

CONSOLIDATED FINANCIAL STATEMENTS

The Humber College Institute of Technology and Advanced Learning

March 31, 2014

The Humber College Institute of Technology and Advanced Learning

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For the year ended March 31, 2014

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 series of standards applicable to government not-for-profit organizations. When 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.

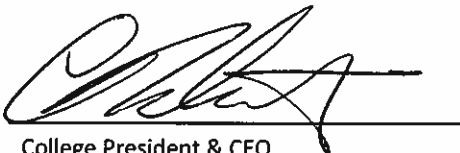
The College maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the College's assets are appropriately 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 of Governors are 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 and Finance Committee (the "Committee").

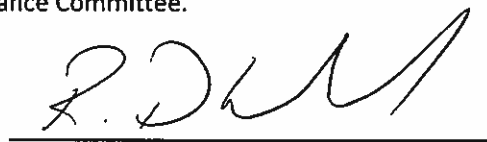
The Audit and Finance Committee is appointed by the Board of Governors, and includes within its ranks five Board members. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial 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 BDO Canada LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. BDO Canada LLP has full and free access to the Audit and Finance Committee.



College President & CEO

May 27th, 2014



Vice President, Finance & Administrative Services



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BDO Canada LLP
1 City Centre Drive, Suite 1700
Mississauga ON L5B 1M2 Canada

Independent Auditor's Report

To the Board of Governors of The Humber College of Technology and Advanced Learning

We have audited the accompanying consolidated financial statements of The Humber College Institute of Technology and Advanced Learning, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Humber College Institute of Technology and Advanced Learning as at March 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants
Mississauga, Ontario
May 27, 2014

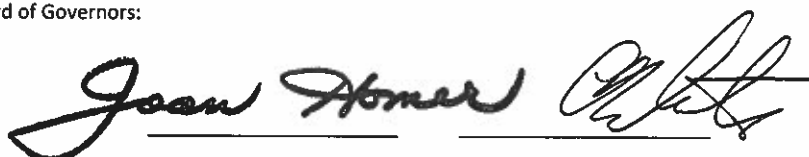
THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
Consolidated Statement of Financial Position

Statement 1

	March 31, 2014	March 31, 2013
ASSETS		
Current assets		
Cash (Note 4)	\$ 42,060,651	\$ 34,269,664
Investments (Note 4)	276,897,556	253,988,634
Grants receivable (Note 5)	31,512,070	5,039,788
Accounts receivable (Note 6)	10,683,357	6,774,514
Prepaid expenses	1,592,956	1,798,348
Total current assets	362,746,590	301,870,948
INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER (Note 7)	10,735,389	10,031,312
LONG-TERM GRANTS RECEIVABLE (Note 8)	2,290,000	4,580,000
CAPITAL ASSETS (Note 9)	309,933,674	281,196,959
TOTAL ASSETS	\$ 685,705,653	\$ 597,679,219
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 58,252,889	\$ 16,849,736
Accrued payroll and employee benefits	9,596,719	10,241,452
Accrued vacation pay	13,744,531	13,363,640
Deferred revenue	33,941,333	35,408,358
Due to University of Guelph-Humber (Note 7)	18,879,003	16,166,785
Due to Humber Students' Federation (Note 11)	6,098,635	6,252,583
Bank loan (Note 12)	33,919,254	35,327,941
Total current liabilities	174,432,364	133,610,495
POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 13)	9,975,000	10,757,000
DEFERRED CONTRIBUTIONS (Note 14)	7,623,372	8,096,612
DEFERRED CAPITAL CONTRIBUTIONS (Note 15)	152,686,963	133,349,600
INTEREST RATE SWAP (Note 12)	7,072,742	9,306,837
TOTAL LIABILITIES	351,790,441	295,120,544
NET ASSETS		
Unrestricted		
Operating	30,845,391	34,416,807
Post-employment benefits and compensated absences (Note 13)	(9,975,000)	(10,757,000)
Vacation pay	(13,744,531)	(13,363,640)
	7,125,860	10,296,167
INVESTED IN CAPITAL ASSETS (Note 16)	125,580,149	117,031,212
INTERNALLY RESTRICTED (Note 17)	193,500,000	170,000,000
EXTERNALLY RESTRICTED (Note 18)	14,781,945	14,538,133
	340,987,954	311,865,512
ACCUMULATED REMEASUREMENT LOSSES	(7,072,742)	(9,306,837)
TOTAL NET ASSETS	333,915,212	302,558,675
TOTAL LIABILITIES AND NET ASSETS	\$ 685,705,653	\$ 597,679,219

See accompanying notes

On behalf of the Board of Governors:



THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
Consolidated Statement of Operations

