CONSOLIDATED FINANCIAL STATEMENTS

The Humber College Institute of Technology and Advanced Learning

March 31, 2016

The Humber College Institute of Technology and Advanced Learning

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For the year ended March 31, 2016

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. 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 and Finance Committee (the "Committee").

The Committee is appointed by the Board, 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 Committee.

President & CEO

Sr. Vice President, Planning & Corporate Services & CFO

May 31st, 2016

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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, 2016, 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, 2016, and the results of its operations, cash flows and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
May 31, 2016

THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Statement 1

Consolidated Statement of Financial Position

		March 31, 2016		March 31, 2015
ASSETS				
Current assets				
Cash	$	117,172,044	$	84,952,160
Investments		191,919,170		303,070,391
Grants receivable (Note 4)		1,143,839		2,881,699
Accounts receivable (Note 5)		14,875,530		14,079,406
Prepaid expenses		2,222,773		2,324,096
Total current assets		327,333,356		407,307,752
INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER (Note 6)		13,024,367		11,494,126
LONG-TERM ACCOUNTS RECEIVABLE (Note 7)		7,400,003		3,499,783
PREPAID LAND LEASE (Note 8)		3,012,006		3,044,336
CAPITAL ASSETS (Note 9)		396,385,098		379,917,804
TOTAL ASSETS	$	747,154,830	$	805,263,801
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	21,009,608	$	109,699,557
Accrued payroll and employee benefits		13,880,460		10,815,198
Accrued vacation pay		15,034,948		14,879,547
Deferred revenue		31,266,215		34,989,056
Due to University of Guelph-Humber (Note 6)		28,395,570		21,601,376
Due to Humber Students' Federation (Note 10)		4,890,799		2,424,942
Bank loan (Note 11)		30,859,937		32,431,403
Total current liabilities		145,337,537		226,841,079
POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 12)		9,386,000		9,703,000
DEFERRED CONTRIBUTIONS (Note 13)		8,748,204		9,307,920
DEFERRED CAPITAL CONTRIBUTIONS (Note 14)		188,028,618		193,546,377
INTEREST RATE SWAP (Note 11)		8,922,891		9,078,216
TOTAL LIABILITIES		360,423,250		448,476,592
NET ASSETS				
Unrestricted				
Operating		33,344,421		35,060,219
Post-employment benefits and compensated absences (Note 12)		(9,386,000)		(9,703,000)
Vacation pay		(15,034,948)		(14,879,547)
Total unrestricted net assets		8,923,473		10,477,672
INVESTED IN CAPITAL ASSETS (Note 15)		185,154,564		168,818,490
INTERNALLY RESTRICTED (Note 16)		186,287,000		171,400,000
EXTERNALLY RESTRICTED (Note 17)		15,289,434		15,169,262
		395,654,471		365,865,424
ACCUMULATED REMEASUREMENT LOSSES		(8,922,891)		(9,078,216)
TOTAL NET ASSETS		386,731,580		356,787,209
TOTAL LIABILITIES AND NET ASSETS	$	747,154,830	$	805,263,801

See accompanying notes

On behalf of the Board of Governors:

Audrey McKinney
Chair, Board of Governors
Humber College ITAL

Chris Whitaker
President & CEO
Humber College ITAL

THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Statement 2

Consolidated Statement of Operations

For the year ended		March 31, 2016		March 31, 2015
REVENUE				
Operating				
Grants and reimbursements	$	**151,681,927**	$	146,070,273
Tuition and other fees		**172,763,458**		165,695,559
Interest income		**5,873,239**		6,100,769
Other (Note 6)		**34,387,403**		31,981,695
Total operating revenue		**364,706,027**		349,848,296
Ancillary		**28,088,161**		27,440,038
Amortization of deferred capital contributions (Note 14)		**13,663,448**		11,893,206
TOTAL REVENUE		**406,457,636**		389,181,540
EXPENSES				
Operating				
Salaries and benefits		**231,746,920**		220,186,358
Contract services		**36,951,782**		38,346,087
Maintenance, utilities and municipal taxes		**13,146,449**		13,958,717
Advertising and marketing		**11,031,372**		11,517,795
Supplies, equipment and other expenses		**40,159,421**		42,777,222
Information technology, software and licenses		**6,413,223**		6,270,359
Student assistance		**6,523,123**		6,330,749
Total operating expenses		**345,972,290**		339,387,287
Amortization of capital assets		**30,816,472**		25,304,099
TOTAL EXPENSES		**376,788,762**		364,691,386
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	$	**29,668,874**	$	24,490,154

