

Consolidated Financial Statements

**THE ST. CLAIR COLLEGE OF APPLIED
ARTS AND TECHNOLOGY**

Year ended March 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of The St. Clair College of Applied Arts and Technology

Opinion

We have audited the consolidated financial statements of The St. Clair College of Applied Arts and Technology (the College), which comprise:

- the consolidated statement of financial position as at March 31, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the financial statements and schedules, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

As part of an audit in accordance with Canadian public sector accounting standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our own audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
June 22, 2021

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

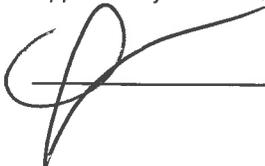
Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

| | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 109,418,763 | \$ 67,984,441 |
| Accounts receivable (note 18) | 10,514,596 | 11,170,968 |
| Temporary investments (note 2) | 147,006,808 | 62,865,644 |
| Prepaid expenses | 8,328,502 | 5,542,770 |
| | <u>275,268,669</u> | <u>147,563,823</u> |
| Long-term investments (note 2) | 11,065,362 | 70,261,397 |
| Construction in progress (note 5) | 7,272,006 | 1,967,429 |
| Capital assets (note 6) | 177,801,568 | 180,547,885 |
| | <u>\$ 471,407,605</u> | <u>\$ 400,340,534</u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 44,236,881 | \$ 25,761,666 |
| Deferred revenue (note 7) | 108,204,908 | 92,826,785 |
| Vacation pay | 6,153,539 | 6,470,505 |
| Current portion of long-term debt (note 8) | 1,368,484 | 1,296,657 |
| | <u>159,963,812</u> | <u>126,355,613</u> |
| Long-term debt (note 8) | 8,969,542 | 10,338,026 |
| Post-employment benefits and compensated absences (note 9) | 3,687,000 | 3,634,000 |
| Deferred contributions (note 10) | 1,968,115 | 704,785 |
| Deferred capital contributions (note 11) | 120,100,248 | 121,568,707 |
| Deferred capital contributions relating to construction in progress (note 12) | 7,196,074 | 5,075,763 |
| | <u>301,884,791</u> | <u>267,676,894</u> |
| Net assets: | | |
| Unrestricted: | | |
| Operating | 40,738,968 | 68,969,862 |
| Post-employment benefits and compensated absences | (3,687,000) | (3,634,000) |
| Vacation pay | (6,153,539) | (6,470,505) |
| | <u>30,898,429</u> | <u>58,865,357</u> |
| Invested in capital assets (note 13) | 47,439,226 | 44,236,161 |
| Externally restricted (note 14) | 9,442,356 | 9,291,382 |
| Internally restricted (note 15) | 81,742,803 | 20,270,740 |
| | <u>169,522,814</u> | <u>132,663,640</u> |
| Commitments (note 16) | | |
| Contingent liabilities (note 17) | | |
| | <u>\$ 471,407,605</u> | <u>\$ 400,340,534</u> |

See accompanying notes to consolidated financial statements.

Approved by the Board of Governors


 Director  Director

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Revenue: | | |
| Grants and reimbursements | \$ 40,295,490 | \$ 40,990,085 |
| Capital support grants | 143,267 | 175,673 |
| Tuition revenue | 138,994,338 | 126,606,554 |
| Contract training | 30,086,173 | 25,012,675 |
| Amortization of deferred capital contributions | 5,711,259 | 5,621,045 |
| Other income | 18,436,850 | 18,718,116 |
| Donations | 129,898 | 288,538 |
| Foundation | 533,466 | 534,656 |
| Ancillary operations | 2,648,352 | 10,745,618 |
| Gain on disposal of capital assets | 976,042 | - |
| | <u>237,955,135</u> | <u>228,692,960</u> |
| Expenses: | | |
| Salaries and benefits | 83,748,716 | 91,847,088 |
| Operating expenditures | 97,933,179 | 85,669,379 |
| Post employment and compensated absences | 53,000 | (136,000) |
| Foundation | 533,466 | 534,656 |
| Bursaries and scholarships | 121,898 | 280,538 |
| Amortization of capital assets | 10,498,828 | 9,713,643 |
| Other expenditures out of capital support grants | 182,262 | 185,110 |
| Ancillary operations | 5,675,586 | 9,515,536 |
| | <u>198,746,935</u> | <u>197,609,950</u> |
| Excess of revenue over expenses | \$ 39,208,200 | \$ 31,083,010 |

