

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY PUBLIC MEETING OF THE BOARD OF GOVERNORS

**Wednesday, May 23, 2018**  
**2:45 p.m.**  
**Sutherland Campus**  
**Scholfield Boardroom**  
**Room B3330**  
**Peterborough, ON**

### 2015-2018 Strategic Priorities

1. Deliver Outstanding Student Learning and Experiences
2. Collaborate and Prosper with Our Communities
3. Excel as an Organization
4. Enhance Financial Health and Sustainability

## A G E N D A

*Pages*

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|--|--------------------------|
| <p><b>1. Call to Order</b></p> <ul style="list-style-type: none"> <li>• Welcome to the Traditional Territory<br/><i>The Board of Governors hold this meeting on the traditional lands of the Mississauga and Anishinaabe peoples.</i></li> <li>• Confirmation of Quorum</li> <li>• Introduction of Guests</li> <li>• Conflict of Interest Declarations (if any)</li> </ul>   | <p></p>                  |
| <p><b>2. Additions/Deletions/Approval of Agenda</b></p>  | <p>1-2</p>               |
| <p><b>3. Consent Agenda</b></p> <p><i>The following items have been identified for the Consent Agenda; any Governor may request any item be removed from this section by advising the President/Board Chair/Board Secretary in advance of the meeting or before approval of the agenda at the meeting. Items not moved will be considered adopted by consent without debate.</i></p> <p>3.1 Approve the minutes of the April 25, 2018 Public Board meeting</p> | <p>3</p> <p>4-7</p>      |
| <p><b>Regular Agenda</b></p>   |                          |
| <p><b>4. Business Arising from Previous Meetings (not otherwise covered on the agenda)</b></p> <p><b>4.1 Winter Semester Enrolment – Final Numbers</b><br/>2 min.</p>  | <p></p>                  |
| <p><b>5. Decision Items</b></p> <p><b>5.1 Draft 2017-2018 Audited Financial Statements (enclosed)</b><br/>10 min. Presenter: Governor Gillespie (from the Audit Committee)</p> <p><b>5.2 Internally Restricted Net Assets (enclosed)</b><br/>10 min. Presenter: Governor Gillespie (from the Audit Committee)</p>  | <p>8-57</p> <p>58-59</p> |
| <p><b>6. Discussion Items, Reports and Information Items</b></p> <p><b>6.1 Fleming College Brand Project (enclosed)</b><br/>25 min. Presenter: Mr. Van Parys</p> <p><b>6.2 Indigenous Initiatives at Fleming College (enclosed)</b><br/>10 min. Presenter: Vice-Presidents Crook and Weegar with Kristi Kerford</p>  | <p>60</p> <p>61-63</p>   |

### **6.3 Chair's Report to the Board**

5 min.

#### **Upcoming Events**

- *Convocation 2018*: May 25 – Haliburton; June 1 – Frost; June 5 through 7 – Sutherland
- *Next Public Board Meeting*: Wednesday, June 27 at the Sutherland Campus
- *2018 Higher Education Summit – Empowering Our Future*: Save the Date! November 25-26 at the Sheraton Centre Toronto; pre-conference events November 24

### **6.4 President's Report to the Board / College Initiatives Update**

10 min.

### **6.5 “Community Connections” Roundtable**

3 min.

## **7. Other Business**

**8. Move to In-Camera Meeting** approx. 4:00 p.m.

**9. Report from the In-Camera Meeting**

**10. Adjournment of the Public Meeting** approx. 4:25 p.m.

***Private Session (Governors Only)***

# CONSENT AGENDA

Public Board Meeting  
May 23, 2018

Agenda Item 3

## CONTEXT / PURPOSE

To ensure the Board of Governors has sufficient time at its monthly meetings to deal with substantive policy issues and time to review and strengthen its own operations, minor or non-controversial Board matters will appear on a Consent Agenda for both the public and in-camera meetings. Items listed on the Consent Agenda do not require discussion and are approved en bloc.

## BACKGROUND

- Board Procedure BP-009, *Consent Agenda*

### **Attachments:**

As listed below

## RECOMMENDATION

**THAT the Board of Governors of Sir Sandford Fleming College**

- 3.1 approve the minutes of the April 25, 2018 Public Board meeting**

# Board of Governors PUBLIC MEETING

Wednesday, April 25, 2018

Sutherland Campus, Scholfield Boardroom – Room B3330

Peterborough, ON

*Draft Until Approved*

## MINUTES

*Present:* Mr. Fred Clifford  
Mr. Paul Downs  
Ms. Dana Empey, Chair  
Ms. Shelley Knott-Fife  
Mr. George Gillespie  
Ms. Nicole Grady  
Ms. Rosemarie Jung  
Ms. Sue Kloosterman  
Ms. Katherine Maclver  
Mr. Dan Marinigh  
Mr. Mike Perry  
Ms. Angela Pind  
Ms. Cathy Praamsma  
Dr. Tony Tilly

*Regrets:* Dr. Aaron Grant  
Mr. Mike Leonard  
Ms. Ellen Valter

Ms. Michele McFadden, Board Secretary

### *Senior Administration:*

Mr. Brian Baker, Vice-President Finance and Administration  
Ms. Sonia Crook, Vice-President Planning, Human Resources and Student Services  
Dr. Tom Weegar, Vice-President Academic  
Mr. Drew Van Parys, Executive Director Marketing and Advancement

### *Staff Presenting:*

- Item 5.1: Ms. Angie Sims, Director Budget Services
- Item 5.2 Ms. Sherry Gosselin, Director Project Management Office/Institutional Research Office;  
Ms. Linda Poirier, Director Strategic Planning and Development Department
- Item 6.1 Mr. Terry Williams, Director Physical Resources

## 1. Call to Order

The Chair called the meeting to order at 3:23 p.m. and acknowledged holding the meeting on the traditional lands of the Mississauga and Anishinaabe peoples.

Staff and guests were **welcomed**.

**Conflict of Interest Declaration:** Members were asked to disclose any conflicts concerning items on the agenda; none were declared.

## 2. Additions/Deletions/Approval of Agenda

Item 5.1, New Program Proposal, was removed and the decision items renumbered.

It was moved by Mr. Downs, seconded by Ms. Knott-Fife and carried to approve the agenda as amended.

### 3. CONSENT AGENDA

Governors were requested to identify those items to be removed from the Consent Agenda and placed on the regular Public meeting agenda.

Moved and Seconded by Ms. MacIver and Mr. Downs

**THAT the Board of Governors of Sir Sandford Fleming College approve the Consent Agenda for the April 25, meeting and, through this consent,**

**3.1 approve the minutes of the March 28, 2018 Public Board meeting;**

**and receive, for information, the**

**3.2 Report on Procurement Contracts Awarded for the January through March 2018 timeframe.**

Motion Carried

(Resolution BoG April25-2018 #1)

### Regular Agenda

4. **Business Arising from Previous Meetings:** no business arising items were tabled.

### 5. Decision Items

5.1 **Draft 2018-2019 Financial Plan:** Our practice is to present both the preliminary College budget and the draft Business Plan for review and approval at the beginning of the fiscal year; the Ministry requires Ontario colleges to submit both documents by June 30 each year.

Total revenues forecast an increase of \$20.6-million (16.6%) from the 2017-2018 budget update. The increases in operating revenue are primarily due to an increase in international student enrolment along with an increase in tuition fees and ancillary fees, and a one-time funding grant to support promoting student excellence and fair working conditions. Expenditures are forecast at \$20.8-million (17.6%) higher than the budget update and have been aligned with funding projections to provide for a \$5.9-million surplus, or contribution to college reserves. In terms of reserves, the Board wishes to better understand the role of reserves in the College's overall financial plan and requested a briefing to explain the complexities for the May meeting.

Overall, salary expenditures are projected to increase over the 2017-2018 budget update which included salary savings from the 2017-2018 labour dispute. This is primarily related to implementation of Bill 148 legislation and the hiring of additional full-time teaching faculty.

Moved and Seconded by Mr. Downs and Mr. Clifford

**THAT the Board of Governors of Sir Sandford Fleming College approve the *Fleming College Financial Plan 2018-2019* including adjustments to the Internally Restricted Reserve within net assets, which provides for**

**Total Revenue of \$145,141,398**

**Expenditures of \$139,258,532**

**Capital Expenditure of \$13,176,717**

**Net Assets at March 31, 2019 \$32,249,000**

Motion Carried

(Resolution BoG April25-2018 #2)

5.2 **Draft 2018-2019 Business Plan:** The Business Plan allows the College to plan its operations for the fiscal year within the framework outlined in the 2015-2018 Strategic Plan, the 2015-2018 Academic Plan, and the 2017-2020 Strategic Mandate Agreement with the provincial government.

Presented by Vice-President Crook and members from the Multi-Year Business Planning Project Team, Sherry Gosselin and Linda Poirier, the plan identifies 38 objectives spread over four strategic priorities. A multi-year approach has been taken, with some objectives in the 2018-2019 plan and others held for consideration in plans developed for 2019-2020 and 2020-2021.

Moved and Seconded by Mr. Marinigh and Ms. Knott-Fife

**THAT the Board of Governors of Sir Sandford Fleming College approve the *Fleming College 2018-2019 Business Plan*.**

Motion Carried  
(Resolution BoG April25-2018 #3)

Typically, the Board receives a progress update on the Business Plan in November (along with the Budget Update), an interim report in January, and the year-end report (the Annual Report) on the success of the Plan in May.