Statement 2

For the year ended	March 31, 2014	March 31, 2013
REVENUE		
Operating		
Grants and reimbursements	\$ 144,250,443	\$ 138,280,373
Tuition and other fees	159,685,778	151,696,209
Interest income	5,802,926	5,416,719
Other (Note 7)	32,576,732	33,799,030
Total operating revenue	342,315,879	329,192,331
Ancillary	27,894,338	27,659,044
Amortization of deferred capital contributions	14,038,413	14,684,816
TOTAL REVENUE	384,248,630	371,536,191
EXPENSES		
Operating		
Salaries and benefits	197,796,108	183,097,408
Contract services	34,477,488	30,039,540
Maintenance, utilities and municipal taxes	12,114,414	8,975,878
Advertising and marketing	14,339,473	11,173,982
Supplies, equipment and other expenses	28,887,439	27,983,813
Information technology, software and licenses	5,620,564	5,064,334
Student assistance	6,059,679	5,524,623
Total operating expenses	299,295,165	271,859,578
Ancillary	25,099,011	23,630,289
Amortization of capital assets	30,975,824	32,427,195
TOTAL EXPENSES	355,370,000	327,917,062
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 28,878,630	\$ 43,619,129

See accompanying notes

THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
Consolidated Statement of Changes in Net Assets

Statement 3

	March 31, 2014				
	Unrestricted	Internally restricted (Note 17)	Invested in capital assets (Note 16)	Externally restricted (Note 18)	Total
Balance, beginning of year	\$ 10,296,167	\$ 170,000,000	\$ 117,031,212	\$ 14,538,133	\$ 311,865,512
Excess of revenue over expenses for the year	28,878,630	-	-	-	28,878,630
Change in internally restricted net assets	(23,500,000)	23,500,000	-	-	-
Net change in invested in capital assets	(8,548,937)	-	8,548,937	-	-
Endowment contributions	-	-	-	243,812	243,812
Balance, end of year	\$ 7,125,860	\$ 193,500,000	\$ 125,580,149	\$ 14,781,945	\$ 340,987,954

	March 31, 2013				
	Unrestricted	Internally restricted (Note 17)	Invested in capital assets (Note 16)	Externally restricted (Note 18)	Total
Balance, beginning of year	\$ (3,874,513)	\$ 132,500,000	\$ 116,938,837	\$ 14,492,875	\$ 260,057,199
Excess of revenue over expenses for the year	43,619,129	-	-	-	43,619,129
Change in internally restricted net assets	(37,500,000)	37,500,000	-	-	-
Net change in invested in capital assets	(92,375)	-	92,375	-	-
Endowment contributions	-	-	-	45,258	45,258
Reclassification of unrealized (gains) losses on derivative due to adoption of PS 3450					
a) Interest rate swap	9,245,403	-	-	-	9,245,403
b) Investments	(1,101,477)	-	-	-	(1,101,477)
Balance, end of year	\$ 10,296,167	\$ 170,000,000	\$ 117,031,212	\$ 14,538,133	\$ 311,865,512

See accompanying notes

THE HUMBER INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
Consolidated Statement of Cash Flows

Statement 4

	March 31, 2014	March 31, 2013
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenue over expenses for the year	\$ 28,878,630	\$ 43,619,129
Non-cash items:		
Amortization of capital assets	30,975,824	32,427,195
Amortization of deferred capital contributions	(14,038,413)	(14,684,816)
Share of excess of revenue over expenses for the year from University of Guelph-Humber (Note 7)	(9,064,143)	(8,925,735)
	36,751,898	52,435,773
Change in for post-employment benefits and compensated absences	(782,000)	(594,000)
Endowment contributions	243,812	45,258
Net change in non-cash working capital items (Note 20)	9,836,580	12,628,337
Cash provided by operating activities	46,050,290	64,515,368
INVESTING		
Distribution from University of Guelph-Humber (Note 7)	8,360,066	8,181,857
Net (increase)/decrease of investments (net of fair market value adjustment)	(22,908,922)	(37,687,546)
Cash provided in investing activities	(14,548,856)	(29,505,689)
FINANCING		
Deferred contributions (net of fair market value adjustment)	(473,240)	217,191
Repayment of bank loan (Note 12)	(1,408,687)	(1,333,734)
Cash provided by financing activities	(1,881,927)	(1,116,543)
CAPITAL		
Purchase of capital assets and construction in progress	(24,288,304)	(17,056,752)
Contributions received for capital purposes	2,459,784	3,143,280
Proceeds on sale of capital assets	-	30,450
Cash used in capital activities	(21,828,520)	(13,883,022)
Net increase in cash during the year	7,790,987	20,010,114
Cash, beginning of year	34,269,664	14,259,550
Cash, end of year	\$ 42,060,651	\$ 34,269,664

See accompanying notes

THE HUMBER INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
Consolidated Statement of Remeasurement Gains and Losses

Statement 5

	March 31, 2014	March 31, 2013
Accumulated remeasurement losses at the beginning of year	\$ (9,306,837)	\$ -
Adjustment upon adoption of PS 3450	-	(9,245,403)
Unrealized gains (losses) attributable to:		
Derivative - interest rate swap	2,234,095	(61,434)
Net remeasurement gains (losses) for the year	2,234,095	(9,306,837)
Accumulated remeasurement losses at end of year	\$ (7,072,742)	\$ (9,306,837)

See accompanying notes

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

1. DESCRIPTION OF THE ORGANIZATION

The College system was created by an Act of the Ontario Legislature on December 30, 1966. Regulation 771 empowered the then Ministry of Education to establish individual colleges. On February 23, 1967, Humber College of Applied Arts and Technology became a reality. By Ontario Regulation 34/03 filed on February 11, 2003, the name of the College was changed to The Humber College Institute of Technology and Advanced Learning (the "College").