See accompanying notes to consolidated financial statements.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020

| | Unrestricted | Invested in capital assets (note 13) | Externally restricted (note 14) | Internally restricted (note 15) | 2021 Total | 2020 Total |
|--|----------------------|---|---------------------------------------|---------------------------------------|-----------------------|-----------------------|
| Balance, beginning of year | \$ 58,865,357 | 44,236,161 | 9,291,382 | 20,270,740 | \$ 132,663,640 | \$ 101,406,167 |
| Endowments received during the year | - | - | 150,974 | - | 150,974 | 174,463 |
| Excess (deficiency) of revenues over expenses | 43,019,727 | (3,811,527) | - | - | 39,208,200 | 31,083,010 |
| Transfer of unrestricted to internally restricted | (61,472,063) | - | - | 61,472,063 | - | - |
| Net change in investment in capital assets (notes 4b and 13b) | (9,514,592) | 7,014,592 | - | - | (2,500,000) | - |
| Balance, end of year | \$ 30,898,429 | \$ 47,439,226 | \$ 9,442,356 | \$ 81,742,803 | \$ 169,522,814 | \$ 132,663,640 |

See accompanying notes to consolidated financial statements.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

| | 2021 | 2020 |
|---|-----------------------|----------------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess of revenue over expenses | \$ 39,208,200 | \$ 31,083,010 |
| Items not involving cash: | | |
| Amortization of capital assets | 10,498,828 | 9,713,643 |
| Amortization of deferred capital contributions | (5,711,259) | (5,621,045) |
| Accrual for post-employment benefits and compensated absences | 53,000 | (136,000) |
| Deferred contributions recognized as revenue in the year | (533,466) | (534,656) |
| Unrealized (gain) loss on long-term investments | (1,389,761) | 1,026,729 |
| Gain on disposal of capital assets | (976,042) | - |
| | <u>41,149,500</u> | <u>35,531,681</u> |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | 656,372 | 828,914 |
| Prepaid expenses | (2,785,732) | (2,737,280) |
| Accounts payable and accrued liabilities | 18,475,215 | 10,781,274 |
| Accrual for vacation pay | (316,966) | 395,001 |
| Deferred revenue | 15,378,123 | 46,113,928 |
| | <u>72,556,512</u> | <u>90,913,518</u> |
| Financing activities: | | |
| Deferred contributions | 1,796,796 | 57,139 |
| Repayment of long-term debt | (1,296,657) | (1,229,094) |
| Endowment contributions | 150,974 | 174,463 |
| | <u>651,113</u> | <u>(997,492)</u> |
| Capital activities: | | |
| Contributions received for capital purposes | 4,242,800 | 2,340,908 |
| Contributions received for construction in progress | 2,120,311 | 2,777,272 |
| Proceeds on disposal of capital assets | 294,443 | - |
| Purchase of capital assets and construction in progress | (14,875,489) | (14,371,114) |
| | <u>(8,217,935)</u> | <u>(9,252,934)</u> |
| Investing activities: | | |
| Purchase of long-term investments | - | (61,337,489) |
| Proceeds on disposal of long-term investments | 60,585,796 | - |
| Purchase of temporary investments | (84,141,164) | (22,212,695) |
| | <u>(23,555,368)</u> | <u>(83,550,184)</u> |
| Increase (decrease) in cash | 41,434,322 | (2,887,092) |
| Cash, beginning of year | 67,984,441 | 70,871,533 |
| Cash, end of year | <u>\$ 109,418,763</u> | <u>\$ 67,984,441</u> |

See accompanying notes to financial statements.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

The St. Clair College of Applied Arts and Technology (the “College”), was incorporated in 1965 under the laws of the Province of Ontario, and is an Ontario college of applied arts and technology duly established pursuant to Ontario regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. The College is an agency of the crown and provides postsecondary, vocationally oriented education in the areas of applied arts, business, health sciences and technology.

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

1. Significant accounting policies:

(a) Basis of presentation:

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

The consolidated financial statements include the accounts of the College and its wholly controlled entity, St. Clair College Foundation. All significant inter-organization balances and transactions have been eliminated on consolidation.

These consolidated financial statements do not reflect the assets, liabilities and results of operations of the various student organizations.

(b) Revenue recognition:

The College follows the deferral method of accounting for contributions, which include donations and government grants. Tuition fees and contract training revenues are recognized as income to the extent that the related courses and services are provided within the fiscal year of the College.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Ancillary revenues including parking, bookstore, residence, St. Clair College Centre for the Arts and other sundry revenues are recognized when products are delivered or services are provided to the student or client, the sales price is fixed and determinable, and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received or receivable and if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions and restricted investment income are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis corresponding with the amortization rate for the related capital assets.

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

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Restricted investment income that must be maintained as an endowment is credited to net assets. Unrestricted investment income is recognized as revenue when earned.