## **6. Discussion Items, Reports and Information Items**

- 6.1 Projects and Property Update:** Thanks were expressed to Terry Williams who provided Governors with tour of the A-wing renovations. Unexpected weather conditions have created delays to the April 30, 2018 substantial completion target; approval has been received for an extension to June 18, 2018. A Governor reiterated the importance of continuing to provide open and transparent communications on the project to the College community.
- 6.2 Chair's Report to the Board:** Governor Praamsma was presented with her Good Governance Certificate of Completion under the *College Centre of Board Excellence* program.

The agenda lists a number of **Upcoming Events** of interest to members. Attention was drawn to the list of *Convocation ceremonies*; the annual celebration of student success begins with Haliburton's ceremony on May 25, followed by Frost on June 1 and Sutherland on June 5, 6 and 7. Governors were encouraged to attend and asked to confirm availability with the Board Secretary as soon as possible.

- 6.3 President's Report / College Initiatives Update:** Ontario's general election is scheduled to take place on June 7; the writ of election is scheduled to be issued on May 9. Government then moves into a "caretaker role" with only routine, non-controversial or emergency business conducted. Other updates referenced were the April Open House events, participation in City of Peterborough consultation sessions to update the City's Official Plan, and new boards for the Student Administrative Council and the Frost Student Association for the upcoming academic year.
- 6.4 Community Connections:** Members were afforded the opportunity to share participation in a variety of events. Reference was made on the enthusiasm of students on placement and connections between the College and the Lindsay Chamber of Commerce.

## **7. Other Business**

No further business was identified.

## **8. Move to the In-Camera Meeting**

Presenters and guests were thanked for attending the meeting. It was moved by Mr. Clifford, seconded by Ms. Jung and carried to move into the In-Camera meeting at 4:09 p.m.

- 9. Report from the In-Camera Meeting:** Returning to the Public meeting, the Chair reported that the Board appointed two sitting members for second terms and one new member for a

September 1 start date, and approved recipients of the 2018 employee recognition awards. The Presidential Search process is on target.

10. **Adjournment:** There being no further business, the meeting adjourned at 4:27 p.m. a motion by Ms. Maclver, seconded Mr. Marinigh and carried.

## BOARD REPORT

**SUBJECT: 2017-2018 Audited Financial Statements**

**Submission to: Public Board Meeting**

**Meeting Date: May 23, 2018**

**Requested Action: Decision / Approval**

**Agenda Item 5.1**

### CONTEXT / PURPOSE

A report to recommend approval of the audited financial statements for 2017-2018.

### BACKGROUND

- Minister's Binding Policy Directive, Governance and Accountability Framework
- Audited Financial Statements for the year end March 31, 2018 as compiled by KPMG, external auditors
- Audit Committee meeting scheduled May 23, 2018 wherein the Committee will review the audited financial statements for 2017-2018 and recommend for Board approval

#### **Attachments:**

- 2017-2018 Financial Statements, draft 4, dated May 8, 2018
- 2017-2018 Report of the Vice-President Finance and Administration

### ANALYSIS / PROPOSED OPTIONS

The 2017-2018 fiscal year resulted in an increase in total net assets of \$7,901,319 as a result of an excess of revenue over expenditures of \$7,813,033, additional endowment contributions of \$31,286 and a decrease of \$57,000 in the market value of the derivative liability during the year.

For the fiscal year ended March 31, 2018, the financial health indicators are all within the acceptable benchmark target. The specific ratio results are as follows:

Ratio	Benchmark	Actual March 31/18	Pass/Fail
Annual Surplus	> \$0	\$ 7,813,033	Pass
Accumulated Surplus	> \$0	\$19,925,206	Pass
Quick Ratio	>= 1.0	1.66%	Pass
Total Debt to Asset Ratio	<= 35%	29.24%	Pass
Debt Servicing Ratio	<= 3%	1.09%	Pass
Net Assets to Expense Ratio	>= 60%	84.46%	Pass
Surplus (Deficit) to Revenue Ratio	>= 1.5%	6.2%	Pass

### ASSESSMENT OF POTENTIAL RISK

Category (select all that apply):

Strategic  Reputational  Operational  Financial  People  Compliance  N/A

Risks that would impact or jeopardize the success of the proposal or project	Likelihood High / Medium / Low	Impact High / Medium / Low
Elite Construction Inc. Schedule Delay Invoice and the related contingent liability's negative impact to the Financial Statements.	Low	Medium

*Additional risks may be identified here: N/A*



**Proposed actions to prevent / reduce the likelihood of the risk occurring or to reduce the severity of / manage the risk:** Elite Construction Inc. was the general contractor for the construction of the KTTC building. They issued an invoice to the College in the amount of \$2.5 million related to project delays in April 2016 and on July 14, 2016 filed a claim. The College does not agree with their assessment of the delay costs, and our legal firm issued a counter claim in December 2016 and have received no response to date. Elite has five years from the date of claim, i.e. July 14, 2021 to take this claim to trial. This is likely to remain unresolved for some time, and the 2017-2018 Audited Financial Statements do not include any provision or reference to this contingent liability.

The College's auditors and legal counsel concur that there is no adjustment required in the financial statements for this contingent liability, as the likelihood and estimated value are currently undeterminable. Future financial statements could be impacted by this contingent liability should some amount of settlement become due and owing by the College. The maximum impact to the future financial statements would be an increase in capital of \$2.5 million, a corresponding decrease in cash, and a charge to amortization expense of approximately \$65,000 annually. Administration does not believe a settlement of this magnitude is realistic, but it does remain a risk until settled.

#### **RECOMMENDATION**

KPMG will remove "DRAFT" and issue final Audited Financial Statements once approval has been received. These statements will then be provided to the Ministry of Advanced Education and Skills Development; the statements also form part of the College's Annual Report and will be posted to the College website.

**THAT the Board of Governors of Sir Sandford Fleming College approve the 2017-2018 Audited Financial Statements indicating Net Assets as at March 31, 2018 of \$26,335,401.**

*AUTHORED BY:* Brian Baker, Vice-President Finance and Administration; Sue Sanders, Director Finance

***DRAFT #4***  
***May 8, 2018***

Financial Statements of

**SIR SANDFORD FLEMING  
COLLEGE OF APPLIED ARTS  
AND TECHNOLOGY**

Year ended March 31, 2018

## INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Sir Sandford Fleming  
College of Applied Arts and Technology

We have audited the accompanying financial statements of Sir Sandford Fleming College of Applied Arts and Technology, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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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 financial statements present fairly, in all material respects, the financial position of Sir Sandford Fleming College of Applied Arts and Technology as at March 31, 2018, and its results of operations, its changes in net assets, its cash flows and its remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

***DRAFT***

Chartered Professional Accountants, Licensed Public Accountants

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Vaughan, Canada

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## **DRAFT** Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
<b>Assets</b>		
Current assets:		
Cash	\$ 25,443,420	\$ 16,608,693
Short-term investments (note 3)	18,183,912	7,501,482
Ministry of Advanced Education and Skills		
Development receivables	5,432,774	5,616,688
Accounts receivable	5,192,954	3,361,339
Inventory and prepaid expenses	1,668,560	1,355,169
	55,921,620	34,443,371
Restricted investments for endowments, bursaries and other (notes 2 and 3)	9,422,108	9,285,937
Capital assets (note 4)	112,934,801	103,492,220
	\$ 178,278,529	\$ 147,221,528

	2018	2017
<b>Liabilities, Deferred Contributions and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 24,304,714	\$ 12,292,522
Accrued payroll and employee benefits	10,882,523	9,197,989
Ministry of Advanced Education and Skills		
Development grants received in excess of entitlements	1,853,951	649,234
Deferred revenue	17,079,339	10,714,260
Current portion of long-term debt (note 6)	1,020,263	985,751
	<u>55,140,790</u>	<u>33,839,756</u>
Long-term debt (note 6)	10,045,119	11,065,382
Deferred derivative liability (note 6)	92,000	149,000
Post-employment benefits and compensated absences (note 7)	3,910,000	4,079,000
	<u>14,047,119</u>	<u>15,293,382</u>
Deferred contributions:		
Bursaries and other	2,919,913	2,815,028
Deferred capital contributions (note 5)	79,835,306	76,839,280
	<u>82,755,219</u>	<u>79,654,308</u>
Net assets:		
Invested in capital assets (note 8)	22,876,747	17,429,333
Internally restricted (note 14)	926,000	675,000
Unrestricted net assets:		
Operating	5,359,459	3,740,840
Post-employment benefits and compensated absences	(3,910,000)	(4,079,000)
Vacation pay accrual	(5,327,000)	(5,654,000)
	<u>(3,877,541)</u>	<u>(5,992,160)</u>
Accumulated remeasurement losses	(92,000)	(149,000)
Restricted for endowment	6,502,195	6,470,909
	<u>26,335,401</u>	<u>18,434,082</u>
Commitments (note 15)		
Subsequent event (note 15)		
	<u>\$ 178,278,529</u>	<u>\$ 147,221,528</u>

See accompanying notes to financial statements.