See accompanying notes

THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING **Statement 3**

Consolidated Statement of Changes in Net Assets

	March 31, 2016				
	Unrestricted	**Internally restricted** (Note 16)	**Invested in capital assets** (Note 15)	**Externally restricted** (Note 17)	**Total**
Balance, beginning of year	**$ 10,477,673**	**$ 171,400,000**	**$ 168,818,490**	**$ 15,169,262**	**$ 365,865,425**
Excess of revenue over expenses for the year	**29,668,874**	**-**	**-**	**-**	**29,668,874**
Change in internally restricted net assets	**(14,887,000)**	**14,887,000**	**-**	**-**	**-**
Net change in invested in capital assets	**(16,336,074)**	**-**	**16,336,074**	**-**	**-**
Endowment contributions	**-**	**-**	**-**	**120,172**	**120,172**
Balance, end of year	**$ 8,923,473**	**$ 186,287,000**	**$ 185,154,564**	**$ 15,289,434**	**$ 395,654,471**

	March 31, 2015				
	Unrestricted	Internally restricted (Note 16)	Invested in capital assets (Note 15)	Externally restricted (Note 17)	Total
Balance, beginning of year	$ 7,125,860	$ 193,500,000	$ 125,580,149	$ 14,781,945	$ 340,987,954
Excess of revenue over expenses for the year	24,490,154	-	-	-	24,490,154
Change in internally restricted net assets	22,100,000	(22,100,000)	-	-	-
Net change in invested in capital assets	(43,238,341)	-	43,238,341	-	-
Endowment contributions	-	-	-	387,317	387,317
Balance, end of year	$ 10,477,673	$ 171,400,000	$ 168,818,490	$ 15,169,262	$ 365,865,425

See accompanying notes

THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING **Statement 4**

Consolidated Statement of Cash Flows

	March 31, 2016	March 31, 2015
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenue over expenses for the year	**$ 29,668,874**	$ 24,490,154
Non-cash items:		
Amortization of capital assets	**30,816,472**	25,304,099
Amortization of deferred capital contributions	**(13,663,448)**	(11,893,206)
Share of excess of revenue over expenses for the year from University of Guelph-Humber (Note 6)	**(11,561,746)**	(9,924,572)
	35,260,152	27,976,475
Change in post-employment benefits and compensated absences	**(317,000)**	(272,000)
Endowment contributions	**120,172**	387,317
Net change in non-cash working capital items (Note 19)	**4,738,333**	22,072,248
Cash provided by operating activities	**39,801,657**	50,164,040
INVESTING		
Distribution from University of Guelph-Humber (Note 6)	**10,031,505**	9,165,836
Net (increase) decrease of investments (net of fair market value adjustment)	**111,151,221**	(26,172,835)
Cash provided in investing activities	**121,182,726**	(17,006,999)
FINANCING		
Deferred contributions (net of fair market value adjustment)	**(559,716)**	1,684,548
Repayment of bank loan (Note 11)	**(1,571,466)**	(1,487,851)
Cash provided by financing activities	**(2,131,182)**	196,697
CAPITAL		
Purchase of capital assets and construction in progress	**(134,779,006)**	(43,214,849)
Contributions received for capital purposes	**8,145,689**	52,752,620
Cash used in capital activities	**(126,633,317)**	9,537,771
Net increase in cash during the year	**32,219,884**	42,891,509
Cash, beginning of year	**84,952,160**	42,060,651
Cash, end of year	**$ 117,172,044**	$ 84,952,160

See accompanying notes

THE HUMBER COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING **Statement 5**

Consolidated Statement of Remeasurement Gains and Losses

		March 31, 2016		March 31, 2015
Accumulated remeasurement losses at the beginning of year	**$**	**(9,078,216)**	$	(7,072,742)
Unrealized gains (losses) attributable to:				
Derivative - interest rate swap		**155,325**		(2,005,474)
Net remeasurement gains (losses) for the year		**155,325**		(2,005,474)
Accumulated remeasurement losses at end of year	**$**	**(8,922,891)**	$	(9,078,216)

See accompanying notes

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 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.