The College's mission statement is as follows:

"Humber develops broadly educated, highly skilled and adaptable citizens to be successful in careers that significantly contribute to the communities they serve locally, nationally and globally."

The College's consolidated financial statements include the accounts of the Humber College Educational Foundation, which is controlled by the College, and the College's 50% equity interest in the University of Guelph-Humber joint venture (the "Joint Venture"). These consolidated financial statements do not reflect the assets, liabilities and results of operations of the Humber Students' Federation or the various other student organizations of the College.

The College is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated 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 Public Sector Accounting Board ("PSAB for Government NPOs"). The significant accounting policies are as follows:

Revenue recognition

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

Tuition fees and contract training revenues are recorded as revenue rateably over the term to which the tuition fees revenue applies to the extent that the related courses and services are provided to the student or client.

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Ancillary revenues, including retail operations, food services, student residence, parking and other sundry revenues, are recognized when products are delivered or services are provided to the student or client where the sales price is fixed and determinable, and collection is reasonably assured.

Contributions externally restricted for purposes other than endowment are recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for the purchase or construction of depreciable capital assets are deferred and amortized over the life of the related capital asset.

Endowment contributions are recognized as direct increases in net assets in the period in which they are received. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Capital assets

Purchased capital assets are recorded at cost while contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

Buildings	40 years
Site improvements	10 years
Leasehold improvements	10 to 20 years
Furniture and equipment	3 to 10 years
Automotive equipment	5 years
Software	7 years

Construction in progress costs are capitalized as incurred and are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are placed in service. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its net realizable value.

Vacation pay

The College recognizes vacation pay as an expense on the accrual basis.

Retirement and post-employment benefits and compensated absences

The College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and non-vesting sick leave. The College has adopted the following policies with respect to accounting for these employee benefits:

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.
- (ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- (iii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumptions 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.

Investment in University of Guelph-Humber

The investment in the Joint Venture is accounted for using the modified equity method. No adjustment is made for the basis of accounting of the Joint Venture being different than PSAB for Government NPOs.

Financial instruments

The College classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred except for those instruments designated into the fair value category. The College's accounting policy for each category is as follows:

Fair value

This category includes cash, derivatives and equity instruments quoted in an active market. The College's interest rate swap is considered to be a derivative financial instrument and is included in this category. The College invests a portion of its externally restricted funds in pooled funds with its investment management firm. These funds are considered to be equity instruments and are included in this category.

Financial instruments in this category are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations. Unrealized changes in fair value related to externally restricted funds are recognized in deferred contributions until the criterion attached to the restrictions has been met, when they are transferred to the consolidated statement of operations.

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

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 consolidated 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 consolidated statement of operations.

Amortized cost

This category includes investments not considered to be equity instruments, accounts receivable, grants receivable, long-term receivable, long-term grants receivable, accounts payable and accrued liabilities, accrued payroll and employee benefits, accrued vacation pay, bank loan, due to University of Guelph-Humber and due to Humber Students' Federation. 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, except for contributions, which are initially recognized at fair value.

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 consolidated statement of operations.

Management estimates

The preparation of consolidated financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Due to inherent uncertainty involved in making such estimates, actual results could differ from those estimates. Areas of key estimation include determination of fair value of equity instruments quoted in an active market, determination of fair value of derivatives, determination of percentage of completion of construction in progress, deferred tuition revenue, allowance for doubtful accounts, capital asset amortization, amortization of deferred capital contributions and actuarial estimation of post-employment benefits and compensated absences liabilities.

Public sector salary disclosure act

The Public Sector Salary Disclosure Act, 1996 (the "Act") requires the disclosure of the salaries and benefits of employees in the public sector who are paid a salary of \$100,000 or more in a year. The College complies with this Act by providing the information to MTCU for disclosure on the public website.

3. FINANCIAL INSTRUMENT CLASSIFICATION

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

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

3. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2014		
	Fair Value	Amortized Cost	Total
Cash	\$ 42,060,651	\$ -	\$ 42,060,651
Investments	13,820,873	263,076,683	276,897,556
Accounts receivable	-	10,683,357	10,683,357
Grants receivable	-	31,512,070	31,512,070
Long-term grants receivable	-	2,290,000	2,290,000
Accounts payable and accrued liabilities	-	58,252,889	58,252,889
Accrued payroll and employee benefits	-	9,596,719	9,596,719
Accrued vacation pay	-	13,744,531	13,744,531
Due to University of Guelph-Humber	-	18,879,003	18,879,003
Due to Humber Students' Federation	-	6,098,635	6,098,635
Bank loan	-	33,919,254	33,919,254
Interest rate swap	7,072,742	-	7,072,742
	<u>\$ 62,954,266</u>	<u>\$ 448,053,141</u>	<u>\$ 511,007,407</u>

