for the year	(211,874)	(6,188,578)
Balance, end of year	$ (11,457,959)	$ (11,246,085)

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. The Canadian Centre for Product Validation Inc. was dissolved on November 16, 2020. Tangible capital assets have been transferred to the College at their net book value. The remaining net financial assets have been transferred to the College at cost.

(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, long term 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	30-40 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) 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.

(h) Vacation pay:

Vacation pay is accrued, as entitlement is earned.

(i) 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.

1. Significant accounting policies (continued):

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

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

(iii) The cost of 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.

(j) 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.

(k) 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 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 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 13.

(l) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

1. Significant accounting policies (continued):

(l) Asset retirement obligation (continued):

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure has been recognized based on estimated future expenses. An additional liability for the removal of asbestos and other hazardous materials in several of the buildings owned by the College has also been recognized based on estimated future expenses on closure of the site and post-closure care.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in section 1(f).

In addition, the College's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

2. Changes in accounting policy:

PS 3280 – Asset Retirement Obligations

On April 1, 2022, the College adopted Public Sector Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos, and hazardous material removal in retired buildings by public sector entities. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

The College recognized an asset retirement obligation upon adoption of PS 3280 on April 1, 2022, using the modified retrospective method. The liability represents the required closure and post-closure care for the buildings, storage tanks and X-ray machines owned by the College. The buildings had all been acquired at different times and have an estimated useful life of 40 years. On April 1, 2022, the College recognized an additional asset retirement obligation relating to underground storage tanks and X-ray machines owned by the College that may contain hazardous material.

To be compliant with the provisions of this new standard, the College recorded the following adjustments at April 1, 2022:

2. Changes in Accounting Policy (continued):

PS 3280 – Asset Retirement Obligations (continued)

- X-ray machine and storage tank cost obligation:
  - A decrease of $118,000 and $234,462 respectively to opening net assets, and an accompanying increase of $352,462 representing the original estimate of the obligation.

- Building cost obligation:
  - An asset retirement obligation in the amount of $21,177,150.
  - An increase of $21,177,150 to the buildings capital asset account, representing the original estimate of the obligation, and an accompanying increase of $4,816,603 to accumulated amortization, representing the amortization incurred to date based on the estimated useful life of each asset.
  - A decrease to opening accumulated surplus of $4,816,603, as a result of the recognition of the liability.
  - An increase of $529,429 to accumulated amortization, representing the amortization incurred for the current fiscal year and accompanying increase in depreciation expense.

3. Cash:

Includes a balance held in trust by Campus Living Centres Inc. for residence management purposes of $6,123,340 (2022-$3,508,135).

4. 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:

	2023		
	Fair Value	Amortized Cost	Total
Cash	$ 262,152,115	$ -	$ 262,152,115
Accounts receivable	-	12,802,739	12,802,739
Grants receivable	-	6,070,463	6,070,463
Student fee receivable	-	18,903,811	18,903,811
Student union receivable	-	1,543,366	1,543,366
Long term receivable	-	30,800	30,800
Investments	137,657,910	-	137,657,910
Accounts payable and accrued liabilities	-	39,582,427	39,582,427
Bank loans	-	42,893,668	42,893,668
Deferred derivative liability	573,951	-	573,951
	$ 400,383,976	$ 121,827,274	$ 522,211,250

4. Financial instrument classification (continued):

	2022		
	Fair Value	Amortized Cost	Total
Cash	$ 191,034,834	$ -	$ 191,034,834
Accounts receivable	-	13,984,102	13,984,102
Grants receivable	-	4,060,811	4,060,811
Student fee receivable	-	19,558,068	19,558,068
Student union receivable	-	1,758,434	1,758,434
Long term receivable	-	35,200	35,200
Investments	138,820,364	-	138,820,364
Accounts payable and accrued liabilities	-	33,321,066	33,321,066
Bank loans	-	45,939,345	45,939,345
Deferred derivative liability	1,168,337	-	1,168,337
	$ 331,023,535	$ 118,657,026	$ 449,680,561

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, long term 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 12). 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).

4. Financial instrument classification (continued):

	2023			
	Level 1	Level 2	Level 3	Total
Cash	$ 262,152,115	$ -	$ -	$ 262,152,115
Investments	-	137,657,910	-	137,657,910
Deferred derivative liability	-	-	573,951	573,951
	$ 262,152,115	$ 137,657,910	$ 573,951	$ 400,383,976

	2022			
	Level 1	Level 2	Level 3	Total
Cash	$ 191,034,834	$ -	$ -	$ 191,034,834
Investments	-	138,820,364	-	138,820,364
Deferred derivative liability	-	-	1,168,337	1,168,337
	$ 191,034,834	$ 138,820,364	$ 1,168,337	$ 331,023,535

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2023 and March 31, 2022. There were also no transfers in or out of Level 3.