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 endowments 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 an accrual basis.

Retirement and post-employment benefits and compensated absences

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

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 pooled funds 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.

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 transferred and recognized in the consolidated statement of operations.

Amortized cost
This category includes investments not considered to be equity instruments, accounts receivable, grants receivable, accounts payable and accrued liabilities, accrued payroll and employee benefits, accrued vacation pay, bank loan, due to University of Guelph-Humber, due to Humber Students' Federation and long-term accounts receivable. 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 Ministry of Training, Colleges & Universities 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.

3. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2016		
	Fair Value	**Amortized Cost**	**Total**
Cash	**$ 117,172,044**	**$ -**	**$ 117,172,044**
Investments	**18,349,197**	**173,569,973**	**191,919,170**
Grants receivable	**-**	**1,143,839**	**1,143,839**
Accounts receivable	**-**	**14,875,530**	**14,875,530**
Long-term accounts receivable	**-**	**7,400,003**	**7,400,003**
Accounts payable and accrued liabilities	**-**	**21,009,608**	**21,009,608**
Accrued payroll and employee benefits	**-**	**13,880,460**	**13,880,460**
Accrued vacation pay	**-**	**15,034,948**	**15,034,948**
Due to University of Guelph-Humber	**-**	**28,395,570**	**28,395,570**
Due to Humber Students' Federation	**-**	**4,890,799**	**4,890,799**
Bank loan	**-**	**30,859,937**	**30,859,937**
Interest rate swap	**8,922,891**	**-**	**8,922,891**

	2015		
	Fair Value	Amortized Cost	Total
Cash	$ 84,952,160	$ -	$ 84,952,160
Investments	18,037,948	285,032,443	303,070,391
Grants receivable	-	2,881,699	2,881,699
Accounts receivable	-	14,079,406	14,079,406
Long-term accounts receivable	-	3,499,783	3,499,783
Accounts payable and accrued liabilities	-	109,699,557	109,699,557
Accrued payroll and employee benefits	-	10,815,198	10,815,198
Accrued vacation pay	-	14,879,547	14,879,547
Due to University of Guelph-Humber	-	21,601,376	21,601,376
Due to Humber Students' Federation	-	2,424,942	2,424,942
Bank loan	-	32,431,403	32,431,403
Interest rate swap	9,078,216	-	9,078,216

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:

	2016				
	Within 1 year	**1 to 5 years**	**5 to 10 years**	**Over 10 years**	**Total**
Carrying value	**$ 21,685,267**	**$ 38,669,695**	**$ 106,210,584**	**$ 7,004,427**	**$ 173,569,973**
Percent of Total	**13%**	**22%**	**61%**	**4%**	

	2015				
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Carrying value	$ 258,627,443	$ 26,405,000	$ -	$ -	$ 285,032,443
Percent of Total	91%	9%	0%	0%	

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).

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash	**$ 117,172,044**	**$ -**	**$ -**	**$ 117,172,044**
Investments	**18,349,197**	**-**	**-**	**18,349,197**
Interest rate swap	**-**	**-**	**8,922,891**	**8,922,891**
Total	**$ 135,521,241**	**$ -**	**$ 8,922,891**	**$ 144,444,132**

	2015			
	Level 1	Level 2	Level 3	Total
Cash	$ 84,952,160	$ -	$ -	$ 84,952,160
Investments	18,037,948	-	-	18,037,948
Interest rate swap	-	-	9,078,216	9,078,216
Total	$ 102,990,108	$ -	$ 9,078,216	$ 112,068,324

There were no transfers between levels for the years ended March 31, 2016 and 2015. For a sensitivity analysis of financial instruments recognized in Level 3, see Note 20.