	2013		
	Fair Value	Amortized Cost	Total
Cash	\$ 34,269,664	\$ -	\$ 34,269,664
Investments	8,061,617	245,927,017	253,988,634
Accounts receivable	-	6,774,514	6,774,514
Grants receivable	-	5,039,788	5,039,788
Long-term grants receivable	-	4,580,000	4,580,000
Accounts payable and accrued liabilities	-	16,849,736	16,849,736
Accrued payroll and employee benefits	-	10,241,452	10,241,452
Accrued vacation pay	-	13,363,640	13,363,640
Due to University of Guelph-Humber	-	16,166,785	16,166,785
Due to Humber Students' Federation	-	6,252,583	6,252,583
Bank loan	-	35,327,941	35,327,941
Interest rate swap	9,306,837	-	9,306,837
	<u>\$ 51,638,118</u>	<u>\$ 360,523,456</u>	<u>\$ 412,161,574</u>

Cash and investments consist of cash, redeemable and non-redeemable guaranteed investment certificates, daily interest deposits, Canadian treasury bills, Canadian federal bonds, Canadian provincial bonds, Canadian corporate bonds and mutual funds.

Maturity profile of investments held at amortized cost is as follows:

	2014				
	Within 1 year	1 to 5 years	5 to 10 years	over 10 years	Total
Carrying value	\$ 117,787,625	\$ 145,289,058	\$ -	\$ -	\$ 263,076,683
Percent of Total	45%	55%	0%	0%	

	2013				
	Within 1 year	1 to 5 years	5 to 10 years	over 10 years	Total
Carrying value	\$ 68,626,679	\$ 177,300,338	\$ -	\$ -	\$ 245,927,017
Percent of Total	28%	72%	0%	0%	

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

3. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

The following table provides an analysis of investments 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).

	2014			
	Level 1	Level 2	Level 3	Total
Cash	\$ 42,060,651	\$ -	\$ -	\$ 42,060,651
Investments	13,820,873	-	-	13,820,873
Interest rate swap	-	-	7,072,742	7,072,742
Total	\$ 55,881,524	\$ -	\$ 7,072,742	\$ 62,954,266

	2013			
	Level 1	Level 2	Level 3	Total
Cash	\$ 34,269,664	\$ -	\$ -	\$ 34,269,664
Investments	8,061,617	-	-	8,061,617
Interest rate swap	-	-	9,306,837	9,306,837
Total	\$ 42,331,281	\$ -	\$ 9,306,837	\$ 51,638,118

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2014 and 2013. There were also no transfers in or out of Level 3. For a sensitivity analysis of financial instruments recognized in Level 3, see Note 21 – Interest rate risk.

4. CASH AND INVESTMENTS

The College's cash and investments include amounts restricted for specific purposes that are not available to be spent at the College's discretion.

	2014	2013
Cash	\$ 42,060,651	\$ 34,269,664
Investments	276,897,556	253,988,634
Total cash and investments	\$ 318,958,207	\$ 288,258,298

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

4. CASH AND INVESTMENTS (continued)

Cash and investments include the following restricted and unrestricted amounts:

	2014	2013
Restricted trust funds	\$ 2,378,842	\$ 2,466,945
Joint stability funds	648,959	815,566
Restricted endowment funds	14,781,945	14,538,133
Deferred contributions	4,595,571	4,814,101
Unspent deferred capital contributions	4,982,136	4,511,798
Due to University of Guelph-Humber	18,897,002	16,166,785
Due to Humber Students' Federation	6,098,635	6,252,583
Unrestricted cash and investments	266,575,117	238,692,387
Total cash and investments	\$ 318,958,207	\$ 288,258,298

5. GRANTS RECEIVABLE

	2014	2013
Current portion of long-term grant receivable	\$ 2,290,000	\$ 2,290,000
Learning Resource Commons grant receivable (Note 10)	28,606,268	-
Other grants receivable	615,802	2,749,788
Total current grants receivable	\$ 31,512,070	\$ 5,039,788

Other grants receivable represent amounts receivable from the Ministry to fund programs delivered by the College.

6. ACCOUNTS RECEIVABLE

	2014	2013
Investment interest receivable	\$ 2,611,012	\$ 2,874,159
Commodity taxes receivable	2,767,706	1,742,795
Building levy receivable	2,309,724	263,405
Other accounts receivable	2,994,915	1,894,155
Total current accounts receivable	\$ 10,683,357	\$ 6,774,514

Other accounts receivable represent sundry receivables such as revenues earned by schools for corporate training or teaching sessions and commissions earned on ancillary businesses.

The College, in concert with the Humbers' Student Federation, agreed to direct the building levy assessed upon students to fund new facilities at both campuses. The levy generates approximately \$2,500,000 per annum. The building levy receivable has been recorded to reflect the students proportional obligation to fund these new facilities based on the percentage of completion.

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

7. INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER

In 1999, the College entered into a Memorandum of Understanding with the University of Guelph, known as the University of Guelph-Humber joint venture. The purpose of the Joint Venture is to provide students with a four-year collaborative learning opportunity which results in the conferment of both a university degree and a college diploma.