5. Accounts receivable:

Includes a balance owing from the Student Union for February and March 2023 expenditures of $746,816 (2022-$1,088,417).

6. 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 12. The following is a summary of the total amount receivable from the London campus students:

6. Student fee receivable (continued):

		2023		2022
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.	$	18,903,811	$	19,558,068
		18,903,811		19,558,068
Less current portion		678,467		654,257
	$	18,225,344	$	18,903,811

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

2024	$	678,467
2025		703,572
2026		729,606
2027		756,603
2028		784,600
Thereafter		15,250,964
	$	18,903,811

7. 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 12. The following is a summary of the total amount receivable from the Student Union:

		2023		2022
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.	$	1,543,366	$	1,758,434
		1,543,366		1,758,434
Less current portion		229,289		215,068
	$	1,314,077	$	1,543,366

7. Student union receivable (continued):

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

2024	$	229,289
2025		244,450
2026		260,614
2027		277,846
2028		296,219
Thereafter		234,948
	$	1,543,366

8. Long term receivable:

The receivable represents the balance owing from Campus Living Centres Inc. for severance costs paid by the College to the former residence manager's staff.

Repayments are due in accordance with the agreement negotiated with Campus Living Centres Inc. The following is a summary of the total amount receivable:

		2023		2022
Long term receivable, negotiated with Campus Living Centre Inc., with an effective fixed interest rate of 0% repayable over 10 years. No specific security has been received.	$	30,800	$	35,200
		30,800		35,200
Less current portion		4,400		4,400
	$	26,400	$	30,800

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

2024	$	4,400
2025		4,400
2026		4,400
2027		4,400
2028		4,400
Thereafter		8,800
	$	30,800

9. Investments:

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

	2023		2022	
	Estimated Fair Value	Book Value	Estimated Fair Value	Book Value
Bonds	$ 108,455,631	$ 119,339,638	$ 110,000,647	$ 120,078,394
Held through pooled funds:				
Bonds	12,192,455	13,600,082	11,850,172	12,697,397
Global equities	8,111,619	6,222,307	8,365,251	6,584,620
Canadian equities	8,897,350	9,271,008	8,588,703	8,571,029
Money market/short term	855	855	15,591	15,591
	$ 137,657,910	$ 148,433,890	$ 138,820,364	$ 147,947,031

10. Asset retirement obligation:

The College's asset retirement obligation consists of several obligations as follows:

a) Underground storage tanks and X-ray machine obligation

The College owns a number of storage tanks and X-ray machines. The liability for the closure or removal of the items and has been recognized under PS 3280 – Asset Retirement Obligation. The costs were based upon the presently known obligations that will exist at the estimated year of closure or removal upon the useful life. Due to the immateriality of the liability associated with these obligations, these costs were recorded to opening net assets.

b) Owned Buildings obligation

The College owns and operates several buildings that are known to have asbestos and other potentially hazardous materials which represents a health concern upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the College recognized an obligation relating to the removal and post-removal care of the asbestos and potentially hazardous materials in these buildings as estimated at April 1, 2022. The buildings have various remaining estimated useful lives ranging from 7 to 39 years. Estimated costs have not been discounted as the College is unable to reasonably estimate when this liability may be paid. The recognition of asset retirement obligations involved an accompanying increase to the buildings capital assets and the restatement of prior year numbers (see Note 2).

10. Asset retirement obligation (continued):

c) Changes to the asset retirement obligation are as follows:

	Building	X-ray	Storage Tanks	2022 Restated
Opening Balance	$ -	$ -	$ -	$ -
Adjustment on adoption of the asset retirement obligation standard (Note 2)	21,177,150	118,000	234,463	21,529,612
Closing Balance (as restated)	$21,177,150	$118,000	$ 234,463	$21,529,612