On behalf of the Board of Governors:

\_\_\_\_\_ Chair of the Board of Governors

\_\_\_\_\_ President

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## **DRAFT** Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
<b>Revenue:</b>		
Ministry of Advanced Education and Skills		
Development grants and reimbursements	\$ 51,748,274	\$ 51,791,158
Student tuition	45,328,043	34,314,200
Other (note 9)	19,159,851	16,281,414
Ancillary operations	5,595,360	5,593,399
Amortization of deferred capital contributions (note 5)	4,103,755	5,000,995
	<u>125,935,283</u>	<u>112,981,166</u>
<b>Expenditures:</b>		
Salaries	59,356,680	57,626,730
Benefits	12,642,505	12,214,308
Contract services and other	11,218,501	8,170,519
Instructional support	9,274,691	6,889,109
Amortization of capital assets	6,331,126	6,793,714
Plant and security	5,023,418	3,257,231
Utilities	3,574,948	3,089,126
Telephone, legal and audit	2,882,706	1,907,102
Bursaries	2,346,498	2,955,869
Travel and professional development	1,536,052	1,199,656
Rental and taxes	1,054,039	1,056,024
Advertising	1,030,205	1,025,962
Other	744,356	883,256
Equipment maintenance	715,460	724,448
Interest on long-term debt	391,065	424,377
	<u>118,122,250</u>	<u>108,217,431</u>
<b>Excess of revenue over expenditures</b>	<b>\$ 7,813,033</b>	<b>\$ 4,763,735</b>

See accompanying notes to financial statements.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## **DRAFT** Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

						2018	2017
	Invested in capital assets (note 8(a))	Internally restricted (note 14)	Restricted for endowment	Unrestricted	Accumulated remeasurement gains (losses)	Total	Total
Net assets, beginning of year	\$ 17,429,333	\$ 675,000	\$ 6,470,909	\$ (5,992,160)	\$ (149,000)	\$ 18,434,082	\$ 14,003,299
Excess of revenue over expenditures (note 8(b))	(2,230,000)	—	—	10,043,033	—	7,813,033	4,763,735
Endowment contributions	—	—	31,286	—	—	31,286	11,298
Net change in investment in capital assets (note 8(b))	7,677,414	—	—	(7,677,414)	—	—	—
Interfund transfer	—	251,000	—	(251,000)	—	—	—
Disposal of donated land	—	—	—	—	—	—	(396,250)
Remeasurement gains	—	—	—	—	57,000	57,000	52,000
<b>Net assets, end of year</b>	<b>\$ 22,876,747</b>	<b>\$ 926,000</b>	<b>\$ 6,502,195</b>	<b>\$ (3,877,541)</b>	<b>\$ (92,000)</b>	<b>\$ 26,335,401</b>	<b>\$ 18,434,082</b>

See accompanying notes to financial statements.



# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## **DRAFT** Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 7,813,033	\$ 4,763,735
Items not involving cash:		
Amortization of capital assets	6,331,126	6,793,714
Amortization of deferred capital contributions	(4,103,755)	(5,000,995)
Loss on disposal of capital assets	2,629	591,229
Donation of capital assets	(40,000)	(86,536)
	10,003,033	7,061,147
Accruals for post-employment benefits and compensated absences	(169,000)	(154,000)
Change in non-cash operating working capital:		
Ministry of Advanced Education and Skills		
Development receivables	183,914	(1,155,283)
Accounts receivable	(1,831,615)	539,718
Inventory and prepaid expenses	(313,391)	(382,340)
Accounts payable and accrued liabilities	12,012,192	4,835,401
Accrued payroll and employee benefits	1,684,534	(1,738,472)
Ministry of Advanced Education and Skills		
Development grants received in excess of entitlements	1,204,717	78,488
Deferred revenue	6,365,079	3,261,020
	29,139,463	12,345,679
Capital activities:		
Deferred capital contributions	7,099,781	5,427,040
Purchase of capital assets	(15,819,762)	(5,077,960)
Proceeds on disposal of capital assets	83,426	2,961
	(8,636,555)	352,041
Financing activities:		
Deferred contributions, bursaries and other	104,885	103,011
Endowment contributions	31,286	11,298
Principal payments on long-term debt	(985,751)	(954,167)
	(849,580)	(839,858)

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## **DRAFT** Statement of Cash Flows (continued)

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Investing activities:		
Invested in short-term investments, net	(10,682,430)	(105,515)
Increase in restricted investments for endowments, bursaries and other	(136,171)	(114,309)
	<u>(10,818,601)</u>	<u>(219,824)</u>
Increase in cash	8,834,727	11,638,038
Cash, beginning of year	16,608,693	4,970,655
Cash, end of year	<u>\$ 25,443,420</u>	<u>\$ 16,608,693</u>
Supplemental cash flow information:		
Interest paid	\$ 391,065	\$ 424,377
Interest received	506,978	717,399

See accompanying notes to financial statements.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## **DRAFT** Statement of Remeasurement Gains and Losses

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Accumulated remeasurement losses, beginning of year	\$ (149,000)	\$ (201,000)
Unrealized gain on swap derivatives	57,000	52,000
Accumulated remeasurement losses, end of year	\$ (92,000)	\$ (149,000)

See accompanying notes to financial statements.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## **DRAFT** Notes to Financial Statements

Year ended March 31, 2018

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Sir Sandford Fleming College of Applied Arts and Technology (the "College") was established as a corporation without share capital, as set out in the Ontario Colleges of Applied Arts and Technology Act. The Corporations Act governs the corporate affairs of the College and became effective April 1, 2003. The College is principally involved in providing post-secondary educational services. Under the Income Tax Act (Canada), the College is considered a registered charity and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

### **1. Significant accounting policies:**

#### (a) Basis of accounting:

These financial statements are the representation of management and have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations ("Government NPOs"), including the 4200 Series of Standards, as issued by the Public Sector Accounting Board ("PSAB").

#### (b) Revenue recognition:

The College follows the deferral method of accounting for contributions and other revenues. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases to net assets.

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.

Other revenues are recognized when received or receivable and the amount can be reasonably estimated and collection is assured.

The College defers the portion of the revenue related to the delivery of programs and courses that takes place after March 31.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (c) Library books:

Library book purchases are recorded as an operating expenditure at the time of purchase.

### (d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenditures. Betterments which extend the estimated life of an asset are capitalized. Capital assets are amortized on a straight-line basis using the following annual rates:

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Buildings	2-1/2%
Site improvements	10%
Furniture and equipment	20%
Computer equipment	33-1/3%
Residence furniture	6-2/3%
Fibre optic system	5%
Enterprise Resource Planning System	14%
Leasehold improvements	Over term of lease
Sport and Wellness Centre	Over term of the land lease
Sports fields	5%

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Construction in progress is not amortized until the related asset is available for use.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

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

- (i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.
- (ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- (iii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service lives of the employees.
- (iv) The discount used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.
- (v) The cost of compensated absences is determined using management's best estimate of the length of the compensated absences.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (f) Financial instruments:

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

#### (i) Fair value:

This category includes derivatives and equity instruments quoted in an active market. The College has elected to continue carrying its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the College reports performance of it on a fair value basis. They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations for unrestricted financial instruments. Changes in fair value on restricted assets are recognized as a liability until the criteria attached to the restriction has been met.

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

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

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (ii) Amortized cost:

This category includes accounts receivable, Ministry of Advanced Education and Skills Development ("MAESD"), previously known as Ministry of Training, Colleges and Universities ("MTCU"), receivables, accounts payable and accrued liabilities, accrued payroll and employee benefits, MAESD grants received in excess of entitlements and long-term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

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

### (g) Inventory:

Inventory is valued at the lower of cost, on a first-in, first-out basis, and replacement cost.

### (h) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;



# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

(iii) the organization is directly responsible or accepts responsibility for the liability;

(iv) future economic benefits will be given up; and

(v) a reasonable estimate of the liability can be made.

### (i) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the statement of operations and the unrealized balances are transferred from the statement of remeasurement gains and losses.

### (j) Capital donations:

The College records in-kind capital donations if a charitable tax receipt for income taxes is issued. Other in-kind donations are not recorded in the financial statements.

### (k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Board of Governors ("Board") may undertake in the future. Significant accounting estimates include allowance for doubtful accounts, actuarial estimates of post-employment benefits and compensated absences, liability for contaminated sites and estimated useful lives of capital assets. Actual results could differ from those estimates.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

## 2. Restricted investments for endowments, bursaries and other:

Investments in the amount of \$9,422,108 (2017 - \$9,285,937) are restricted as to use and are not available for general operations. Fair value is described in note 1.

## 3. Financial instrument classification:

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

2018	Fair value	Amortized cost	Total
Cash	\$ 25,443,420	\$ -	\$ 25,443,420
Short-term investments	18,183,912	-	18,183,912
MAESD receivables	-	5,432,774	5,432,774
Accounts receivable	-	5,192,954	5,192,954
Restricted investments for endowments, bursaries and other	9,422,108	-	9,422,108
Accounts payable and accrued liabilities	-	(24,304,714)	(24,304,714)
Accrued payroll and employee benefits	-	(10,882,523)	(10,882,523)
MAESD grants received in excess of entitlements	-	(1,853,951)	(1,853,951)
Long-term debt	-	(11,065,382)	(11,065,382)
Deferred derivative liability	(92,000)	-	(92,000)
	\$ 52,957,440	\$ (37,480,842)	\$ 15,476,598

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

### 3. Financial instrument classification (continued):

2017	Fair value	Amortized cost	Total
Cash	\$ 16,608,693	\$ –	\$ 16,608,693
Short-term investments	7,501,482	–	7,501,482
MAESD receivables	–	5,616,688	5,616,688
Accounts receivable	–	3,361,339	3,361,339
Restricted investments for endowments, bursaries and other	9,285,937	–	9,285,937
Accounts payable and accrued liabilities	–	(12,292,522)	(12,292,522)
Accrued payroll and employee benefits	–	(9,197,989)	(9,197,989)
MAESD grants received in excess of entitlements	–	(649,234)	(649,234)
Long-term debt	–	(12,051,133)	(12,051,133)
Deferred derivative liability	(149,000)	–	(149,000)
	\$ 33,247,112	\$ (25,212,851)	\$ 8,034,261

Short-term investments and restricted investments for endowment, bursaries and other consist of equity instruments in Canadian public companies, government and corporate bonds and guaranteed investment certificates.