The following is the College's combined 50% share of the components of the financial statements of the Joint Venture:

	2014	2013
Total assets	\$ 13,376,595	\$ 13,661,076
Total liabilities	2,641,206	3,629,764
Net assets	10,735,389	10,031,312
Revenue	\$ 26,641,444	\$ 25,283,849
Expenses	17,577,301	16,358,114
Excess of revenue over expenses for the year	\$ 9,064,143	\$ 8,925,735
Cash provided by operating activities	\$ 8,389,195	\$ 8,255,108
Cash used in investing activities	(29,129)	(73,252)
Cash used in financing activities	(8,360,066)	(8,181,856)
Net cash flows	\$ -	\$ -

Excess of revenue over expenses for the year has been included in other revenue.

During the year, the College earned \$10,996,850 (2013 - \$10,995,818) of fees from the Joint Venture for services provided which has been included in other revenue.

The amount due to the Joint Venture is unsecured, non-interest bearing and due on demand.

During the year, the Joint Venture distributed \$8,360,066 (2013 - \$8,181,857) to the College which was applied against the investment.

The Joint Venture is a not-for-profit organization, and as such follows the recommendations of CICA Handbook Part III – Accounting Standards for Not-for-Profit Organizations. As such, there are differences between the accounting policies of the College under PSAB and the Joint Venture under Part III of the CICA Handbook. Under the modified equity approach, the College makes no adjustment to the amounts disclosed or recognized in its financial statements for these differences. For the year ended March 31, 2014, there were no accounting policy differences that would have resulted in an adjustment to amounts or disclosures in these financial statements.

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

8. LONG-TERM GRANTS RECEIVABLE

The Ministry of Training, Colleges and Universities (the "MTCU") is providing funding of \$22,900,000 to finance a building, which was completed in 2007. The non-interest bearing funding is being provided in equal instalments of \$2,290,000 over a ten-year period commencing with the fiscal year ending March 31, 2007.

	2014	2013
Long-term grants receivable	\$ 4,580,000	\$ 6,870,000
Less: Current portion included in grants receivable	2,290,000	2,290,000
Total long-term grants receivable	\$ 2,290,000	\$ 4,580,000

9. CAPITAL ASSETS

	2014		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 16,858,944	\$ -	\$ 16,858,944
Buildings	291,453,512	102,259,870	189,193,642
Site improvements	22,698,346	15,147,082	7,551,264
Leasehold improvements	83,726,061	50,510,246	33,215,815
Furniture and equipment	88,313,535	74,848,172	13,465,363
Automotive equipment	2,758,989	2,257,408	501,581
Software	11,923,068	3,837,937	8,085,131
Artwork	143,768	-	143,768
	517,876,223	248,860,715	269,015,508
Construction in progress	40,918,166	-	40,918,166
	\$ 558,794,389	\$ 248,860,715	\$ 309,933,674

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

9. CAPITAL ASSETS (continued)

		2013	
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 8,966,449	\$ -	\$ 8,966,449
Buildings	291,461,321	95,407,809	196,053,512
Site improvements	20,510,889	14,454,253	6,056,636
Leasehold improvements	83,726,061	34,546,050	49,180,011
Furniture and equipment	82,179,485	69,279,142	12,900,343
Automotive equipment	2,527,470	2,053,854	473,616
Software	9,631,382	2,170,910	7,460,472
Artwork	105,920	-	105,920
	\$ 499,108,977	\$ 217,912,018	\$ 281,196,959

10. ALTERNATIVE FINANCING ARRANGEMENT

In 2014, the College entered into a project agreement (the “AFP”) with a third party construction company to design, build and finance the Learning Resource Commons, a new building at the College’s North Campus. The total project value is \$109,527,257, of which the building value is \$92,411,283. Of the total project value, \$6,115,388 was capitalized in 2013 as part of the early works and has been included in site improvements.

The value of the construction in progress is based on the percentage of completion. As at March 31, 2014 the building is approximately 41.91% complete and as a result, \$38,728,947 has been capitalized as construction in process. A short term-liability, net of payments made, in the amount of \$35,424,234 has been recorded as accounts payable.

The Ministry has committed to partially funding the construction by \$74,700,000. The College has received \$2,700,000 to date. A short-term receivable of \$28,606,268 has been recorded to reflect the Ministry’s remaining proportional obligation to fund the program (Note 5). A corresponding amount has been recorded to deferred capital contributions (Note 15).

A change in the estimated percentage of completion by 1% would increase/decrease the construction in progress by \$924,113, with a corresponding increase/decrease in accounts payable.

11. DUE TO HUMBER STUDENTS’ FEDERATION

The amount due to Humber Students’ Federation is unsecured, bears interest at the bank’s prime rate less 2.25% with an effective rate at March 31, 2014 of 0.75% (2013 - 0.75%) and is due on demand.