11. Capital assets:

	2023		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 8,318,250	$ -	$ 8,318,250
Buildings	469,302,891	179,963,963	289,338,928
Buildings, construction in progress	14,746,182	-	14,746,182
Building improvements	35,581,318	4,665,570	30,915,748
Building improvements, construction in progress	35,670,127	-	35,670,127
Site improvements	31,754,476	25,829,343	5,925,133
Leasehold improvements	7,177,354	3,930,559	3,246,796
Furniture and equipment	187,274,782	178,954,283	8,320,499
Furniture and equipment, construction in progress	33,505	-	33,505
Information technology equipment	9,174,252	4,401,915	4,772,336
Software and ERP, construction in progress	4,526,465	-	4,526,465
Asset retirement obligation, buildings	21,177,150	5,346,031	15,831,119
	$ 824,736,752	$ 403,091,663	$ 421,645,088

11. Capital assets (continued):

	2022 Restated		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 7,736,245	$ -	$ 7,736,245
Land, construction in progress	25,600	-	25,600
Buildings	469,297,713	168,440,004	300,857,709
Buildings, construction in progress	2,994,841	-	2,994,841
Building improvements	28,002,389	2,462,788	25,539,601
Building improvements, construction in progress	20,017,702	-	20,017,702
Site improvements	30,246,111	24,942,296	5,303,815
Leasehold improvements	6,151,422	2,607,444	3,543,978
Furniture and equipment	184,883,058	174,151,780	10,731,278
Furniture and equipment, construction in progress	33,505	-	33,505
Information technology equipment	4,447,732	2,727,516	1,720,216
	$ 753,836,318	$ 375,331,828	$ 378,504,490
Adjustment relating to recognition of asset retirement obligation - Note 2	21,177,150	4,816,603	16,360,547
	$ 775,013,468	$ 380,148,431	$ 394,865,037

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.

12. 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, 2023 and it is the intent of the College to repay the debt in accordance with the repayment schedules.

12. Bank and term loans (continued):

	2023	2022
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.	$ 18,903,811	$ 19,558,068
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.	15,008,438	15,530,084
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.	3,488,835	4,050,688
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.	2,854,803	3,264,504
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.	1,092,182	1,768,960

12. Bank and term loans (continued):

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.	1,543,366	1,758,434
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.	2,233	8,607
	42,893,668	45,939,345
Less current portion	3,215,039	3,045,677
	$ 39,678,629	$ 42,893,668

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

2024	$ 3,215,039
2025	3,010,766
2026	2,785,036
2027	2,942,875
2028	3,110,095
Thereafter	27,829,858
	$ 42,893,668

13. Post-employment benefits and compensated absences:

2023	Vesting sick leave	Non-vesting sick leave	Post-employment benefits	WSIB post-employment benefits	Total liability
Accrued employee future benefits obligations	$ 231,000	$ 8,485,000	$ 1,906,000	$ 1,993,500	$ 12,615,500
Value of plan assets	-	-	(456,000)	-	(456,000)
Unamortized actuarial gain (loss)	(51,000)	(3,326,000)	9,000	-	(3,368,000)
Total liability	$ 180,000	$ 5,159,000	$ 1,459,000	$ 1,993,500	$ 8,791,500

2022	Vesting sick leave	Non-vesting sick leave	Post-employment benefits	WSIB post-employment benefits	Total liability
Accrued employee future benefits obligations	$ 90,000	$ 6,435,000	$ 1,727,000	$ 991,157	$ 9,243,157
Value of plan assets	-	-	(462,000)	-	(462,000)
Unamortized actuarial gain (loss)	96,000	(1,433,000)	31,000	-	(1,306,000)
Total liability	$ 186,000	$ 5,002,000	$ 1,296,000	$ 991,157	$ 7,475,157

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

<u>Retirement Benefits</u>

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 across Canada. 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.

13. 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 filed with pension regulators as at January 1, 2023 indicated an actuarial surplus on a going concern basis of $4.7 billion (2022-$4.4 billion). The College made contributions to the Plan and its associated retirement compensation arrangement of $17,784,654 (2022-$16,882,915), which has been included in the Statement of Operations.

Post-employment benefits

The College extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The College recognizes these benefits as they are earned during the 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, 2023 of the future benefits was determined using a discount rate of 3.4% (2022-2.9%).

(b) Medical costs

Medical costs increased 6.16% per annum for fiscal 2023 (2022-6.29%) grading down to 4.0% in 2040 (2022-4.0% in 2040).

(c) Dental costs

Dental costs increased 4.0% per annum for fiscal 2023 (2022-4.0%).