Pledges are recorded as revenue when management can make a reasonable estimate of the amount and collection is reasonably assured. The College received pledges in the amount of \$550,000 (2020 - \$640,000) which have not been recorded in the accompanying financial statements.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress is not recorded as capital asset, or amortized until it is put into service.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

| Asset | Basis |
|------------------------|----------|
| Buildings | 40 years |
| Site improvement | 10 years |
| Equipment | 5 years |
| Leasehold improvements | 5 years |
| Computer equipment | 3 years |

(d) Vacation pay:

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

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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

- (i) The costs of the 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 life of the employees.
- (iv) The discount rate used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

(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 equity instruments quoted in an active market. The College has designated its bond portfolio and term deposits that would otherwise be classified into the amortized cost category at fair value as the College manages and reports performance of it on a fair value basis.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

(i) Fair value (continued):

They are initially recognized at cost and subsequently carried at fair value. Changes in fair value on restricted assets are recognized as a deferred contribution until the criterion attached to the restrictions has been met.

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

As the College has no financial instruments recognized at fair value which are not deferred, the College does not have a statement of remeasurement gains and losses.

(ii) Amortized cost:

This category includes accounts receivable, accounts payable, accrued liabilities and 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.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(g) Management estimates:

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of fair value for long-term investments, allowance for doubtful accounts, the carrying amount of capital assets and actuarial estimation of post-employment benefits and compensated absences liabilities.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

2. Financial instrument classification:

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

| 2021 | Fair value | Amortization at cost | Total |
|--|---------------|-------------------------|---------------|
| Cash | \$109,418,763 | \$ - | \$109,418,763 |
| Accounts receivable | - | 10,514,596 | 10,514,596 |
| Temporary investments | 147,006,808 | - | 147,006,808 |
| Long-term investments | 11,065,362 | - | 11,065,362 |
| Accounts payable and accrued liabilities | - | 44,236,881 | 44,236,881 |
| Long-term debt | - | 10,338,026 | 10,338,026 |
| | \$267,490,933 | \$ 65,089,503 | \$332,580,436 |

| 2020 | Fair value | Amortization at cost | Total |
|--|---------------|-------------------------|---------------|
| Cash | \$ 67,984,441 | \$ - | \$ 67,984,441 |
| Accounts receivable | - | 11,170,968 | 11,170,968 |
| Temporary investments | 62,865,644 | - | 62,865,644 |
| Long-term investments | 70,261,397 | - | 70,261,397 |
| Accounts payable and accrued liabilities | - | 25,761,666 | 25,761,666 |
| Long-term debt | - | 11,634,683 | 11,634,683 |
| | \$201,111,482 | \$ 48,567,317 | \$249,678,799 |

Temporary investments consist of highly liquid investments, including cashable guaranteed investment certificates with maturities of less than one year when purchased. Long-term investments consist of equity instruments in Canadian public companies, government of Canada bonds and term deposits. Long-term investments include \$11,065,362 (2020 - \$9,397,257) of investments externally restricted for endowment purposes (see note 14).

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

2. Financial instrument classification (continued):

Long-term investments consist of the following:

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Fair value: | | |
| Term deposits | \$ - | \$ 60,864,140 |
| Corporate and government bonds | 5,007,996 | 5,519,708 |
| Shares in public companies and mutual funds | 6,057,366 | 3,877,549 |
| | <u>\$ 11,065,362</u> | <u>\$ 70,261,397</u> |

| | 2021 | 2020 |
|---|---------------------|----------------------|
| Cost: | | |
| Term deposits | \$ - | \$ 60,864,140 |
| Corporate and government bonds | 4,903,329 | 5,493,830 |
| Shares in public companies and mutual funds | 4,950,391 | 4,081,546 |
| | <u>\$ 9,853,720</u> | <u>\$ 70,439,516</u> |

Maturity profile of bonds held is as follows:

| 2021 | Within 1 year | 1 to 5 years | 6 to 10 years | Over 10 years | Total |
|------------------|------------------|-----------------|------------------|------------------|--------------|
| Carrying value | \$ 732,190 | \$ 2,918,980 | \$1,051,302 | \$ 305,524 | \$ 5,007,996 |
| Percent of total | 15% | 58% | 21% | 6% | 100% |

| 2020 | Within 1 year | 1 to 5 years | 6 to 10 years | Over 10 years | Total |
|------------------|------------------|-----------------|------------------|------------------|--------------|
| Carrying value | \$ 871,178 | \$ 3,332,009 | \$1,037,555 | \$ 278,966 | \$ 5,519,708 |
| Percent of total | 16% | 60% | 19% | 5% | 100% |

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

2. Financial instrument classification (continued):

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (a) 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;
- (b) 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
- (c) 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).

| 2021 | Level 1 | Level 2 | Level 3 | Total |
|-----------------------|----------------------|-------------|-------------|----------------------|
| Cash | \$109,418,763 | \$ - | \$ - | \$109,418,763 |
| Temporary investments | 147,006,808 | - | - | 147,006,808 |
| Long-term investments | 11,065,362 | - | - | 11,065,362 |
| Total | \$267,490,933 | \$ - | \$ - | \$267,490,933 |

| 2020 | Level 1 | Level 2 | Level 3 | Total |
|-----------------------|----------------------|-------------|-------------|----------------------|
| Cash | \$ 67,984,441 | \$ - | \$ - | \$ 67,984,441 |
| Temporary investments | 62,865,644 | - | - | 62,865,644 |
| Long-term investments | 70,261,397 | - | - | 70,261,397 |
| Total | \$201,111,482 | \$ - | \$ - | \$201,111,482 |