4. GRANTS RECEIVABLE

	2016	2015
Current portion of long-term grant receivable	**$ -**	$ 2,290,000
Other grants receivable	**1,143,839**	591,699
Total current grants receivable	**$ 1,143,839**	$ 2,881,699

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

5. ACCOUNTS RECEIVABLE

	2016	2015
Investment interest receivable	**$ 921,985**	$ 2,421,374
Commodity taxes receivable	**2,938,607**	3,153,145
Current portion of long-term accounts receivable (Note7)	**3,500,000**	2,500,000
Other accounts receivable	**2,623,734**	3,522,335
Student accounts receivable	**6,355,292**	4,025,341
Allowance for doubtful accounts	**(1,464,088)**	(1,542,789)
Total current accounts receivable	**$ 14,875,530**	$ 14,079,406

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

6. 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:

	2016	2015
Total assets	**$ 17,753,012**	$ 14,185,712
Total liabilities	**4,728,645**	2,691,586
Net assets	**13,024,367**	11,494,126
Revenue	**$ 31,965,763**	$ 28,747,719
Expenses	**20,404,017**	18,823,148
Excess of revenue over expenses for the year	**$ 11,561,746**	$ 9,924,572
Cash provided by operating activities	**$ 10,111,078**	$ 9,176,006
Cash used in investing activities	**(79,573)**	(10,170)
Cash used in financing activities	**(10,031,505)**	(9,165,836)
Net cash flows	**$ -**	$ -

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

During the year, the College earned $11,865,623 (2015 - $11,359,336) 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.

6. INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER (continued)

During the year, the Joint Venture distributed $10,031,505 (2015 - $9,165,836) 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 CPA 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 CPA 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, 2016, there were no accounting policy differences that would have resulted in an adjustment to amounts or disclosures in these financial statements.

7. LONG-TERM ACCOUNTS RECEIVABLE

The College, in concert with the Humber Students' Federation, agreed to direct the building levy assessed upon students to fund new facilities at both campuses. The levy generates approximately $3,500,000 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.

	2016	2015
Long-term accounts receivable	**$ 10,900,003**	$ 5,999,783
Less: Current portion included in accounts receivable (Note 5)	**3,500,000**	2,500,000
Total long-term accounts receivable	**$ 7,400,003**	$ 3,499,783

8. PREPAID LAND LEASE

In 2014, the College negotiated a land lease with the City of Toronto. This amount, recorded as a prepaid land lease, includes the original payment made to the City of Toronto for a ninety-five year lease for land upon which the College is constructing a new building. The amount is being expensed over the term of the lease.

9. CAPITAL ASSETS

	2016		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 17,058,944	$ -	$ 17,058,944
Buildings	404,491,025	118,557,660	285,933,365
Site improvements	28,189,803	17,363,172	10,826,631
Leasehold improvements	83,726,061	68,943,077	14,782,984
Furniture and equipment	68,392,757	44,595,496	23,797,261
Automotive equipment	3,032,053	1,832,082	1,199,971
Software	14,539,330	8,823,971	5,715,359
Artwork	192,287	-	192,287
	619,622,260	260,115,458	359,506,802
Construction in progress	36,878,296	-	36,878,296
	$ 656,500,556	$ 260,115,458	$ 396,385,098

	2015		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 16,858,944	$ -	$ 16,858,944
Buildings	291,453,512	109,016,983	182,436,529
Site improvements	24,129,436	16,112,176	8,017,260
Leasehold improvements	83,726,061	60,052,941	23,673,120
Furniture and equipment	49,356,947	36,516,822	12,840,125
Automotive equipment	2,950,869	1,442,454	1,508,415
Software	14,127,262	6,157,608	7,969,654
Artwork	159,796	-	159,796
	482,762,827	229,298,984	253,463,843
Construction in progress	126,453,961	-	126,453,961
	$ 609,216,788	$ 229,298,984	$ 379,917,804

10. DUE TO HUMBER STUDENTS' FEDERATION

The amount due to Humber Students' Federation is unsecured, bears interest at the bank's prime rate less 1.75% with an effective rate at March 31, 2016 of 0.95% (2015 - 0.60%) and is due on demand.