	Level	2018	2017
Money market	1	\$ 380,679	\$ 217,368
Fixed income	1	24,850,626	14,036,700
Canadian equity	1	2,374,715	2,533,351
		\$ 27,606,020	\$ 16,787,419

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

### 3. Financial instrument classification (continued):

Maturity profile of bonds held is as follows:

2018	Within 1 year	2 - 5 years	6 - 10 years	Over 10 years	Total
Carrying value	\$ -	\$ 1,278,941	\$ 248,701	\$ -	\$ 1,527,642
Percentage of total	-	84	16	-	100

2017	Within 1 year	2 - 5 years	6 - 10 years	Over 10 years	Total
Carrying value	\$ 624,558	\$ 842,693	\$ 289,466	\$ 21,257	\$ 1,777,974
Percentage of total	35	48	16	1	100

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 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).

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

### 3. Financial instrument classification (continued):

All cash, short-term investments and restricted investments for endowments, bursaries and other are classified as Level 1 financial instruments. The deferred derivative liability is classified as a Level 3 financial instrument.

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2018 and 2017. There were also no transfers in or out of Level 3. For a sensitivity analysis of financial instruments recognized in Level 3, see note 10 - interest rate risk, as the prevailing interest rate is the most significant input into the fair value of the instrument.

### 4. Capital assets:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,083,687	\$ –	\$ 2,083,687	\$ 2,083,687
Buildings	151,331,932	53,155,562	98,176,370	89,622,822
Site improvements	5,128,864	3,999,324	1,129,540	1,387,400
Furniture and equipment	28,704,443	23,378,608	5,325,835	4,286,904
Computer equipment	8,028,419	6,347,882	1,680,537	1,290,248
Residence furniture	1,086,301	1,086,301	–	–
Fibre optic system	1,560,459	1,048,786	511,673	589,696
Enterprise Resource Planning System	4,014,447	3,928,806	85,641	104,939
Leasehold improvements	654,285	654,285	–	–
Sport and Wellness Centre	2,470,079	632,249	1,837,830	1,887,280
Sports fields	2,711,111	607,423	2,103,688	2,239,244
	<b>\$ 207,774,027</b>	<b>\$ 94,839,226</b>	<b>\$ 112,934,801</b>	<b>\$ 103,492,220</b>

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 4. Capital assets (continued):

The total capital asset additions purchased and donated during the year was \$15,859,762 (2017 - \$5,164,496). MAESD contributed \$3,513,752 (2017 - \$2,295,328), other provincial funding nil (2017 - nil), the federal government \$5,278,688 (2017 - \$328,880), municipal governments nil (2017 - \$433,333), private companies \$40,000 (2017 - \$86,536), fundraising \$252,234 (2017 - \$118,879) and internal funds \$6,775,088 (2017 - \$1,901,540).

Included in buildings and site improvements is capital in progress in the amount of \$12,580,564 (2017 - \$2,372,329) and nil (2017 - \$129,281), respectively.

## 5. Deferred capital contributions:

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

	2018	2017
Balance, beginning of year	\$ 76,839,280	\$ 76,413,235
Less amounts amortized to revenue	4,103,755	5,000,995
	<u>72,735,525</u>	<u>71,412,240</u>
Contributions received for capital purposes	7,099,781	5,427,040
Balance, end of year	<u>\$ 79,835,306</u>	<u>\$ 76,839,280</u>

As at March 31, 2018, there was \$842,634 (2017 - \$2,827,526) of deferred capital contributions received that were not spent.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

**6. Long-term debt:**

	2018	2017
Brealey Student residence loan, payable \$630,940 semi-annually, including interest at 3.218%, due July 2027, secured by specific property	\$ 10,258,382	\$ 11,168,133
Less principal repayments due within one year	939,263	909,751
	<u>9,319,119</u>	<u>10,258,382</u>
The Peterborough Sport and Wellness Centre loan payable, secured by specific property	807,000	883,000
Less principal repayments due within one year	81,000	76,000
	<u>726,000</u>	<u>807,000</u>
	<u>\$ 10,045,119</u>	<u>\$ 11,065,382</u>

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 6. Long-term debt (continued):

The College has entered into an interest rate swap for The Peterborough Sport and Wellness Centre. The fair value of the interest rate swap has been recorded as a deferred derivative liability.

The fair value of the interest rate swap has been determined using Level 3 of the fair value hierarchy. The fair value of the interest rate swap is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The Peterborough Sport and Wellness Centre swap has a notional value of \$1,500,000, whereby that portion of the loan payable is fixed at 5.49%, inclusive of the stamping fee. Principal repayments are due quarterly with the swap agreement expiring on June 13, 2026. The fair value of the swap liability is \$92,000 (2017 - \$149,000).

The principal repayments due on long-term debt in the next five years and thereafter are as follows:

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2019	\$ 1,020,263
2020	1,054,731
2021	1,090,188
2022	1,127,666
2023	1,166,197
Thereafter	5,606,337
	<hr/>
	\$ 11,065,382

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# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

## 7. Post-employment benefits and compensated absences liability:

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

					2018	2017
	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Compensated absences	Total liability	Total liability
Accrued employee future benefits obligations	\$ 716,000	\$ 2,588,000	\$ 81,000	\$ 232,000	\$ 3,617,000	\$ 4,231,000
Value of plan assets	(157,000)	–	–	–	(157,000)	(99,000)
Unamortized actuarial gains (losses)	58,000	191,000	201,000	–	450,000	(53,000)
	<b>\$ 617,000</b>	<b>\$ 2,779,000</b>	<b>\$ 282,000</b>	<b>\$ 232,000</b>	<b>\$ 3,910,000</b>	<b>\$ 4,079,000</b>

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

**7. Post-employment benefits and compensated absences liability (continued):**

					2018	2017
	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Compensated absences	Total expense	Total expense
Current year benefit costs	\$ (49,000)	\$ 140,000	\$ 3,000	\$ 232,000	\$ 326,000	\$ 410,000
Interest on accrued benefit obligation	1,000	50,000	2,000	–	53,000	52,000
Amortized actuarial gains (losses)	(7,000)	(2,000)	37,000	–	28,000	12,000
	\$ (55,000)	\$ 188,000	\$ 42,000	\$ 232,000	\$ 407,000	\$ 474,000

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 7. Post-employment benefits and compensated absences liability (continued):

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

### (a) Retirement benefits:

Full-time employees of the College are members of the Plan, which is a multi-employer jointly sponsored defined benefit plan for eligible employees of public colleges and other employers in Ontario. Other than regular full-time employees may elect to join the Plan on or any time after their date of hire. 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 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, 2018 indicated an actuarial surplus of \$2,300,000,000. The College made contributions to the Plan of \$5,835,162 (2017 - \$5,851,883), which has been included in the statement of operations.

The College makes contributions to the Retirement Compensation Arrangement ("RCA") triple the qualifying employee contributions. In 2018, the College's contributions to RCA amounted to \$67,035 (2017 - \$70,706), and has been included in the statement of operations.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 7. Post-employment benefits and compensated absences liability (continued):

### (b) 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 related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

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

#### (i) Discount rate:

The present value, as at March 31, 2018, of the future benefits was determined using a discount rate of 2.60% (2017 - 2.00%).

#### (ii) Drug costs:

Drug costs were assumed to increase at a 8.0% rate for 2018 (2017 - 8.25%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 for fiscal 2018 (2017 - 4.0% in 2034).

#### (iii) Hospital and other medical:

Hospital and other medical costs were assumed to increase at 4.0% per annum (2017 - 4.0%).

Medical premium increases were assumed to increase at 6.24% per annum in 2018 (2017 - 6.98%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 for fiscal 2018 (2017 - 4.0% in 2034).

#### (iv) Dental costs:

Dental costs were assumed to increase at 4.0% per annum in 2018 (2017 - 4.0%).

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 7. Post-employment benefits and compensated absences liability (continued):

### (c) Compensated absences:

#### (i) 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.

#### (ii) Non-vesting sick leave:

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

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

	2018	2017
Wage and salary escalation	1.50% - 2.00%	0.50% - 1.50%
Discount rate	2.60%	2.00%

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 0.0% to 23.7% and nil to 48 days, respectively, for age groups ranging from 20 and under to 65 and over in bands of five years.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

## 8. Net assets invested in capital assets:

(a) Net assets invested in capital assets represent the following:

	2018	2017
Capital assets, at cost (note 4)	\$ 207,774,027	\$ 192,395,033
Accumulated amortization (note 4)	(94,839,226)	(88,902,813)
Long-term debt:		
Long-term portion (note 6)	(10,045,119)	(11,065,382)
Current portion (note 6)	(1,020,263)	(985,751)
Deferred contributions related to capital assets (note 5)	(78,992,672)	(74,011,754)
<b>Balance, end of year</b>	<b>\$ 22,876,747</b>	<b>\$ 17,429,333</b>

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

	2018	2017
Excess (deficiency) of revenue over expenditures:		
Amortization of deferred capital contributions	\$ 4,103,755	\$ 5,000,995
Amortization of capital assets	(6,331,126)	(6,793,714)
Loss on disposal of capital assets	(2,629)	(591,229)
	<b>\$ (2,230,000)</b>	<b>\$ (2,383,948)</b>
Net change in investment in capital assets:		
Donated and purchased capital assets	\$ 15,859,762	\$ 5,164,496
Amounts funded by deferred capital contributions	(9,084,673)	(3,262,956)
Repayment of debt	985,751	954,167
Proceeds on disposal	(83,426)	(2,961)
	<b>\$ 7,677,414</b>	<b>\$ 2,852,746</b>

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

## 9. Investment income:

Included in other revenue is investment income earned, which comprises:

	2018	2017
Unrestricted resources	\$ 478,510	\$ 190,445
Endowment and restricted funds	28,468	526,954
	<b>\$ 506,978</b>	<b>\$ 717,399</b>

## 10. Financial instrument and risk management:

### (a) 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 and accounts receivable. The College holds its cash accounts with federally regulated chartered banks which are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to \$200,000 (2017 - \$200,000).