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2021 and 2020. There were also no transfers in or out of Level 3.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

3. Acquisition of Cleary International Centre:

During 2007, the College entered into an agreement with the City of Windsor to acquire the majority of the property and assets related to the operation of the Cleary International Centre. Although the agreement provided that nominal consideration of \$1 to be exchanged for the property and assets acquired, in accordance with PSAB for Government NPOs, the College has recorded the land and building at fair value. In the case of the land, its fair value of \$2,325,000 was determined based upon an appraisal completed by an independent, certified appraiser. The building has been recorded at \$37,376,400, its current replacement value as estimated by the College's independent insurance broker. In accordance with the College's policy for accounting for contributed capital contribution, the donation of the building is being deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate of the College's other buildings, being 40 years. The fair value of certain other equipment acquired by the College has been recorded at a nominal amount of \$1.

Another significant feature of this agreement is capital improvement payments of \$423,250 to be paid by the city to the College on each of the closing date and the third anniversary of the closing date.

The agreement also provides the College the right to re-convey the acquired property and assets to the City of Windsor at any time on or before the twenty-fifth anniversary of the closing date of the transaction for the nominal consideration of \$1.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

4. Contributed land and building:

(a) 275 Victoria Avenue:

On December 10, 2009, the College entered into an agreement with the City of Windsor to acquire the land and building located at 275 Victoria Avenue. Although the agreement provided that nominal consideration of \$1 to be exchanged for the land and building acquired, in accordance with Canadian public sector accounting standards, the College has recorded the land at an agreed upon amount of \$917,500 to approximate fair value. No amount has been attributable to the building acquired.

The agreement also provides the College the right to re-convey the acquired property to the City of Windsor at any time on or before the fifteenth anniversary of the closing date of the transaction for an amount equal to the market value of the property, reduced by approximately \$61,167 per annum on each anniversary of the closing date. Upon the fifteenth anniversary of the closing date, no further amounts would be payable upon re-conveyance of the property.

(b) 3860 Lauzon Road:

On September 13, 2011, the College entered into an agreement with a private donor to acquire the land and residential building of 3860 Lauzon Road. The property was donated to the College at \$nil consideration and, in accordance with Canadian public sector accounting standards, the College has recorded land at its fair value of \$1,817,000. Fair value was determined based upon an appraisal completed by an independent, certified appraiser. The gift is subject to conditions regarding the usage of the property as a learning environment.

On September 25, 2020, the land and residential building of 3860 Lauzon Road was transferred for \$nil consideration to The Corporation of the City of Windsor. The fair value of the property was determined upon an appraisal completed by an independent, certified appraiser with a value of \$2,500,000. In accordance with Canadian public sector accounting standards, the College has recorded a gain on disposal net of costs of disposal of \$678,730.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

(c) 305 Victoria Avenue:

On February 16, 2012, the College entered into an agreement with the Toronto Dominion Bank to acquire the land and building at 305 Victoria Avenue. Although the agreement provided that nominal consideration of \$2 be exchanged for the land and building acquired, in accordance with Canadian public sector accounting standards, the College has recorded land at an agreed upon amount of \$450,000 to approximate fair value. Fair value was determined based upon an appraisal completed by an independent, certified appraiser. No amount has been attributable to the building acquired.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

4. Contributed land and building (continued):

(d) Wood Lot:

On August 1, 2012 the College entered into an agreement with the City of Windsor to acquire vacant lands adjacent to College property. Although the agreement provided that nominal consideration of \$1 be exchanged for the land acquired, in accordance with Canadian public sector accounting standards, the College has recorded the land at an agreed upon amount of \$140,000 to approximate fair value.

The agreement also contains a restrictive covenant in perpetuity that prohibits the sale or transfer of the land and should the property cease to be used for educational or environment conservation and promotion purposes, it will be reverted to the City of Windsor for consideration of \$1.

(e) Student Life Centre:

On May 1, 2016 the College entered into an agreement with the St. Clair Student Representative Council Incorporated ("SRC") permitting the construction of a Student Life Centre on the College's premises. The construction was primarily funded by the SRC. The agreement provided that the Student Life Centre become absolute property of the College on March 31, 2018. Although the agreement provided that no additional consideration be exchanged for the acquisition, in accordance with Canadian public sector accounting standards, the College has recorded the Student Life Centre at its final construction cost of \$3,366,432 to approximate fair value.