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

12. BANK LOAN

The College has unsecured loan facilities with the Bank of Montreal to a maximum amount of \$62,000,000 to finance the construction of two student residences. The College has utilized \$33,919,254 (2013 - \$35,327,941) under this facility as described below. The balance of the facility is available in either prime rate loans bearing interest at the bank's prime rate of 3.000% (2013 – 3.000%) less 0.750% per annum, Bankers' Acceptances or public sector fixed rate operating loans bearing interest at the bank's 30-day cost of funds rate of 1.550% (2013 – 1.220%) plus 0.225% per annum.

The original loan of \$45,000,000 obtained on April 1, 2004 is scheduled to be repaid over twenty-five years, bears interest at prime minus 0.750% per annum and is repayable monthly on the first of each month in blended payments of \$275,802 and is scheduled to be repaid on April 1, 2029.

The loan is due on demand and has therefore been classified as current. The College has fixed its interest rate at 5.705% through an interest rate swap for the term of the loan. The interest rate includes a spread of 0.225%. The interest rate swap is a derivative financial instrument. It has effectively locked in a fixed rate through 2029.

The fair value of the interest rate swap (in favour of the counterparty) of \$7,072,742 (2013 - \$9,306,837) is recorded in the consolidated statement of financial position with the fluctuations in fair value being recorded in the consolidated statement of remeasurement gains and losses.

The scheduled principal amounts payable within the next five years and thereafter are as follows:

2015	\$ 1,487,852
2016	1,571,465
2017	1,659,778
2018	1,753,053
2019	1,851,571
Thereafter	25,595,535
Total	\$ 33,919,254

Interest on the demand loan amounted to \$1,972,303 (2013 - \$2,050,295) and is included in ancillary operations expense.

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

13. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

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

	2014			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$ 1,994,000	\$ 5,720,000	\$ 1,963,000	\$ 9,677,000
Value of plan assets	(322,000)	-	-	(322,000)
Unamortized actuarial gains (losses)	238,000	1,222,000	(840,000)	620,000
Total liability	\$ 1,910,000	\$ 6,942,000	\$ 1,123,000	\$ 9,975,000

	2013			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$ 2,374,000	\$ 7,311,000	\$ 1,517,000	\$ 11,202,000
Value of plan assets	(310,000)	-	-	(310,000)
Unamortized actuarial gains (losses)	(54,000)	(92,000)	11,000	(135,000)
Total liability	\$ 2,010,000	\$ 7,219,000	\$ 1,528,000	\$ 10,757,000

	2014			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost (recovery)	\$ (48,000)	\$ 432,000	\$ 101,000	\$ 485,000
Interest on accrued benefit obligation	10,000	164,000	36,000	210,000
Amortized actuarial losses	6,000	14,000	3,000	23,000
Total expense (recovery)	\$ (32,000)	\$ 610,000	\$ 140,000	\$ 718,000

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

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

	2013			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$ 195,000	\$ 408,000	\$ 81,000	\$ 684,000
Interest on accrued benefit obligation	12,000	177,000	40,000	229,000
Amortized actuarial losses	4,000	38,000	15,000	57,000
Total expense	\$ 211,000	\$ 623,000	\$ 136,000	\$ 970,000

Post-employment benefits and compensated absences expense has been included in salaries and benefits expense.

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

Retirement Benefits

CAAT Pension Plan

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2014 indicated an actuarial surplus of \$525 million. The College made contributions to the Plan and its associated retirement compensation arrangement of \$16,360,774 (2013 - \$13,205,807), which has been included salaries and benefits in the consolidated statement of operations.

Post-Employment Benefits

The College extends post employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The College recognizes these benefits as they are earned during the employees' tenure of service. The College also provide continuation of medical and dental benefits to certain employee groups while receiving long-term disability benefits. The related benefit liabilities were determined by an actuarial valuation study commissioned by the College Employer Council.

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

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

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

a) Discount rate

The present value as at March 31, 2014 of the future benefits was determined using a discount rate of 2.70% (2013 – 2.10%).

b) Drug Costs

Drug costs were assumed to increase at a 9.00% rate for 2014 and decrease proportionately thereafter to an ultimate rate of 4.00% in 2034.

c) Hospital and other medical

Hospital and other medical costs were assumed to increase at 4.00% per annum in 2014 (2013 – 4.00%).

Medical premium increases were assumed to increase at 7.50% per annum in 2014 and decrease proportionately thereafter to an ultimate rate of 4.00% in 2034 for the fiscal 2014.

d) Dental costs

Dental costs were assumed to increase at 4.00% per annum in 2014 (2013 – 4.00%).

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 College Employer 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. Certain employee groups are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

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

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

a) Discount rate

The present value as at March 31, 2014 of the future benefits was determined using a discount rate of 2.70% (2013 – 2.10%).

b) Wage and salary escalation rates

Academic full-time and academic partial load salaries were assumed to increase at a rate of 0.00% per annum in 2014 and 1.75% per annum thereafter.

Support staff full-time salaries were assumed to increase at a rate of 0.00% per annum in 2014 and 2015 and 1.75% per annum thereafter.