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

Post-employment benefits (continued):

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:

	2023	2022
Wage and salary escalation		
Support staff	1.0%	1.3%
Academic	1.0%	1.0%
Discount rate	3.4%	2.9%

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 23.5% and 0.0 to 54.0 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

14. 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:

		2023		2022
Balance, beginning of year	$	17,212,101	$	17,243,327
Add amounts received during the year		20,180,597		14,559,917
Less amounts disbursed in the year		(19,401,033)		(14,591,143)
Balance, end of year	$	17,991,665	$	17,212,101

Deferred contributions are comprised of:

		2023		2022
Student activity fees	$	7,141,217	$	7,145,556
Fundraising campaigns		5,610,466		5,703,710
Bursaries and scholarships		2,261,728		1,863,250
Employee stability fund		608,354		589,598
Alumni activities		826,802		603,455
Other		1,543,098		1,306,532
	$	17,991,665	$	17,212,101

15. Deferred capital contributions:

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

		2023		2022
Balance, beginning of year	$	189,641,997	$	190,601,375
Add contributions received for capital projects		10,945,338		10,834,138
Less amortization of deferred capital contributions		(11,412,716)		(11,793,516)
Balance, end of year	$	189,174,619	$	189,641,997

16. Investment in capital assets:

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

		2023	2022
			Restated-Note 2
Capital assets		$ 421,645,088	$ 378,504,490
Amounts financed by:	Student fee receivable	18,903,811	19,558,068
	Deferred contributions	(189,174,619)	(189,641,997)
	Bank loans	(41,350,304)	(44,180,913)
		$ 210,023,976	$ 164,239,648
Adjustment on adoption of the asset retirement obligation standard (Note 2)		-	16,360,547
		$ 210,023,976	$ 180,600,195

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

		2023	2022
			Restated-Note 2
Excess of expenditures over revenue:			
Amortization of deferred contributions related to capital assets		$ 11,412,716	$ 11,793,516
Amortization of capital assets		(23,068,979)	(22,987,810)
Gain (loss) on disposal of capital assets		93,357	(194,190)
		$ (11,562,906)	$ (11,388,484)
Adjustment on adoption of the asset retirement obligation standard (Note 2)		-	(4,816,603)
		$ (11,562,906)	$ (16,205,087)
Net change in investment in capital assets:			
Additions to capital assets		$ 49,849,030	$ 29,691,763
Amount financed by:	Student fee receivable	(654,257)	(630,912)
	Proceeds on disposal of capital assets	(93,357)	(200,274)
	Deferred contributions	(10,945,338)	(10,834,138)
	Capital lease obligations	-	10,629
	Bank loans	2,830,609	2,679,690
		$ 40,986,687	$ 20,716,758
Adjustment on adoption of the asset retirement obligation standard (Note 2)		-	21,177,150
		$ 40,986,687	$ 41,893,908

17. 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 19, Commitments.

	2023	2022
Deferred capital expenditures	$ 128,211,472	$ 135,599,555
Deferred operating expenditures	2,797,625	3,352,812
Balance, end of year	$ 131,009,097	$ 138,952,367

18. 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:

2024	2,226,339
2025	1,578,060
2026	325,401
2027	330,033
2028	331,103
Thereafter	1,280,362
	$ 6,071,298

19. Commitments:

As at March 31, 2023, outstanding capital asset commitments approximate $82,569,372 (2022- $77,832,726) primarily relating to the construction and expansion of various facilities. The internally restricted net assets in Note 17, Internally restricted net assets, will be used to fund these future commitments.

20. 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. The College has insurance to recover any possible legal settlements.

21. Contractual rights:

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

2024	$	707,884
2025		871,080
2026		763,594
2027		768,934
2028		68,215
Thereafter		5,408,800
March 31, 2023	$	8,588,507

22. Supplemental cash flow information:

		2023		2022
Change in non-cash working capital items:				
Accounts receivable	$	1,181,363	$	(1,722,745)
Grants receivable		(2,009,652)		955,623
Inventories		211,583		818,279
Prepaid expenses		(3,320,928)		(3,464,973)
Accounts payable and accrued liabilities		6,261,361		(3,040)
Accrued vacation pay		(169,996)		421,325
Deferred revenue		52,138,296		57,496,944
	$	54,292,027	$	54,501,413

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

		2023		2022
Interest revenue	$	11,397,951	$	5,730,624
Interest expense		(2,202,762)		(2,349,103)

23. 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 (2022-$100,000).

The maximum exposure to investment credit risk is the amount of the investments as shown in Note 9.