(f) Thames Campus Addition:

On May 1, 2016 the College entered into an agreement with the St. Clair Thames Students Inc. ("TSI") permitting the construction of an addition to the College's premises. The construction was funded by TSI. The agreement provided that the campus addition become absolute property of the College on March 31, 2018. Although the agreement provided that no additional consideration be exchanged for the acquisition, in accordance with Canadian public sector accounting standards, the College has recorded the building expansion at its final construction cost of \$1,689,875 to approximate fair value.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

5. Construction in progress:

Construction in progress represents costs incurred on certain building and equipment which was not available for use. Once the building and equipment is put in service, the total costs will be reclassified to capital assets and amortization will commence. As at March 31, 2021, construction in progress amounted to \$7,272,006 (2020 - \$1,967,429).

6. Capital assets:

| 2021 | Cost | Accumulated amortization | Net book value |
|------------------------|-----------------------|--------------------------|-----------------------|
| Land | \$ 5,634,284 | \$ - | \$ 5,634,284 |
| Buildings | 233,683,557 | 81,227,622 | 152,455,935 |
| Site improvement | 16,195,843 | 9,022,824 | 7,173,019 |
| Equipment | 86,471,013 | 77,460,742 | 9,010,271 |
| Computer equipment | 1,828,580 | 1,029,749 | 798,831 |
| Leasehold improvements | 6,018,475 | 3,289,247 | 2,729,228 |
| | <u>\$ 349,831,752</u> | <u>\$ 172,030,184</u> | <u>\$ 177,801,568</u> |

| 2020 | Cost | Accumulated amortization | Net book value |
|------------------------|-----------------------|--------------------------|-----------------------|
| Land | \$ 7,058,485 | \$ - | \$ 7,058,485 |
| Buildings | 231,530,968 | 75,878,681 | 155,652,287 |
| Site improvement | 12,590,984 | 8,085,703 | 4,505,281 |
| Equipment | 84,385,217 | 74,501,660 | 9,883,557 |
| Computer equipment | 1,343,541 | 564,340 | 779,201 |
| Leasehold improvements | 5,174,855 | 2,505,781 | 2,669,074 |
| | <u>\$ 342,084,050</u> | <u>\$ 161,536,165</u> | <u>\$ 180,547,885</u> |

Amortization expense for the year is \$10,498,828 (2020 - \$9,713,643).

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

7. Deferred revenue:

| | 2021 | 2020 |
|-----------------------|----------------------|----------------------|
| Advanced tuition fees | \$ 99,800,398 | \$ 84,529,224 |
| Unearned grants | 7,529,961 | 7,537,421 |
| Unearned rent | 125,082 | 74,595 |
| Other | 749,467 | 685,545 |
| | <u>\$108,204,908</u> | <u>\$ 92,826,785</u> |

8. Long-term debt:

The College has a \$5,000,000 operating line of credit. No amount has been drawn upon this operating line of credit as at March 31, 2021 (2020 - \$nil). The other long-term debt outstanding at year-end consists of:

| | 2021 | 2020 |
|---|---------------------|----------------------|
| 6.63% debt, payable \$128,585 monthly including interest, due March 28, 2028 | \$ 8,622,638 | \$ 9,559,975 |
| 2.147% debt, payable \$200,975 semi-annually including interest, due May 14, 2025 | 1,715,388 | 2,074,708 |
| | <u>10,338,026</u> | <u>11,634,683</u> |
| Current portion of long-term debt | (1,368,484) | (1,296,657) |
| | <u>\$ 8,969,542</u> | <u>\$ 10,338,026</u> |

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

8. Long-term debt (continued):

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

| | |
|------------|---------------|
| 2022 | \$ 1,368,484 |
| 2023 | 1,444,854 |
| 2024 | 1,526,076 |
| 2025 | 1,612,468 |
| 2026 | 1,503,407 |
| Thereafter | 2,882,737 |
| | <hr/> |
| | \$ 10,338,026 |

Security on the 2.147% long-term debt consists of entitlement to the Minister of Finance to deduct from monies appropriated by the Ontario Legislature for payment to the College, amounts equal to any amounts that the College fails to pay under these long-term debt arrangements.