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0.00% to 24.00% and 0 to 44.3 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

14. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations for awards, scholarships and bursaries, arboretum projects and other restricted purposes. The changes in the deferred contributions balance are as follows:

	2014	2013
Balance, beginning of year	\$ 8,096,612	\$ 7,838,441
Amounts received during the year	35,553,911	33,333,025
Amounts recognized as revenue during the year	(36,027,151)	(33,074,854)
Balance, end of year	\$ 7,623,372	\$ 8,096,612

Deferred contributions are comprised of:

	2014	2013
Externally restricted trust funds	\$ 2,378,842	\$ 2,466,945
Joint employment stability reserves	648,959	815,566
Other restricted grants and contributions	4,595,571	4,814,101
Balance, end of year	\$ 7,623,372	\$ 8,096,612

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

15. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount and unspent amount of restricted donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations. The changes in the deferred capital contributions balance are as follows:

	2014	2013
Balance, beginning of year	\$ 133,349,600	\$ 144,891,136
Add: contributions received for capital purposes	2,459,784	3,143,280
Add: contributions receivable from Building Levy (Note 6)	2,309,724	-
Add: contributions receivable from MTCU (Note 10)	28,606,268	-
Less: amortization of deferred capital contributions	(14,038,413)	(14,684,816)
Balance, end of year	\$ 152,686,963	\$ 133,349,600

16. INVESTED IN CAPITAL ASSETS

Invested in capital assets consists of the following:

	2014	2013
Net book value of capital assets	\$ 309,933,674	\$ 281,196,959
Less amounts financed by:		
Bank loan (Note 12)	33,919,254	35,327,941
Alternative financing arrangement (Note 10)	35,424,234	-
Spent deferred capital contributions	115,010,037	128,837,806
Balance, end of year	\$ 125,580,149	\$ 117,031,212

The change in invested in capital assets is as follows:

	2014	2013
Amortization of deferred capital contributions	\$ 14,038,413	\$ 14,684,816
Amortization of capital assets	(30,975,824)	(32,427,195)
Purchase of capital assets and construction in progress	24,288,304	17,056,752
Disposal of capital assets	-	(30,450)
Amounts funded by deferred capital contributions	(210,643)	(525,282)
Repayment of long-term debt	1,408,687	1,333,734
Total change in invested in capital assets	\$ 8,548,937	\$ 92,375

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

17. INTERNALLY RESTRICTED NET ASSETS

The College, by resolution of the Board of Governors, internally restricts amounts from unrestricted net assets as follows:

	2014	2013
Strategic Infrastructure	\$ 173,000,000	\$ 146,750,000
Operational	1,550,000	5,400,000
Contingency	18,950,000	17,850,000
Total internally restricted net assets	\$ 193,500,000	\$ 170,000,000

18. EXTERNALLY RESTRICTED NET ASSETS

Externally restricted net assets include restricted donations received by the College where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with various purposes established by the donors. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on endowments that was disbursed during the year has been recorded in the consolidated statement of operations since this income is available for disbursement as the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions.

Externally restricted endowment funds include grants provided by MTCU from the Ontario Student Opportunity Trust Fund 1 ("OSOTF 1") matching program, the Ontario Student Opportunity Trust Fund 2 ("OSOTF 2") matching program, and the Ontario Trust for Student Support Fund ("OTSS") matching program. Under these programs the government matched the funds raised by the College. The purpose of these programs is to academically assist students who, for financial reasons, would not otherwise be able to attend College.

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

18. EXTERNALLY RESTRICTED NET ASSETS (continued)

Changes in expendable funds available for awards under the OSOTF 1, OSOTF 2 and OTSS matching programs are as follows:

				2014	2013
	OSOTF 1	OSOTF 2	OTSS	TOTAL	TOTAL
Balance, beginning of year	\$ 56,022	\$ 18,777	\$ 350,865	\$ 425,664	\$ 373,466
Investment income, net of direct expenses	44,843	18,553	289,437	352,833	316,898
Bursaries awarded	(55,765)	(9,925)	(237,532)	(303,222)	(264,700)
Balance, end of year	\$ 45,100	\$ 27,405	\$ 402,770	\$ 475,275	\$ 425,664
Bursaries awarded (#)	89	7	161	257	238

The bursaries awarded under OTSS comprise 74 to OSAP recipients totaling \$114,382 and 87 to non-OSAP recipients totaling \$123,150.

19. COMMITMENTS

The College has entered into a ninety-nine (99) year lease agreement with Her Majesty the Queen in Right of Ontario for the property now known as the Robert A. Gordon Learning Centre. The base rent is one dollar (\$1) per year for the term of the lease which expires January 31, 2094.

The College has provided unconditional loan guarantees to certain third parties amounting to \$109,536 (2013 - \$26,573) primarily related to possible defaults in financial agreements for certain construction projects.