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, 2023 and March 31, 2022 were as follows:

			2023			
			Past Due			
	Total	Current	1-30 days	31-60 days	61-90 days	91+ days
Student receivables	$ 9,495,113	$ 1,572,054	$ 5,926,489	$ 40,316	$ 283,450	$ 1,672,804
Other receivables	7,592,037	2,403,665	394,555	293,986	96,158	4,403,673
Gross receivables	17,087,149	3,975,719	6,321,045	334,302	379,608	6,076,477
Less: impairment allowances	(4,284,411)	-	-	-	-	(4,284,411)
Net receivables	$ 12,802,739	$ 3,975,719	$ 6,321,045	$ 334,302	$ 379,608	$ 1,792,066

			2022			
			Past Due			
	Total	Current	1-30 days	31-60 days	61-90 days	91+ days
Student receivables	$ 9,365,594	$ 1,091,781	$ 6,614,878	$ 86,948	$ 247,340	$ 1,324,647
Other receivables	5,751,570	2,031,076	343,295	28,418	34,793	3,313,988
Gross receivables	17,361,749	5,054,346	6,349,052	170,098	445,275	5,342,978
Less: impairment allowances	(3,377,647)	-	-	-	-	(3,377,647)
Net receivables	$ 13,984,102	$ 5,054,346	$ 6,349,052	$ 170,098	$ 445,275	$ 1,965,331

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

23. 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 8 is based on quoted market prices.

The College's investment policy recognizes the investment guidelines issued by MCU. The investment 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 12) and on its bank loans through derivative financial instruments which replace the variable rates inherent in the bank loans for a fixed rate (Note 12). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the capital lease obligation and bank loans.

23. Risk management (continued):

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.

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):

	2023			
	Within 6 months	6 months to 1 year	1-5 years	>5 years
Accounts payable and accrued liabilities	$ 39,582,427	$ -	$ -	$ -
Bank loans	1,584,050	1,630,989	11,848,771	27,829,857
	$ 41,166,477	$ 1,630,989	$ 11,848,771	$ 27,829,857

	2022			
	Within 6 months	6 months to 1 year	1-5 years	>5 years
Accounts payable and accrued liabilities	$ 33,321,066	$ -	$ -	$ -
Bank loans	1,501,711	1,543,965	11,953,714	30,939,954
	$ 34,822,777	$ 1,463,684	$ 11,953,714	$ 30,939,954

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.

24. 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.

25. Public private partnership:

The College entered into a ten year agreement with ILAC International College Ltd. ("ILAC"), a private college located in Toronto, Ontario to deliver programming as stipulated within the agreement commencing September 2022. The agreement allows for revenues to be earned by the College encompassing tuition, ancillary fees and certain commissions. Revenue and related expenses paid to the private partner have been reflected within the consolidated statement of operations on a gross basis as the College is acting as a principal in these transactions.

26. Subsequent event:

Effective June 2019, the Province of Ontario enacted Bill 124 "Protecting a Sustainable Public Sector for Future Generations Act, 2019". This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be "void and of no effect". On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. The impact, if any, to the College as a result of the Ontario Superior Court decision is not determinable at this time. As such, no provision has been made in the financial statements relating to this matter.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Expenditures

Schedule 1

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Expenditures		
Salaries and benefits	$ 215,908,240	$ 203,193,315
Amortization expense	23,068,979	22,987,810
Contract services	41,931,830	27,793,222
Utilities and maintenance	27,814,760	25,518,569
Other operating costs	32,373,664	22,738,660
Operating supplies	14,894,479	12,347,593
Student assistance	4,621,968	7,843,472
Ancillary cost of sales	5,795,413	5,243,674
Loan interest	2,202,762	2,349,103
	$ 368,612,095	$ 330,015,418

APPENDIX C

KPI Performance Report

Appendix C: KPI Performance

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.

The Ontario College Student Experience Survey (OCSES) was a sectoral collaboration to replace the discontinued provincial Student Satisfaction Survey. The OCSES survey was piloted in Winter 2022; only 12 colleges responded for this phase, and results are not included in this report.

The KPI Employer Satisfaction Survey is used to assess employers' satisfaction with the skills that graduates bring to the workplace. Combined results from 2017-18 to 2021-22 indicate that 88.1% of employers are satisfied with graduates' job skills and 86.2% are satisfied with graduates' job knowledge. These percentages are comparable with the provincial rates.

Findings from Fanshawe's Employer Satisfaction Survey indicated that 86.2% of employers are satisfied with graduates' job skills. The College's KPI graduation rate, which is based on 2019/20 graduates, is 66 percent; this rate ranks in the middle among large colleges and matches the Ontario average.