11. 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, an interest rate swap arrangement and an operating line of credit. The College has utilized $30,859,937 (2015 - $32,431,403) 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 2.70% (2015 – 2.85%) less 0.75% per annum, Bankers' Acceptances or public sector fixed rate operating loans bearing interest at the bank's 30-day cost of funds rate of 0.900% (2015 – 0.998%) 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 0.75% 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 5.98% (2015 – 5.98%) through an interest rate swap arrangement for the term of the loan. The interest rate includes a bank stamping fee of 0.50%. The interest rate swap is a derivative financial instrument. It has effectively locked in a fixed rate through 2029. Cost of Funds Rate (CDOR) as of March 31, 2016 is 0.900% (2015 - 0.998%).

The fair value of the interest rate swap (in favour of the counterparty) of $8,922,891 (2015 - $9,078,216) 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:

2017	$ 1,659,778
2018	1,753,053
2019	1,851,571
2020	1,955,624
2021	2,065,526
Thereafter	21,574,385
Total	**$ 30,859,937**

Interest and bank fees on the demand loan amounted to $1,889,281 (2015 - $1,980,603) and is included in supplies, equipment and other expenses.

12. 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.

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

	2016			
	Post-employment Benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total liability**
Accrued employee future benefits obligations	**$ 2,323,000**	**$ 5,891,000**	**$ 1,557,000**	**$ 9,771,000**
Value of plan assets	**(420,000)**	**-**	**-**	**(420,000)**
Unamortized actuarial gains (losses)	**178,000**	**560,000**	**(703,000)**	**35,000**
Total liability	**$ 2,081,000**	**$ 6,451,000**	**$ 854,000**	**$ 9,386,000**

	2015			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$ 2,304,000	$ 6,033,000	$ 1,781,000	$ 10,118,000
Value of plan assets	(408,000)	-	-	(408,000)
Unamortized actuarial gains (losses)	191,000	632,000	(830,000)	(7,000)
Total liability	$ 2,087,000	$ 6,665,000	$ 951,000	$ 9,703,000

	2016			
	Post-employment Benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total expense**
Current year benefit cost	**$ 29,000**	**$ 388,000**	**$ 68,000**	**$ 485,000**
Interest on accrued benefit obligation	**3,000**	**98,000**	**27,000**	**128,000**
Amortized actuarial (gains) losses	**(14,000)**	**(126,000)**	**121,000**	**(19,000)**
Total expense	**$ 18,000**	**$ 360,000**	**$ 216,000**	**$ 594,000**

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

	2015			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	$ 219,000	$ 343,000	$ 61,000	$ 623,000
Interest on accrued benefit obligation	5,000	155,000	49,000	209,000
Amortized actuarial (gains) losses	(17,000)	(168,000)	108,000	(77,000)
Total expense	$ 207,000	$ 330,000	$ 218,000	$ 755,000

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

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 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.

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. The most recent actuarial valuation filed with pension regulators as at January 1, 2016 indicated an actuarial surplus of $1,179,000,000. The College made contributions to the Plan and its associated retirement compensation arrangement of $18,668,089 in 2016 (2015 - $17,386,919), which has been included 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.

12. 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, 2016 of the future benefits was determined using a discount rate of 1.70% (2015 – 1.60%).

b) Drug Costs

Drug costs were assumed to increase at a 9.00% rate in 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 2016 (2015 – 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.

d) Dental costs

Dental costs were assumed to increase at 4.00% per annum in 2016 (2015 – 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.

12. 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, 2016 of the future benefits was determined using a discount rate of 1.70% (2015 – 1.60%).

b) Wage and salary escalation rates

Academic full-time and academic partial load salaries were assumed to increase at a rate of 1.80% in 2016 and 1.50% per annum thereafter.

Support staff full-time salaries were assumed to increase at a rate of 0.50% per annum in 2016 and 2017 and 1.50% 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.