The College's investment policy operates within the constraints of the investment guidelines issued by MAESD and puts limits on the bond portfolio, including portfolio composition, issuer type, bond quality, aggregate issuer, corporate sector and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis. The guidelines permit the College's funds to be invested in government bonds, bank listed as schedule I or II or a branch in Canada of an authorized foreign bank under the Bank Act. Externally restricted and endowment funds, which are generally money and donations for scholarships and bursaries, can be invested in corporate bonds with a credit rating of A(R-1) or better. All other College funds are restricted to corporate bonds with a rating of AAA.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

## 10. Financial instrument and risk management (continued):

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

Student receivables 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.

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 maximum exposure to credit risk from receivables of the College at March 31, 2018 is the carrying value of these assets.

	2018	2017
MAESD receivables	\$ 5,432,774	\$ 5,616,688
Student receivables	411,324	372,961
Other receivables	5,093,630	3,260,378
	<u>10,937,728</u>	<u>9,250,027</u>
Less allowance for doubtful accounts	312,000	272,000
	<u>\$ 10,625,728</u>	<u>\$ 8,978,027</u>

Student receivables not impaired are collectible based on the College's assessment and past experience regarding collection rates.

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



# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 10. Financial instrument and risk management (continued):

### (b) 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 policy operates within the constraints of the investment guidelines issued by MAESD. The policy's application is monitored by management, the investment managers and the Board. Diversification techniques are utilized to minimize risk. The policy sets limits and the maximum amount allowable per investment grade non-government fixed income issue at the greater of 15% of the total portfolio or 20% of the fixed income portfolio.

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

### (i) 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 exchange rates when adverse changes in foreign currency rates occur. The College does not have any material transactions or financial instruments denominated in foreign currencies.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 10. Financial instrument and risk management (continued):

### (ii) 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 long-term debt.

The College mitigates interest rate risk on its long-term debt through a derivative financial instrument that exchanges the variable rate inherent in the long-term debt for a fixed rate (note 6). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

The College's bond portfolio has interest rates ranging from 1.60% to 4.27% (2017 - 1.40% to 4.27%) with maturities ranging from April 9, 2018 to November 22, 2027 (2017 - May 1, 2017 to November 22, 2027).

At March 31, 2018, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds and the interest rate swap of \$46,400 and \$34,300, respectively. The College's long-term debt, as described in note 6, would not be impacted as the inherent variable rate of the debt has been fixed with the use of the aforementioned derivative interest rate swap.

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

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

## 10. Financial instrument and risk management (continued):

### (iii) 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 equity holdings within its investment portfolio. At March 31, 2018, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the College's equities of \$237,000 (2017 - \$253,000).

### (c) Liquidity risk:

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

	Within 6 months	6 months to 1 year	1 - 5 years	Greater than 5 years
Accounts payable and accrued liabilities	\$ 21,865,690	\$ 2,439,024	\$ -	\$ -
Accrued payroll and employee benefits	10,668,523	88,000	126,000	-
Long-term debt	505,884	514,379	4,438,782	5,606,337

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 10. Financial instrument and risk management (continued):

Derivative financial liabilities mature as described in note 6.

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

## 11. Ontario Student Opportunity Trust Funds:

Net assets restricted for endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund Phase 1 and Phase 2 ("OSOTF") matching program to award student aid as a result of raising an equal amount of endowed donations.

The College has recorded the following amounts under the OSOTF programs:

### (a) OSOTF - Phase 1:

Schedule of changes in endowment fund balance:

	2018	2017
Fund balance, beginning of year	\$ 1,418,383	\$ 1,418,348
Preservation of capital	37	35
Fund balance, end of year	\$ 1,418,420	\$ 1,418,383

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

## 11. Ontario Student Opportunity Trust Funds (continued):

Schedule of changes in expendable funds available for awards:

	2018		2017	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 313,572	\$ 194,477	\$ 246,997	\$ 205,441
Realized investment income (loss), net of direct investment-related expenses and preservation of capital contributions	727	62,245	117,555	40,016
Bursaries awarded (2018 - 67; 2017 - 66)	(56,260)	(56,260)	(50,980)	(50,980)
<b>Balance, end of year</b>	<b>\$ 258,039</b>	<b>\$ 200,462</b>	<b>\$ 313,572</b>	<b>\$ 194,477</b>

### (b) OSOTF - Phase 2:

Schedule of changes in endowment fund balance:

	2018	2017
Fund balance, beginning of year	\$ 473,667	\$ 473,596
Preservation of capital	74	71
<b>Fund balance, end of year</b>	<b>\$ 473,741</b>	<b>\$ 473,667</b>

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

## 11. Ontario Student Opportunity Trust Funds (continued):

Schedule of changes in expendable funds available for awards:

	2018		2017	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 90,019	\$ 54,920	\$ 65,593	\$ 55,328
Realized investment income (loss), net of direct investment-related expenses and preservation of capital contributions	2,791	19,276	37,376	12,542
Bursaries awarded (2018 - 13; 2017 - 13)	(15,150)	(15,150)	(12,950)	(12,950)
<b>Balance, end of year</b>	<b>\$ 77,660</b>	<b>\$ 59,046</b>	<b>\$ 90,019</b>	<b>\$ 54,920</b>

## 12. Ontario Trust for Student Support:

Net assets restricted for endowments include monies provided by the Government of Ontario from the Ontario Trust for Student Support matching program to award student aid.

Schedule of changes in endowment fund balances during the year:

	2018	2017
Fund balance, beginning of year	\$ 3,813,048	\$ 3,813,032
Preservation of capital	16	16
<b>Fund balance, end of year</b>	<b>\$ 3,813,064</b>	<b>\$ 3,813,048</b>

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

## 12. Ontario Trust for Student Support (continued):

Schedule of changes in expendable funds available for awards:

	2018		2017	
	Market	Cost	Market	Cost
Balance, beginning of year	\$ 512,517	\$ 229,771	\$ 340,597	\$ 239,731
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	9,492	146,780	282,260	100,380
Bursaries awarded (2018 - 149; 2017 - 150)	(110,265)	(110,265)	(110,340)	(110,340)
Balance, end of year	\$ 411,744	\$ 266,286	\$ 512,517	\$ 229,771

## 13. Fleming College Foundation:

Fleming College Foundation (the "Foundation") was established to raise funds for the use of the College. The Foundation was incorporated under the Corporations Act (Ontario) and is a registered charity under the Income Tax Act (Canada).

As defined by the Chartered Professional Accountants of Canada PSAB accounting recommendations for Government NPOs, the College controls the Foundation operations in that they have common board members controlling both entities. The majority of fundraising has been carried out by the College since April 1, 2011.

The Foundation's financial statements have not been consolidated in the College's financial statements. Separate financial statements of the Foundation are available upon request.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

## 13. Fleming College Foundation (continued):

Financial summaries of the Foundation as at and for the year ended March 31 are as follows:

	2018	2017
<b>Financial position</b>		
Total assets	\$ 5,223	\$ 5,223
Total liabilities	5,223	5,223
<b>Fund balances</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Results of operations</b>		
Total revenue	\$ 30,681	\$ 35,002
Total expenses	5,223	5,223
Transfers to Fleming College	25,458	29,779
<b>Excess of expenditures over revenue</b>	<b>\$ -</b>	<b>\$ -</b>

The net resources of the Foundation amount to nil (2017 - nil).

## 14. Internally restricted net assets:

	2018	2017
Residence and other direct student services	\$ 886,000	\$ 645,000
Sports Field Capital Reserve Fund	40,000	30,000

Internally restricted net assets represent funds restricted by Board motion for the purpose of residence and other direct student services, as well as capital repairs and improvements to the sports field complex. Board approval is required for expenditures.



# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**DRAFT** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 14. Internally restricted net assets (continued):

On May 23, 2018, the Board approved a transfer of \$241,000 from unrestricted to internally restricted net assets for the purpose of residence and other direct student services. The balance now represents funds available for future reinvestment.

A further transfer of \$10,000 from unrestricted to internally restricted net assets was approved for the purpose of capital repairs and improvements to the sports field complex.

## 15. Commitments:

The College is committed to the following operating lease payments in each of the following years:

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2019	\$ 695,699
2020	373,426
2021	337,931
2022	163,675
2023	156,197

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The College is renovating the "A" Wing of the Sutherland Campus. In 2018, the College entered into an agreement with a construction company. The total cost including change orders at March 31, 2018 totalled \$12,535,873 and incurred costs amounted to \$8,605,023 resulting in a remaining balance of \$3,930,850. The construction is expected to be substantially completed in fiscal 2018/19 and 66% is funded by the Federal Government and MAESD combined.