The College has also entered into various other agreements to lease premises and equipment. The anticipated annual payments for the remaining fiscal years under current lease arrangements are as follows:

2015	\$ 749,897
2016	419,783
2017	151,782
2018	126,027
2019	111,032
Total commitments	\$ 1,558,521

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

20. CONSOLIDATED STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2014	2013
Grants receivable	\$ 2,133,986	\$ (1,344,589)
Accounts receivable	(1,599,119)	979,298
Prepaid expenses	205,392	(562,078)
Long-term accounts receivable	-	548,874
Long-term grants receivable	2,290,000	2,290,000
Accounts payable and accrued liabilities	5,978,919	3,671,710
Accrued payroll and employee benefits	(644,733)	282,558
Accrued vacation pay	380,891	527,422
Deferred revenue	(1,467,026)	1,832,457
Due to University of Guelph-Humber	2,712,218	1,772,255
Due to Humber Students' Federation	(153,948)	2,630,430
Net change, non-cash working capital	\$ 9,836,580	\$ 12,628,337

21. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, debt holdings in its investment portfolio, accounts receivable, grants receivable, long-term accounts receivable and long-term grants 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 (2013 - \$100,000).

The College's investment guideline puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits and corporate sector limits. All fixed income portfolios are measured for performance on a semi-annually basis and monitored by management on a monthly basis.

The College's investment guideline operates within the constraints of the investment directive issued by the Ministry of Training, Colleges and Universities and permits the College's funds to be invested in bonds issued by the Government of Canada, a Canadian province or a Canadian municipality. The directive also permits the College's funds to be invested in certain corporate investments having a minimum rating of A-1+ or AAA by Standard and Poor's rating agency.

The maximum exposure to investment credit risk is outlined in Note 3.

Accounts receivable are ultimately due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population.

Grants receivable and long-term grants receivable are ultimately due from the Ministry of Training, Colleges and Universities, as well as other government entities. Credit risk is mitigated by the governmental nature of the funding source.

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

21. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections. The amounts outstanding at year end were as follows:

As at March 31, 2014		Past Due				
	Total	Current	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days
Government receivables	\$ 31,512,070	\$ 31,512,070	\$ -	\$ -	\$ -	\$ -
Interest receivable	2,611,012	2,611,012	-	-	-	-
Commodity taxes receivable	2,767,706	691,127	2,076,579	-	-	-
Other accounts receivable	5,341,594	4,774,171	364,791	145,034	20,643	36,955
Gross receivables	42,232,382	39,588,380	2,441,370	145,034	20,643	36,955
Less: impairment allowances	(36,955)	-	-	-	-	(36,955)
Net receivables	\$ 42,195,427	\$ 39,588,380	\$ 2,441,370	\$ 145,034	\$ 20,643	\$ -

As at March 31, 2013		Past Due				
	Total	Current	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days
Government receivables	\$ 5,039,788	\$ 5,039,788	\$ -	\$ -	\$ -	\$ -
Interest receivable	2,874,159	2,874,159	-	-	-	-
Commodity taxes receivable	1,742,795	980,685	762,110	-	-	-
Other accounts receivable	2,270,204	1,956,733	216,523	87,945	-	9,003
Gross receivables	11,926,946	10,851,365	978,633	87,945	-	9,003
Less: impairment allowances	(112,644)	(34,785)	(43,360)	(27,296)	-	(7,203)
Net receivables	\$ 11,814,302	\$ 10,816,580	\$ 935,273	\$ 60,649	\$ -	\$ 1,800

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

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.

The College's investment guideline operates within the constraints of the investment directive issued by the MTCU. The policy's application is monitored by management, the investment managers and the board of governors. Diversification techniques are utilized to minimize risk. The guideline puts certain sector limits and individual issuer limits on the asset mix of investments.

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

The Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

21. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Currency risk

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

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

Interest rate risk

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

The College is exposed to this risk through its interest bearing investments and bank loan.

The College mitigates interest rate risk on its term debt through a derivative financial instrument that exchanges the variable rate inherent in the term debt for a fixed rate (see Note 12). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

At March 31, 2014, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the market value of the interest rate swap of \$2,851,943 (2013 - \$3,248,900).

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

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its externally restricted funds being held in pooled fund investments with its investment management firm. At March 31, 2014 a 10% movement in equity prices with all other variables held constant would have an estimated effect of the fair value of the College's equities of \$1,382,100 (2013 - \$806,100).

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

Liquidity risk

Liquidity risk 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 Humber College Institute of Technology and Advanced Learning

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

21. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The following table sets out the expected maturities, representing undiscounted cash-flows of financial liabilities:

	2014		
	Within 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 58,252,889	\$ -	\$ -
Accrued payroll and employee benefits	9,596,719	-	-
Accrued vacation pay	6,872,265	6,872,266	-
Bank loan	1,487,852	8,791,492	23,639,910
Due to University of Guelph-Humber	18,879,003	-	-
Due to Humber Students' Federation	6,098,635	-	-
	\$ 101,187,363	\$ 15,663,758	\$ 23,639,910

	2013		
	Within 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 16,849,736	\$ -	\$ -
Accrued payroll and employee benefits	10,241,452	-	-
Accrued vacation pay	6,681,820	6,681,820	-
Bank loan	1,408,687	6,472,148	27,447,106
Due to University of Guelph-Humber	16,166,785	-	-
Due to Humber Students' Federation	6,252,583	-	-
	\$ 57,601,063	\$ 13,153,968	\$ 27,447,106

Derivative financial liabilities mature as described in Note 12.

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

22. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2014 consolidated financial statements.