13. DEFERRED CONTRIBUTIONS

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

	2016	2015
Balance, beginning of year	**$ 9,307,920**	$ 7,623,372
Amounts received during the year	**42,536,820**	44,569,642
Amounts recognized as revenue during the year	**(43,096,536)**	(42,885,094)
Balance, end of year	**$ 8,748,204**	$ 9,307,920

Deferred contributions are comprised of:

	2016	2015
Externally restricted trust funds	**$ 3,415,689**	$ 3,547,382
Joint employment stability funds	**418,447**	560,763
Other restricted grants and contributions	**4,914,068**	5,199,775
Balance, end of year	**$ 8,748,204**	$ 9,307,920

14. 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:

14. DEFERRED CAPITAL CONTRIBUTIONS (continued)

	2016	2015
Balance, beginning of year	$ 193,546,377	$ 152,686,963
Add: contibutions received for capital purposes	487,667	46,752,837
Add: contributions receivable from Building Levy	7,658,022	5,999,783
Less: amortization of deferred capital contributions	(13,663,448)	(11,893,206)
Balance, end of year	$ 188,028,618	$ 193,546,377

15. INVESTED IN CAPITAL ASSETS

Invested in capital assets consists of the following:

	2016	2015
Net book value of capital assets (Note 9)	396,385,098	$ 379,917,804
Less amounts financed by:		
Bank loan (Note 11)	30,859,937	32,431,403
Spent deferred capital contributions	180,370,597	178,667,911
Balance, end of year	$ 185,154,564	$ 168,818,490

The change in invested in capital assets is as follows:

	2016	2015
Amortization of deferred capital contributions	$ 13,663,448	$ 11,893,206
Amortization of capital assets	(30,816,472)	(25,304,099)
Acquisition of capital assets and construction in progress	47,283,765	130,712,464
Amounts funded by deferred capital contributions	(15,366,133)	(75,551,081)
Repayment of bank loan	1,571,466	1,487,851
Total change in invested in capital assets	$ 16,336,074	$ 43,238,341

16. INTERNALLY RESTRICTED NET ASSETS

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

	2016	2015
Strategic Investments	$ 165,987,000	$ 151,470,000
Operating Contingency	20,300,000	19,930,000
Total internally restricted net assets	$ 186,287,000	$ 171,400,000

17. 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.

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

	OSOTF 1	OSOTF 2	OTSS	**2016 TOTAL**	2015 TOTAL
Balance, beginning of year	$ 73,470	$ 47,729	$ 585,049	**$ 706,248**	$ 475,275
Investment income, net of direct expenses	60,744	25,765	392,547	**479,056**	535,475
Bursaries awarded	(43,000)	(20,750)	(271,231)	**(334,981)**	(304,502)
Balance, end of year	$ 91,214	$ 52,744	$ 706,365	**$ 850,323**	$ 706,248
Bursaries awarded (#)	64	14	171	**249**	275

The bursaries awarded under OTSS comprise 106 to OSAP recipients totaling $166,481 and 65 to non-OSAP recipients totaling $104,750.

18. 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 $615,828 (2015 - $304,864) primarily related to possible defaults in financial agreements for certain construction projects.

18. COMMITMENTS (continued)

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:

2017	$	468,000
2018		288,071
2019		175,565
2020		10,570
Total commitments	**$**	**942,206**

19. CONSOLIDATED STATEMENT OF CASH FLOWS

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

		2016		2015
Grants receivable	**$**	**1,737,860**	$	28,630,371
Accounts receivable		**(796,124)**		(3,396,049)
Prepaid expenses		**101,323**		(731,140)
Long-term grants receivable		**-**		2,290,000
Long-term accounts receivable		**(3,900,220)**		(3,499,783)
Prepaid land lease		**32,330**		(3,044,336)
Accounts payable and accrued liabilities		**(1,194,709)**		(626,713)
Accrued payroll and employee benefits		**3,065,262**		1,218,479
Accrued vacation pay		**155,401**		1,135,016
Deferred revenue		**(3,722,841)**		1,047,723
Due to University of Guelph-Humber		**6,794,194**		2,722,373
Due to Humber Students' Federation		**2,465,857**		(3,673,693)
Net change, non-cash working capital	**$**	**4,738,333**	$	22,072,248

20. 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 (2015 - $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 by the Committee on annual basis while monitored by management on a monthly basis.