The College is renovating and expanding the GeoCentre & Environmental Sciences area at the Frost Campus. In 2018, the College entered into an agreement with a construction company. The total cost including change orders at March 31, 2018 totalled \$3,908,282 and incurred costs amounted to \$2,322,870 resulting in a remaining balance of \$1,585,412. The construction is expected to be substantially completed in fiscal 2018/19 and 50% will be funded by the Federal Government.

# SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

***DRAFT*** Notes to Financial Statements (continued)

Year ended March 31, 2018

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## **15. Commitments (continued):**

In 2018, the College entered into an agreement for architectural services for the design and contract administration for the installation of a geothermal system, at a total cost of \$918,746. At March 31, 2018, there have not been any costs incurred. The project is expected to be completed by March 31, 2019 and is funded by MAESD.

## **16. Comparative information:**

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

# SIR SANDFORD FLEMING COLLEGE

## FINANCIAL STATEMENTS – 2017/18

### REPORT OF

### VICE-PRESIDENT FINANCE AND ADMINISTRATION

#### A. STATEMENT OF FINANCIAL POSITION

##### Introduction

A summary of the significant accounting policies and reporting practices followed by the College are outlined in the Notes to the Financial Statements.

The Financial Statements include net assets of \$ 26.3 million as at March 31, 2018 and include the prior year's financial results.

The following highlights describe the changes during the 2017/18 fiscal year.

**Cash** has increased by \$ 8.8 million as outlined in the Statement of Cash Flows.

Operating activities include an excess of revenue over expenditures of \$ 7.8 million and a total increase in accounts payable and deferred revenue of \$ 18.4 million. When combined with items not involving cash and other changes in operating working capital, cash has increased by \$ 29.1 million.

Capital activities resulted in a decrease of \$ 8.6 million as capital expenditures exceeded contributions received during the year.

Financing activities have utilized \$ .9 million mainly due to the repayment of long-term debt.

Investing activities resulted in a decrease in cash of \$ 10.8 million due to more funds being held in short-term investments and bursaries.

Cash is invested in accordance with the Ministry of Advanced Education and Skills Development's (MAESD) Banking, Investments and Borrowing Binding Policy directive.

**MAESD receivables:** The outstanding balance of \$ 5.4 million is due from MAESD. Of this total, \$ 4.1 million relates to the BScN Operating Grant, \$ .9 million to the Greenhouse Gas Campus Retrofit Program (GGCRP) and \$ .4 to other grant funding.

**Accounts receivable:** The accounts receivable has increased by \$ 1.8 million due to an increase in the HST rebate, as well as, the receipt of the School College Work Initiatives funding payment subsequent to March 31, 2018.

**Capital assets:** Details of the classification of capital assets held are provided in Note 4 to the Financial Statements. The net book value has increased, as compared to the prior year, by about \$ 9.4 million. During the fiscal year, capital investments totalled \$ 15.9 million and related to the following activities; Strategic Investment Fund (\$ 10.6 million), academic (\$ 1.8 million), information technology (\$ 1.4 million), facilities (\$ 1.0 million), GGCRP (\$ .9 million) and other capital (\$ .2 million).

**Accounts payable:** The accounts payable have increased significantly from the prior year, mainly due to delays in spending as a result of the strike and the level of capital funding the college was entitled to during the fiscal year. The main components of this increase were international agent commissions and insurance (\$ 3.1 million), Strategic Investment Fund (SIF) activity (\$ 2.6 million), the timing of the BScN payment to Trent University (\$ 1.3 million), the funds held on behalf of the student associations (\$2.4 million) and the balance is due to various other expenditures.

**Accrued payroll and employee benefits:** The accrued payroll and employee benefits have increased by approximately \$1.7 million mainly due to the timing of the pension plan remittance.

**MAESD grants received in excess of entitlements:** The outstanding balance of \$ 1.9 million represents funds received from MAESD that were not earned at March 31, 2018. The increase of approximately \$ 1.2 million mainly relates to an increase in the international enrolment and the related operating grant recovery.

**Deferred revenue:** The deferred revenue has increased by about \$ 6.4 million. The winter 2018 semester start was delayed due to the faculty strike, which resulted in a larger proportion of the tuition revenue being recognized in the 2018/19 fiscal year and the international student enrolment increased significantly as compared to the previous year.

**Long-term debt:** Details of the long-term debt are outlined in Note 6 to the Financial Statements. There are two loans outstanding; the Sutherland residence in the amount of \$ 10.3 million and Peterborough Sport and Wellness Centre loan of \$ .8 million. During the year principal repayments totalled \$ 1.0 million.

**Deferred capital contributions:** Deferred capital contribution changes are outlined in Note 5 to the Financial Statements. The increase of \$ 3.0 million is the net of additional funding received during the year of \$ 7.1 million and \$ 4.1 million of earned amortization. The total funding spent during the year was \$ 9.1 million, which offset capital purchases related to the following activities; Strategic Investment Fund (\$ 6.4 million), academic (\$ 1.5 million), GGCRP (\$ .9 million) and other capital (\$ .3 million).

**Net assets:** Net assets have increased by \$ 7.9 million as outlined on the Statement of Changes in Net Assets. The excess of revenue over expenditures total \$ 7.8 million of which \$ .5 million in surplus was generated by the residence; the endowment contributions and derivative liability market changes comprise the balance of the change in net assets.

**SIR SANDFORD FLEMING COLLEGE**  
**Statement of Revenue and Expenditures**  
**For the Period Ending March 31, 2018**

	Current Year				Notes	Actual Prior Year
	Actual To 31-Mar-2018	Budget Current Year	Variance	%		
<b>Revenue</b>						
<b>Grants and Reimbursements</b>	(47,093,380.40)	(47,739,821.00)	646,440.60	-1.4%	1	(47,466,744.56)
Full-time Tuition	(40,463,602.18)	(38,243,455.00)	(2,220,147.18)	5.8%		(28,806,064.91)
Part-time Tuition	(2,950,372.52)	(2,752,442.00)	(197,930.52)	7.2%		(2,848,572.25)
<b>Student Tuition Fees</b>	(43,413,974.70)	(40,995,897.00)	(2,418,077.70)	5.9%	2	(31,654,637.16)
<b>Contract Training</b>	(1,165,943.11)	(1,169,648.00)	3,704.89	-0.3%		(1,389,491.86)
Other Income	(9,665,196.84)	(8,699,358.00)	(965,838.84)	11.1%		(7,638,143.12)
Ancillary Fees	(5,022,789.96)	(4,869,714.00)	(153,075.96)	3.1%		(4,460,618.84)
<b>Total Other Income</b>	(14,687,986.80)	(13,569,072.00)	(1,118,914.80)	8.2%	3	(12,098,761.96)
<b>Amortization of Deferred Capital Contributions</b>	(4,103,754.88)	(4,217,500.00)	113,745.12	-2.7%	4	(5,000,995.41)
<b>Total Operating Revenues</b>	(110,465,039.89)	(107,691,938.00)	(2,773,101.89)	2.6%		(97,610,630.95)
<b>Investments</b>		-				-
<b>Skills Programs</b>	(3,751,703.67)	(3,374,814.00)	(376,889.67)	11.2%	5	(3,735,120.31)
<b>Tuition Holdback Bursaries</b>	(2,122,931.14)	(2,900,000.00)	777,068.86	-26.8%	6	(2,659,562.78)
<b>Ministry Bursaries</b>	(595,334.32)	(702,300.00)	106,965.68	-15.2%	6	(734,650.68)
<b>Special Projects</b>	(2,953,890.53)	(3,328,681.00)	374,790.47	-11.3%	7	(2,304,949.76)
<b>Facilities Renewal and Renovation Projects</b>	(414,185.25)	(952,231.00)	538,045.75	-56.5%	8	(339,604.45)
<b>Ancillary Operations</b>	(5,632,197.49)	(5,561,594.00)	(70,603.49)	1.3%		(5,596,647.44)
<b>Total Revenue</b>	\$ (125,935,282.29)	\$ (124,511,558.00)	\$ (1,423,724.29)	1.1%		\$ (112,981,166.37)