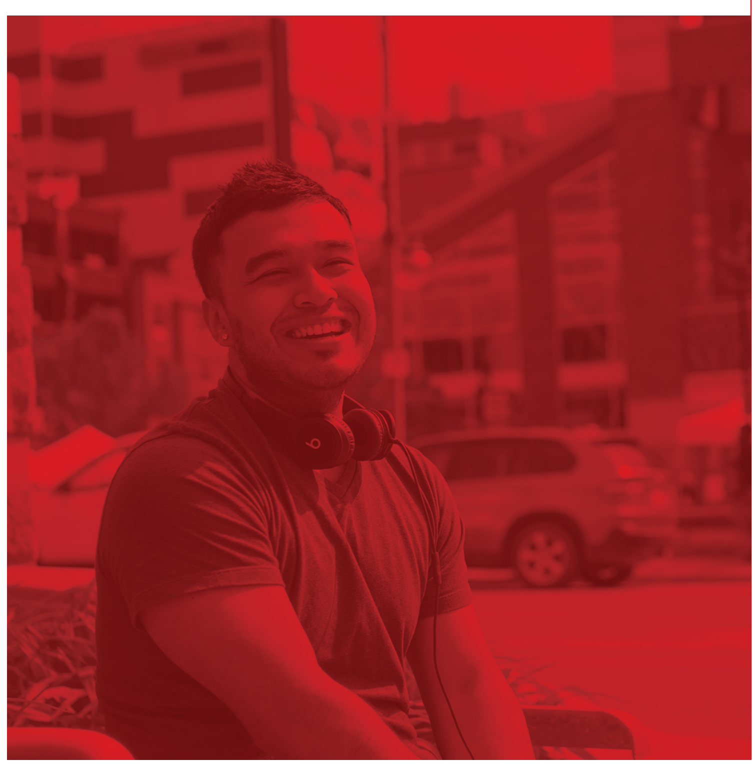
Fanshawe's graduates are successful in finding employment after they leave school. The College's KPI employment rate continues to be higher compared to the provincial rate. According to Fanshawe's Employer Survey, the College rated on par with the province on all but three essential skills that were rated lower than the provincial average. Critical Thinking skills rated lower than the provincial average (79% compared to 87.2%); Problem Solving Skills rated lower (77.6% compared with 87.2%), finally, Teamwork Skills also rated below the province (84.1% compared with 95.4%).

Other key findings from 2022/23 include the following:

- Completion rates for Apprentice programs in winter 2022 was 89%.
- 79.0% of employers are satisfied with graduates' ability to think critically.
- 84.4% and 87.7% of respondents are satisfied with graduates' written and verbal communication skills, respectively.
- 77.6% of employers are satisfied with graduates' ability to solve problems.
- 77.8% of students enrolled in Fanshawe's two business entrepreneurship programs were satisfied that their program is giving them the knowledge and skills that will be useful in their future careers.
- 65% of employers were satisfied with entrepreneurial skills of co-op students or graduates.

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 2022-2023

Name	Board Position	Appointment Start	Appointment End	Term
Mojdeh Cox	External	01-Sep-22	31-Aug-25	1
Tom Davis	Academic Staff Representative	01-Sep-20	31-Aug-23	1
Peter Devlin	College President (Ex-Officio)	03-Sep-13		
Courtney Ecker	Administrative Staff Representative	01-Sep-22	31-Aug-25	1
Laura Elliott	External (LGIC Pending)	01-Sep-22	31-Aug-25	1
Mihad Fahmy	External	01-Sep-22	31-Aug-25	1
Brian Foster	External	01-Sep-21	31-Aug-24	1
Michael Geraghty	LGIC Appointment - Second Vice-Chair	01-Sep-21	31-Aug-24	1
Sandy Jansen	External (LGIC Pending)	01-Sep-21	31-Aug-24	1
Larry MacKinnon	External	01-Sep-21	31-Aug-24	1
Brad Nelson	External	01-Sep-22	31-Aug-25	1
Louise Poole	External - Chair	01-Sep-19	31-Aug-25	2
Samrat Raj	Student Representative	01-Sep-22	31-Aug-23	1
Christine Spicer	Support Staff Representative	01-Sep-20	31-Aug-23	1
Eric Weniger	LGIC Appointment	01-Sep-21	31-Aug-24	1
Terry Zavitz	LGIC Appointment - First Vice-Chair	01-Sep-21	31-Aug-24	1

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 and enhance organizational capacity.
4. Build sustainable, complementary sources of revenue.