Security on the 6.63% long-term debt consists of a general assignment of the rents associated with the College's Windsor residence and a continuing interest in any and all monies deposited into an escrow account.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

9. 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.

| 2021 | Post-employment benefits | Non-vesting sick leave | Vesting sick leave | Total liability |
|--|--------------------------|------------------------|--------------------|---------------------|
| Accrued employee future benefits obligations | \$ 875,000 | \$ 3,433,000 | \$ 195,000 | \$ 4,503,000 |
| Value of plan assets | (201,000) | - | - | (201,000) |
| Unamortized actuarial gains (losses) | 147,000 | (847,000) | 85,000 | (615,000) |
| Total liability | \$ 821,000 | \$ 2,586,000 | \$ 280,000 | \$ 3,687,000 |

| 2020 | Post-employment benefits | Non-vesting sick leave | Vesting sick leave | Total liability |
|--|--------------------------|------------------------|--------------------|---------------------|
| Accrued employee future benefits obligations | \$ 856,000 | \$ 3,459,000 | \$ 240,000 | \$ 4,555,000 |
| Value of plan assets | (188,000) | - | - | (188,000) |
| Unamortized actuarial gains (losses) | 151,000 | (982,000) | 98,000 | (733,000) |
| Total liability | \$ 819,000 | \$ 2,477,000 | \$ 338,000 | \$ 3,634,000 |

| 2021 | Post-employment benefits | Non-vesting sick leave | Vesting sick leave | Total expense |
|--|--------------------------|------------------------|--------------------|-------------------|
| Current year benefit cost | \$ 17,000 | \$ 362,000 | \$ 6,000 | \$ 385,000 |
| Interest on accrued benefit obligation | 1,000 | 56,000 | 4,000 | 61,000 |
| Amortized actuarial gains (losses) | (10,000) | 80,000 | (13,000) | 57,000 |
| Total expense | \$ 8,000 | \$ 498,000 | \$ (3,000) | \$ 503,000 |

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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

| 2020 | Post-employment benefits | Non-vesting sick leave | Vesting sick leave | Total expense |
|--|--------------------------|------------------------|--------------------|-------------------|
| Current year benefit cost | \$ (7,000) | \$ 147,000 | \$ 18,000 | \$ 158,000 |
| Interest on accrued benefit obligation | 2,000 | 55,000 | 8,000 | 65,000 |
| Amortized actuarial losses | (8,000) | (2,000) | (27,000) | (37,000) |
| Total expense | \$ (13,000) | \$ 200,000 | \$ (1,000) | \$ 186,000 |

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

(a) Retirement benefits:

(i) CAAT Pension Plan:

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

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, 2021, indicated an actuarial surplus of \$3.3 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of \$7,243,438 (2020 - \$7,368,227), which has been included in the statement of operations.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

9. 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, 2021 of the future benefits was determined using a discount rate of 1.7% (2020 – 1.6%).

(ii) Medical premium:

Medical premium increases were assumed to increase at 6.42% per annum in 2021 (2020 – 6.55%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040.

(iii) Dental costs:

Dental costs were assumed to increase at 4% per annum in 2021 (2020 – 4.0%).

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

9. 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 accumulated 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 valuations of vesting and non-vesting sick leave are the College's best estimates of expected rates of:

| | 2021 | 2020 |
|-----------------------------|------|------|
| Wage and salary escalation: | | |
| Academic | 1.0% | 2.0% |
| Support | 2.0% | 1.0% |
| Discount rate | 1.7% | 1.6% |

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% to 26.2% and 0 to 51 respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

10. Deferred contributions:

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

| | 2021 | 2020 |
|--|---------------------|-------------------|
| Balance, beginning of year | \$ 704,785 | \$ 1,182,302 |
| Less bursaries awarded in the year | (533,466) | (534,656) |
| Add: amounts received in the year | 166,407 | 262,571 |
| Add: unrealized gain (loss) on long-term investments | 1,389,761 | (1,026,729) |
| Add: investment income received in the year | 240,628 | 821,297 |
| Balance, end of year | \$ 1,968,115 | \$ 704,785 |

Deferred contributions are comprised of:

| | 2021 | 2020 |
|------------------------------------|---------------------|-------------------|
| Scholarships and bursaries | \$ 1,817,115 | \$ 553,785 |
| Joint employment stability reserve | 151,000 | 151,000 |
| | \$ 1,968,115 | \$ 704,785 |

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

11. Deferred capital contributions:

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

| | 2021 | 2020 |
|--|----------------------|-----------------------|
| Balance, beginning of year | \$121,568,707 | \$ 124,848,844 |
| Less: amortization of deferred capital contributions | (5,711,259) | (5,621,045) |
| Add: contributions received for capital purposes | 4,242,800 | 2,340,908 |
| Balance, end of year | \$120,100,248 | \$ 121,568,707 |

As at March 31, 2021 there were \$1,436,870 (2020 - \$764,500) of deferred capital contributions received which were not spent.

12. Deferred capital contributions relating to construction in progress:

Deferred capital contributions relating to construction in progress represents the amount of grants and other restricted funding received primarily for construction of building and equipment in progress.