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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

Student Receivables

As at March 31, 2016

	Total	Winter 2016	Fall 2015	Summer 2015	Winter 2015 & Prior
Student receivable	$ 6,355,290	$ 4,800,426	$ 812,944	$ 158,641	$ 583,279
Less: impairment allowances	(1,449,147)	(361,560)	(378,235)	(149,583)	(559,769)
Net receivables	**$ 4,906,143**	**$ 4,438,866**	**$ 434,709**	**$ 9,058**	**$ 23,510**

As at March 31, 2015

	Total	Winter 2015	Fall 2014 & Prior
Student receivable	$ 4,025,341	$ 2,888,771	$ 1,136,570
Less: impairment allowances	(1,507,510)	(896,953)	(610,557)
Net receivables	$ 2,517,831	$ 1,991,818	$ 526,013

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Government and Other Receivables

As at March 31, 2016			*Past Due*			
	Total	**Current**	**0 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**
Government receivables	**$ 1,143,839**	**$ 1,143,839**	**$ -**	**$ -**	**$ -**	**$ -**
Interest receivable	**921,985**	**921,985**	**-**	**-**	**-**	**-**
Commodity taxes receivable	**2,938,607**	**2,938,607**	**-**	**-**	**-**	**-**
Other accounts receivable	**6,123,734**	**5,684,982**	**286,929**	**38,251**	**98,632**	**14,940**
Gross receivables	**11,128,165**	**10,689,413**	**286,929**	**38,251**	**98,632**	**14,940**
Less: impairment allowances	**(14,940)**	**-**	**-**	**-**	**-**	**(14,940)**
Net receivables	**$ 11,113,225**	**$ 10,689,413**	**$ 286,929**	**$ 38,251**	**$ 98,632**	**$ -**

As at March 31, 2015			*Past Due*			
	Total	Current	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days
Government receivables	$ 2,881,699	$ 2,881,699	$ -	$ -	$ -	$ -
Interest receivable	2,421,374	2,421,374	-	-	-	-
Commodity taxes receivable	3,153,145	2,272,832	880,313	-	-	-
Other accounts receivable	6,022,335	4,855,430	408,959	294,133	428,533	35,280
Gross receivables	14,478,553	12,431,335	1,289,272	294,133	428,533	35,280
Less: impairment allowances	(35,280)	-	-	-	-	(35,280)
Net receivables	$ 14,443,273	$ 12,431,335	$ 1,289,272	$ 294,133	$ 428,533	$ -

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.

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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.

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 11). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

At March 31, 2016, 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 $2,505,486 (2015 - $2,786,619).

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, 2016 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 $1,827,000 (2015 - $1,804,000).

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.

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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

	2016		
	Within 1 year	**1 to 5 years**	**Over 5 years**
Accounts payable and accrued liabilities	**$ 21,009,608**	**$ -**	**$ -**
Accrued payroll and employee benefits	**13,880,460**	**-**	**-**
Accrued vacation pay	**7,517,474**	**7,517,474**	**-**
Bank loan	**1,659,778**	**7,625,774**	**21,574,385**
Due to University of Guelph-Humber	**28,395,570**	**-**	**-**
Due to Humber Students' Federation	**4,890,799**	**-**	**-**
	$ 77,353,689	**$ 15,143,248**	**$ 21,574,385**

	2015		
	Within 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	$ 109,699,557	$ -	$ -
Accrued payroll and employee benefits	10,815,198	-	-
Accrued vacation pay	7,439,774	7,439,773	-
Bank loan	1,571,465	7,220,026	23,639,912
Due to University of Guelph-Humber	21,601,376	-	-
Due to Humber Students' Federation	2,424,942	-	-
	$ 153,552,312	$ 14,659,799	$ 23,639,912

Derivative financial liabilities mature as described in Note 11.

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.

21. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain amounts in the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2016 consolidated financial statements.