**SIR SANDFORD FLEMING COLLEGE**  
**Statement of Revenue and Expenditures**  
**For the Period Ending March 31, 2018**

	Current Year				Notes	Actual Prior Year
	Actual To 31-Mar-2018	Budget Current Year	Variance	%		
<b>Expenditures</b>						
<b>Salaries and Benefits</b>						
Salaries, Full Time	40,988,026.37	40,898,100.00	89,926.37	0.2%		41,179,238.13
Salaries, Part Time	13,514,078.78	12,807,327.00	706,751.78	5.5%		11,587,303.44
Benefits	11,570,658.43	11,742,173.00	(171,514.57)	-1.5%		11,253,745.88
<b>Total Salaries and Benefits</b>	<b>66,072,763.58</b>	<b>65,447,600.00</b>	<b>625,163.58</b>	<b>1.0%</b>	9	<b>64,020,287.45</b>
	21.2%	21.9%				21.3%
<b>Non-Salary Expenses</b>						
Instructional Support Costs	5,299,474.88	5,390,418.00	(90,943.12)	-1.7%		4,840,793.19
Travel	1,340,184.05	1,229,190.00	110,994.05	9.0%	10	1,052,548.40
Advertising	937,632.60	1,171,055.00	(233,422.40)	-19.9%	11	962,962.17
Telephone, Audit, Legal & Insurance	2,632,975.66	2,311,754.00	321,221.66	13.9%	12	1,626,432.13
Equipment Maintenance	595,045.56	566,920.00	28,125.56	5.0%		564,072.27
Plant and Security	2,655,642.08	2,536,861.00	118,781.08	4.7%	13	2,236,480.23
Rentals and Taxes	844,174.39	841,259.00	2,915.39	0.3%		787,041.41
Utilities	3,167,472.92	3,065,435.00	102,037.92	3.3%		2,647,211.11
Contract Services Trent	2,294,883.00	2,229,440.00	65,443.00	2.9%		2,062,515.10
Services & Other	6,859,318.35	6,027,390.00	831,928.35	13.8%	14	4,731,882.39
Long Term Debt Interest	46,716.28	46,716.00	0.28	0.0%		50,813.93
Amortization of Capital Assets	5,595,719.81	5,930,158.00	(334,438.19)	-5.6%	4	5,941,577.08
<b>Total Non-Salary Expenses</b>	<b>32,269,239.58</b>	<b>31,346,596.00</b>	<b>922,643.58</b>	<b>2.9%</b>		<b>27,504,329.40</b>
<b>Total Operating Expenditures</b>	<b>98,342,003.16</b>	<b>96,794,196.00</b>	<b>1,547,807.16</b>	<b>1.6%</b>		<b>91,524,616.85</b>
<b>Investments</b>	<b>3,650,743.27</b>	<b>3,925,807.00</b>	<b>(275,063.73)</b>	<b>-7.0%</b>	15	<b>1,587,804.95</b>
<b>Skills Programs</b>	<b>3,751,724.57</b>	<b>3,374,814.00</b>	<b>376,910.57</b>	<b>11.2%</b>	5	<b>3,735,120.31</b>
<b>Tuition Holdback Bursaries</b>	<b>2,122,931.14</b>	<b>2,920,000.00</b>	<b>(797,068.86)</b>	<b>-27.3%</b>	6	<b>2,659,562.78</b>
<b>Ministry Bursaries</b>	<b>595,334.32</b>	<b>702,300.00</b>	<b>(106,965.68)</b>	<b>-15.2%</b>	6	<b>734,650.68</b>
<b>Special Projects</b>	<b>2,953,890.53</b>	<b>3,392,513.00</b>	<b>(438,622.47)</b>	<b>-12.9%</b>		<b>2,304,949.77</b>
<b>Facilities Renewal and Renovation Projects</b>	<b>1,405,388.19</b>	<b>1,862,657.00</b>	<b>(457,268.81)</b>	<b>-24.5%</b>	8	<b>339,604.45</b>
<b>Ancillary Operations</b>	<b>5,300,234.57</b>	<b>5,448,261.00</b>	<b>(148,026.43)</b>	<b>-2.7%</b>	13	<b>5,331,121.41</b>
<b>Total Expenditures</b>	<b>\$ 118,122,249.75</b>	<b>\$ 118,420,548.00</b>	<b>\$ (298,298.25)</b>	<b>-0.3%</b>		<b>\$ 108,217,431.20</b>
<b>Net</b>	<b>\$ (7,813,032.54)</b>	<b>\$ (6,091,010.00)</b>	<b>\$ (1,722,022.54)</b>	<b>28.3%</b>		<b>\$ (4,763,735.17)</b>

## **B. SUMMARY OF REVENUE AND EXPENDITURE VARIANCES**

The purpose of the following comments is to provide explanations for significant variances (variance > \$0.1 million or 10%) when comparing the actual financial results for the year ended March 31, 2018 to the budget as disclosed through The Statement of Revenue and Expenditures.

- 1. Grants:** Actual grant revenues for 2017/2018 decreased by \$0.646 million (1.4%). This is mainly due to the additional international student recovery to be taken from base operating grant by the province due to the increase in international enrolments.
- 2. Student Tuition Fees:** Student tuition exceeded budget by \$2.418 million (5.9%), as a result of a significant increase in winter international enrolments and added activity in Ontario Learn (part-time enrolments).
- 3. Other Income:** The increase in other income of \$1.119 million (8.2%) comes from a variety of sources. As a result of increased enrolment activity, ancillary fees increased by \$0.153 million while other accumulated fees such as bookstore commissions, academic supply fees, varsity revenue etc. rose by \$0.312 million. Fees for international health insurance premiums increased by \$0.320 million, however there is a corresponding increase in expenditures, as these fees are passed through directly to the insurance providers. Additionally, an increase of \$0.225 million in investment income was received due to increases in cash flow and interest rates in the year. Contract fees for service income was also up by \$0.111 million.
- 4. Amortization of Deferred Capital Contributions/Amortization of Capital Assets:** Where assets are purchased by the College with grant funding, grant contributions are deferred and recognized as revenue using the same amortization schedule as the assets' amortization expense. Declines in both revenues recognized and asset amortization expense are due to timing differences in planned asset acquisitions.
- 5. Skills Programs:** An increase in revenue of \$0.377 (11.2%) is due to new skills program contracts awarded subsequent to budget preparation.
- 6. Bursaries:** Donated funds and distribution of bursaries is not fully known at time of budget preparation and this traditionally results in a budget variance. This poses no risk to the College operating budget as 100% of Bursary revenue recognized is flowed directly to students as awards and/or required financial aid. A reduction in funds disbursed this year is related to the reduction in domestic students and impacts of the college strike.
- 7. Special Projects:** The majority of special projects are in relation to applied research which operates under a variety of grant conditions. Revenue recognition is matched to expenditures for the projects. Both are under budget due to timing and approved shifting of project activities to 2018/2019.



8. **Facility Renewal and Renovation Projects:** Grants associated with the College renewal and renovation projects are recognized as revenue when expenditures are made on the eligible projects but are not capital in nature. As projects progress, the classification between capital asset and expense items often changes from budget estimates. Revenue recognized is under budget by \$0.329 million due to the progress and nature of expenditures made in the year on the College's renovation projects. In total, expenditures were underspent by \$0.457 million including the portion of expenditure that was not grant funded.

A \$0.209 million reduction in revenue was allocated against projects as the college discounted a portion of tuition to students who were significantly impacted by construction on labs being delivered adjacent to the Sutherland Campus A-wing construction zone.

9. **Salaries and Benefits:** Salaries and Benefits were over spent by \$0.625 million (1.0%) from the update budget. Full time staffing required added overtime, while additional contracts were required for both part time faculty and support staff to address the needs of added winter enrolments. Benefits declined however due to a reduced provision required under future employee benefit calculations and the college pension liability.
10. **Travel and Professional Development:** The increase in expenditures of \$0.111 (9.0%) million occurred as a result of the college's assistance with international students' accommodations.
11. **Advertising:** Savings on advertising were seen this year due to the cancellation of the fall open house due to the strike, and a related requirement to defer the spring open house. Additionally, the college had earmarked funds for a college branding project deferred to 2018/2019.
12. **Telephone, Audit, Legal & Insurance:** Premiums for international student health insurance (as offset by increased fees collected) increased by \$0.321 million.
13. **Plant and Security:** Additional funds were required for building and building equipment maintenance.
14. **Services & Other:** Overall services and other expenditures increased by \$0.832 million (13.8%) primarily as a result of increases required for agent commissions on recruitment of international students (\$0.682 million). Other increases in services included an increase in contract teaching fees related to an increase in on line registrations for Ontario Learn.
15. **Investments:** Investment budget was underspent by \$0.275 million (7%) due to a deferral of requested office renovation projects pending the outcome of interior master space planning at the Sutherland Campus.

## BOARD REPORT

**SUBJECT: Internally Restricted Net Assets**  
**Submission to: Public Board Meeting**  
**Meeting Date: May 23, 2018**  
**Requested Action: Decision / Approval**

**Agenda Item 5.2**

### CONTEXT / PURPOSE

The Statement of Financial Position as well as the Statement of Operations is comprised of the College's general operations as well as its ancillary operations. A portion of the ancillary operations is included in internally restricted net assets, which requires Board approval to increase or decrease. The Sports Field Complex agreement between the City of Peterborough and the College requires annual contributions to a reserve fund for future capital repairs and improvements, which is also included in internally restricted net assets.

### BACKGROUND

As at March 31, 2017, the internally restricted net assets included \$645,000, representing cumulative residence surplus from prior years adjusted for College funds invested in residence capital assets, as well as \$30,000 representing the Sports Field Complex reserve.

**Attachments:** N/A

### ANALYSIS / PROPOSED OPTIONS

During the 2017-2018 fiscal year, the residence operations generated an additional \$241,000 to be internally restricted. This amount represents \$532,000 generated by operations offset by \$291,000 when adjusted to account for the cash impact of the principal repayments and capital purchases during the year. The Internally Restricted Net Assets for the residence will total \$886,000 as of March 31, 2018 should the current year internal restriction be approved.

The Sports Field Complex became operational during the 2014-2015 fiscal year and, as part of the agreement with the City of Peterborough, a minimum of \$10,000 per year is to be restricted by both parties for future capital repairs and improvements. The balance of internally restricted net assets will be \$40,000 at March 31, 2018 with the additional \$10,000 to be restricted in 2017-2018. The City of Peterborough's cumulative contribution of \$40,000 is in the liabilities at March 31, 2018 and will be transferred to revenue when future expenses are incurred.