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Balance, beginning of year | \$ 5,075,763 | \$ 2,298,491 |
| Less: amounts transferred to assets in the year | - | (42,716) |
| Add: contributions received for capital purposes | 2,120,311 | 2,819,988 |
| Balance, end of year | \$ 7,196,074 | \$ 5,075,763 |

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

13. Investment in capital assets:

(a) Investment in capital assets represents the following:

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Capital assets | \$177,801,568 | \$ 180,547,885 |
| Construction in progress | 7,272,006 | 1,967,429 |
| Less amounts financed by: | | |
| Long-term debt (note 8) | (10,338,026) | (11,634,683) |
| Deferred capital contributions (note 11) | (120,100,248) | (121,568,707) |
| Deferred capital contributions – construction (note 12) | (7,196,074) | (5,075,763) |
| Balance, end of year | \$ 47,439,226 | \$ 44,236,161 |

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

| | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Deficiency of revenues over expenditures: | | |
| Amortization of deferred capital contributions related to capital assets | \$ 5,711,259 | \$ 5,621,045 |
| Amortization of capital assets | (10,498,828) | (9,713,643) |
| Gain on disposal of assets | 976,042 | - |
| | \$ (3,811,527) | \$ (4,092,598) |
| Net change in investment in capital assets: | | |
| Purchase and contribution of capital assets and transfers from construction in progress | \$ 14,875,489 | \$ 14,371,114 |
| Disposal of capital assets | (1,818,401) | - |
| Amounts funded by deferred capital contributions | (4,242,800) | (2,340,908) |
| Amounts funded by deferred capital contributions – CIP | (2,120,311) | (2,777,272) |
| Proceeds on disposal of capital assets, net of expenses | (976,042) | - |
| Repayment of long-term debt | 1,296,657 | 1,229,094 |
| | \$ 7,014,592 | \$ 10,482,028 |

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

14. Externally restricted net assets:

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

Investment income on externally restricted endowments that was disbursed during the year has been recorded in the statement of operations since this income is available for disbursement as scholarships and bursaries and the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions. Investment income on endowed assets recognized and deferred was \$345,200 and \$595,891 respectively (2020 - \$341,000 and \$700,463).

Externally restricted endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund. Under this program, the government matched funds raised by the College. The purpose of the program is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend College. The programs were discontinued in 2012.

15. Internally restricted net assets:

Internally restricted net assets are funds restricted by the College Board of Governors for future expenses. The balance for future expenses relates to the following:

| | Financial Sustainability | Deferred Maintenance | Total |
|----------------------------|-----------------------------|-------------------------|---------------|
| Balance, beginning of year | \$ 20,270,740 | \$ - | \$ 20,270,740 |
| Add: contributions | 41,090,477 | 20,381,586 | 61,472,063 |
| Balance, end of year | \$ 61,361,217 | \$ 20,381,586 | \$ 81,742,803 |

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

16. Commitments:

The College is committed to estimated minimum annual payments under operating lease agreements over the next five years and thereafter as follows:

| | |
|------------|--------------|
| 2022 | \$ 3,928,395 |
| 2023 | 3,283,497 |
| 2024 | 1,948,584 |
| 2025 | 685,731 |
| 2026 | 656,710 |
| Thereafter | - |

17. Contingent liabilities:

The College has been named as defendant or co-defendant in several actions for damages. The outcome and the amount of the losses, if any, are not determinable at this time and accordingly, no provision for losses has been made in these financial statements. The amount will be accounted for in the period when and if such losses are determined.

18. 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 the 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 and a provincially regulated credit union which are protected by the Canadian Deposit Insurance Corporation and Deposit Insurance Corporation of Ontario respectively. In the event of default, the College's cash accounts and term deposits are insured up to \$100,000 (2020 - \$100,000). In addition, equity investments are held with an investment firm that is protected by the Canadian Investor Protection Fund ("CIPF"). In the event of CIPF member default, the equity investments are insured up to \$1,000,000 (2020 - \$1,000,000).

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

18. Risk management continued:

(a) Credit risk (continued):

The investment policy set issuer type limits on the bond portfolio and operates in accordance with the Ontario Financial Administration Act by placing composition limit on the bond portfolio. All fixed income portfolios are measured for performance on a monthly basis and monitored by management on a monthly basis. The policy limits the funds to be invested in bonds of a single issuer to a maximum of 10% of the market value of the bond portfolio, except for bonds issued by the Government of Canada and Canadian province.

The maximum exposure to investment credit risk is outline in note 2.

Accounts receivable are primarily due from the Province of Ontario. As a result, the College's exposure to credit risk is limited.

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

| | Total | Current | Past due | | | |
|----------------------------|---------------|--------------|-------------|--------------|--------------|---------------|
| | | | 1 - 30 days | 31 - 60 days | 61 - 90 days | 91 - 120 days |
| Government receivables | \$ 5,032,087 | \$ 5,032,087 | \$ - | \$ - | \$ - | \$ - |
| Student receivables | 4,186,401 | 654 | 642 | 15,650 | - | 4,169,455 |
| Other receivables | 2,098,001 | 1,924,012 | - | 97,675 | 46,673 | 29,641 |
| Gross receivables | 11,316,489 | 6,956,753 | 642 | 113,325 | 46,673 | 4,199,096 |
| Less: impairment allowance | (801,893) | - | - | - | - | (801,893) |
| Net receivables | \$ 10,514,596 | \$ 6,956,753 | \$ 642 | \$ 113,325 | \$ 46,673 | \$3,397,203 |

The amount of other receivables aged greater than 90 days relates to banquet and general receivables for College services and accrued interest from the Foundation's investment portfolio and scholarship donations. 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 risk or policies, procedures and methods used to measure the risk.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

18. 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 investment policy operates within the constraints of the Foundation Investment Committee, management and an investment manager. Diversification techniques are utilized to minimize risk. The Policy limits the investment in any single issuer to a maximum of 10% of market value of the bond or equity portfolio. An exception exists for bonds issued by the Government of Canada and Canadian province.

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

(c) 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 levels when adverse changes in foreign currency rates occur. The College is exposed to this risk through its equity holdings within its investment portfolio.

The investment policy limits the range of exposure to non-Canadian currencies to 10% to 20% of the total investment portfolio.

At March 31, 2021, a 1% fluctuation in foreign exchange rates, with all other variables held constant, would have an estimated impact on the fair values of the College's non-Canadian equity holdings of \$15,342 (2020 - \$14,063).

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

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

18. Risk management (continued):

(d) Interest rate risk:

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

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

The College mitigates interest rate risk on its bank loans through fixed rates (see note 8). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the bank loans.

The College's bond portfolio has interest rates ranging from 0.5% to 9% (2020 – 1.9% to 9%) with maturities ranging from May 10, 2021 to May 18, 2077 (2020 – June 1, 2020 to May 18, 2077).

At March 31, 2021, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds of \$254,852 loss and \$254,852 gain respectively (2020 - \$234,733 loss and \$234,733 gain). The College's bank loans as described in note 8 would not be impacted as the rate of the loans is fixed.

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

(e) 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, 2021, 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 \$419,744 (2020 - \$134,232).

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

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

18. Risk management (continued):

(f) 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):

| 2021 | Within 6 months | 6 months to 1 year | 1 – 5 years | > 5 years |
|------------------|--------------------|-----------------------|--------------|--------------|
| Accounts payable | \$ 44,236,881 | \$ - | \$ - | \$ - |
| Long-term debt | 674,987 | 693,497 | 7,480,542 | 1,489,000 |
| | \$ 44,911,868 | \$ 693,497 | \$ 7,480,542 | \$ 1,489,000 |

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

(g) Other risk:

The College's main source of revenue is tuition and government operating grants. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The College limited student and staff access to its campuses and learning sites and began online delivery of all lectures in March 2020 to complete the Winter 2020 semester. Based on recommendations from Public Health Ontario, since the Winter 2020 semester, the College has continued with most learning occurring through online delivery. It is the College's plan and desire to get back to in-person education at the outset of the Fall 2021 semester should the pandemic be brought under some degree of control by vaccination. To date, the College has received \$400,000 of COVID-19 funding from the provincial government.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

18. Risk management continued:

(g) Other risk (continued):

To mitigate financial risk during the early stages of the pandemic, the College reduced discretionary spending and maintained resources at a level to support its 2020-21 enrolment. Though the College's ancillary operations were negatively impacted by the pandemic, overall, the College's revenue streams, in particular tuition revenue, increased \$12,387,784 from the prior fiscal year.

As the impacts of COVID-19 continue, there could be further impact on the College, its students and funding sources. Management is actively monitoring the effect on its financial condition, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the College is not able to fully estimate the effects of the COVID-19 outbreak on its future results of operations and financial condition at this time.

19. Related parties:

St. Clair College Foundation:

The St. Clair College Foundation (the "Foundation") was established to raise funds for the use of the College. The Foundation is a registered charity and is classified as a public Foundation under the Income Tax Act and, as such, is exempt from tax. Resources of the Foundation are for the benefit of the College and are to be used for purposes agreed upon by the College and the Foundation. During the year, an amount of \$188,266 (2020 - \$193,656), including \$nil of in-kind donations (2020 - \$nil) was received from the Foundation.

The College administers the receipt and disbursement of funds on behalf of the St. Clair College Foundation at no charge.

THE ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

19. Related parties (continued):

St. Clair College Alumni:

The St. Clair College Alumni (the "Alumni") was established to promote and foster positive St. Clair alumni connections and fellowships within the St. Clair College community and the community at large. During the year, an amount of \$205,515 (2020 - \$200,000), was provided to the College to invest in a GIC. The College holds the investment in trust and accrues interest to the Alumni. The investment is included in the College's temporary investments.

20. Comparative figures:

Certain prior year figures have been reclassified to conform with the current year's presentation. There was no impact to the College's excess of revenue over expenditures in the prior year.