### ASSESSMENT OF POTENTIAL RISK

Category (select all that apply):

Strategic  Reputational  Operational  Financial  People  Compliance  N/A

Risks that would impact or jeopardize the success of the proposal or project	Likelihood High / Medium / Low	Impact High / Medium / Low
The reserves will not be sufficient to cover future capital repairs and improvements of the Sports Field Complex	Low	Low

*Additional risks may be identified here:* N/A

**Proposed actions to prevent / reduce the likelihood of the risk occurring or to reduce the severity of / manage the risk:** The Sports Fields are less than four years old and with both the City and College contributions to March 31, 2018, a total of \$80,000 will be set aside for future costs. In the early years of the agreement the risk of repairs is low, making the reserve reasonable at this point in time.

The agreement sets out \$10,000 as the minimum annual contribution, but allows the Joint Committee to increase the annual contributions in the future if necessary. The reserve will be monitored in relation to the condition of the Sports Field Complex on an ongoing basis to avoid a large expense in any one fiscal year.

## **RECOMMENDATION**

**THAT the Board of Governors of Sir Sandford Fleming College increase Internally Restricted Net Assets by \$241,000 for the purposes of residence and other direct student services AND increase Internally Restricted Net Assets by an additional \$10,000 for the purpose of future Sports Field Complex capital repairs and improvements.**

*AUTHORED BY:* Brian Baker, Vice-President Finance and Administration; Sue Sanders, Director Finance

## BOARD REPORT

**SUBJECT: Fleming College Brand Project**  
**Submission to: Public Board Meeting**  
**Meeting Date: May 23, 2018**  
**Requested Action: Consultation / Discussion**

**Agenda Item 6.1**

### CONTEXT / PURPOSE

The Marketing and Advancement Team plans to revamp the core Fleming College brand identity and seeks Board direction and support for the project.

### BACKGROUND

The current Fleming brand was developed in 2004. The Core Promise and tag line positioning was developed in 2009. The “book” symbol embedded in the 2004 identity is outdated and has been phased out. SENRS and Haliburton endorsed brands were re-created and successfully re-launched in 2014 and 2016 respectively. The 50<sup>th</sup> anniversary branding has served as a bridge from the old to the new concept that is now being developed.

**Attachments:** N/A

### ANALYSIS / PROPOSED OPTIONS

Creative development has been done by the internal team. Funding for the project is primarily covered under the regular budget planning process with additional funds secured under the recent one-time expense allocations included in the 2018-2019 Financial Plan.

Discussion will centre on scope of the re-branding, direction on retaining the current Core Promise and tag line positioning, timing, consultation and process. A presentation will guide the discussion through options explored through to the Team recommendation.

### ASSESSMENT OF POTENTIAL RISK

Category (select all that apply):

Strategic  Reputational  Operational  Financial  People  Compliance  N/A

Risks that would impact or jeopardize the success of the proposal or project	Likelihood High / Medium / Low	Impact High / Medium / Low
Failure of the new brand to resonate with the target audience	Low	Medium
Failure to differentiate from the competition	Low	Medium

*Additional risks may be identified here:* N/A

**Proposed actions to prevent / reduce the likelihood of the risk occurring or to reduce the severity of / manage the risk:** Options were researched with a cross section of current students, prospective students and staff. Competitive brands were compiled and reviewed. Legal review has been conducted.

### CONCLUSION

Board direction and support for the project is requested.

**AUTHORED BY:** Drew Van Parys, Executive Director Marketing and Advancement

## BOARD REPORT

**SUBJECT: Indigenous Initiatives Update**  
**Submission to: Public Board Meeting**  
**Meeting Date: May 23, 2018**  
**Requested Action: For Information**

**Agenda Item 6.2**

### CONTEXT / PURPOSE

A report to update the Board on the recent Indigenous initiatives at Fleming, including current context in the College sector and the province.

### BACKGROUND

- Board Report, Public Board meeting December 14, 2016

#### **Indigenous Education Protocol and Fleming's Multi-year Plan**

Fleming College signed the Colleges and Institutes Canada's (CICan) Indigenous Education Protocol (IEP) in a ceremony on December 7, 2015. Signing of the IEP symbolized Fleming College's commitment to fortifying relationships with Indigenous communities while embedding intellectual and cultural traditions, as understood by Indigenous peoples, into our curriculum, and activities.

The seven principles of the Colleges and Institutes Canada's (CICan) Indigenous Education Protocol (IEP) are as follows

1. Commit to making Indigenous education a priority.
2. Ensure governance structures recognize and respect Indigenous peoples.
3. Implement intellectual and cultural traditions of Indigenous peoples through curriculum and learning approaches relevant to learners and communities.
4. Support students and employees to increase understanding and reciprocity among Indigenous and non-Indigenous peoples.
5. Commit to increasing the number of Indigenous employees with ongoing appointments throughout the institution, including Indigenous senior administrators.
6. Establish Indigenous-centered holistic services and learning environments for learner success.
7. Build relationships and be accountable to Indigenous communities in support of self-determination through education, training and applied research.

### ANALYSIS / PROPOSED OPTIONS

An IEP working group was formed to document our current state, identify future goals, and map out a three-year work plan. The IEP work plan was achieved through consultation with our Aboriginal Education Council (AEC), Elders, Aboriginal Services and College leadership. Our work plan purposefully included and identified the names of key Fleming staff responsible for deliverables. When shared with other institutions our work was held up as a best practice in that it addressed accountability and a report-back mechanism respectful toward our Indigenous communities and this important work. Our third and final year of this plan will come to a close in the summer of 2018.

As noted, all of this work is closely connected to our AEC, and over the next year, the College will work closely with AEC to develop the next phase of work to be completed and the process for accountability. For further details, please visit the AEC web site located [here](#).

### Highlights from Fleming for 2017/2018 include:

- Outreach and Engagement Initiatives
  - Hired an Assistant Manager, Outreach and Engagement
  - Increased partnerships with Trent University's First People House of Learning (student outreach and engagement including Aboriginal Post-Secondary Information Program; cultural programming and access to international Elders; and Bishkaa Indigenous student mentorship program)
- Training, Awareness, Cultural Supports
  - Recognition of Traditional Indigenous Knowledge in Faculty Compensation Step Calculation: A tool is under development to support Deans and Chairs when considering whether to grant additional steps recognizing Traditional Indigenous Knowledge for faculty hired to teach Indigenous Perspectives.
  - Developed an in-house list of Traditional Knowledge Keepers for the College, including the Miigwewin process
  - Launched the [Indigenous Fleming tab](#) on the Fleming web site
  - Centralization of Indigenous student self-identification information (technical system mapping)
- Partnerships and Collaboration
  - UNESCO, Fleming Project Lead for Global Research being done on Indigenous Youth and Education

## **Provincial and College Sector Updates**

### Indigenous Institutes

The Ontario Government is implementing the 2017 Budget commitment “to enhance the capacity and sustainability” of 9 publicly funded Aboriginal Institutes in Ontario. They passed legislation last fall to recognize Indigenous Institutes by establishing them as a complementary pillar of the postsecondary system and respecting the right of First Nations to self-govern. The Province will invest about \$200 million over three years to support key initiatives that will help more First Nation, Métis and Inuit learners access high-quality postsecondary education and training opportunities. Previously Indigenous Institutes could only offer postsecondary credentials in partnership with publicly-funded colleges and universities. This new funding, along with the legislation, will provide the institutes with an opportunity to build capacity and the potential for expansion.

### Colleges Ontario – Addressing Truth and Reconciliation Report

There are more than 10,000 Indigenous students enrolled in Ontario's colleges. The report to government, [Addressing Truth and Reconciliation: Summary Report of Ontario's Colleges](#), describes the findings of a 2017 survey of colleges on the programs and supports available to those students.

The survey was developed by Colleges Ontario and the Indigenous People's Education Circle, a committee of college educators, counsellors and administrators. Highlights from the survey include:

- All colleges are supporting student success through initiatives such as dedicated campus spaces for Indigenous students, cultural activities, workshops and more.
- More than 90 per cent of colleges have incorporated Indigenous ceremonial practices such as smudging ceremonies and powwows into campus life.
- About 60 per cent of colleges have developed stand-alone education strategies or plans in collaboration with their Indigenous communities.

### **Next Steps**

- Evaluating our increased recruitment/outreach efforts of this year to determine our future direction (Fall 2018)

- Engaging internally and externally to develop our next work plan to ensure we continue to aspire to meet the IEP protocol (Summer/Fall 2018)
- Reviewing our processes for engaging with Indigenous communities, including AEC's role and connection to the College. This will be within the context of the PEFAL (Ministry funding) review. (Summer/Fall 2018)

**Attachments:** N/A

### ASSESSMENT OF POTENTIAL RISK

Category (select all that apply):

Strategic  Reputational  Operational  Financial  People  Compliance  N/A

<b>Risks that would impact or jeopardize the success of the proposal or project</b>	<b>Likelihood High / Medium / Low</b>	<b>Impact High / Medium / Low</b>
Not aspiring to our commitment to the Indigenous Education Protocol	Low	Low
Not engaging with our Aboriginal Education Council	Low	Low

*Additional risks may be identified here:* N/A

**Proposed actions to prevent / reduce the likelihood of the risk occurring or to reduce the severity of / manage the risk:** N/A

### CONCLUSION

For information. We have had a successful IEP three-year work plan and will now begin developing our process and plan for the next several years.

*AUTHORED BY:* Kristi Kerford, Associate Vice-President Student Services