

AUDITED FINANCIAL STATEMENTS

YEAR ENDING
MARCH 31, 2021



St. Lawrence
College

Consolidated Financial Statements of

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

And Independent Auditors' Report Thereon

Year ended March 31, 2021

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Index of Consolidated Financial Statements and Supplementary Schedules
Year ended March 31, 2021

Statement/Schedule Number

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations.....	2
Consolidated Statement of Changes in Net Assets.....	3
Consolidated Statement of Cash Flows	4
Consolidated Statement of Remeasurement Gains and Losses.....	5

Notes to Consolidated Financial Statements

Supplementary Schedules

Consolidated Analysis of Revenue.....	1
Consolidated Analysis of Salaries, Wages and Benefits Expenses	2
Consolidated Analysis of Non-Payroll Expenses.....	3

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

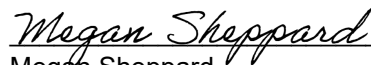
The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

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

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



Glenn Vollebregt,
President & CEO



Megan Sheppard,
Sr. Vice-President, Corporate Services & CFO

June 8, 2021



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of the St. Lawrence 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 of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of rereasurement gains and losses for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2021, its results of operations, its cash flows and rereasurement gains and losses 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 Consolidated 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 consolidated 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.

Other Information

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

- the information, other than the consolidated financial statements and the auditors' report thereon, included in the Annual Report document.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the consolidated financial statements and the auditors' report thereon, included in Annual Report document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists.

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 of the College to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Kingston, Canada
June 8, 2021

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position
As at March 31, 2021, with comparative figures for 2020

Statement 1

	2021	2020
Assets		
Current assets:		
Cash	\$ 43,274,400	\$ 42,918,985
Investments (note 2)	16,509,606	15,942,160
Grants and accounts receivable (note 16(a))	15,417,592	7,351,734
Prepaid expenses	1,848,479	2,093,559
	<u>77,050,077</u>	<u>68,306,438</u>
Long-term receivables (note 3)	5,015,139	5,740,896
Long-term investments (note 2)	13,915,116	10,608,979
Capital assets (note 4)	99,005,482	104,090,900
	<u>\$ 194,985,814</u>	<u>\$ 188,747,213</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 17,342,281	\$ 18,697,709
Deferred revenue (note 5)	23,074,372	20,966,440
Trust funds for student enhancement fees (note 6)	508,860	481,851
Current portion of long-term debt (note 8)	1,849,614	2,023,127
	<u>42,775,127</u>	<u>42,169,127</u>
Bankers' acceptance loans due on demand (note 8)	3,981,564	4,751,594
	<u>46,756,691</u>	<u>46,920,721</u>
Employee future benefits (note 7(b))	715,000	702,000
Sick leave benefit entitlement (note 7(c))	2,521,000	2,418,000
Long-term debt (note 8)	11,004,199	12,083,737
Interest rate swaps (note 8(d))	2,390,258	3,364,062
Deferred capital contributions (note 9)	55,526,599	55,705,276
Total liabilities	<u>118,913,747</u>	<u>121,193,796</u>
Net assets:		
Invested in capital assets (note 10)	29,525,581	31,013,954
Restricted for endowments (note 11)	11,663,840	11,206,741
Internally restricted (note 12)	2,524,817	4,375,365
Unrestricted (note 13)	28,393,102	17,930,300
	<u>72,107,340</u>	<u>64,526,360</u>
Accumulated remeasurement gains	3,964,727	3,027,057
Total net assets	<u>76,072,067</u>	<u>67,553,417</u>
Commitments (note 14)		
Contingent liabilities (note 15)		
	<u>\$ 194,985,814</u>	<u>\$ 188,747,213</u>

See accompanying notes to consolidated financial statements.

Approved by the Board of Governors:



Chair



President

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Statement 2

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

	2021	2020
Revenue:		
Grants and reimbursements (schedule 1)	\$ 52,744,039	\$ 49,129,924
Tuition and related fees	63,469,588	70,117,869
Ancillary (schedule 1)	2,148,821	7,601,251
Contract educational services	942,101	2,478,055
Other	1,709,723	2,636,968
Amortization of deferred capital contributions (note 9)	4,172,714	5,671,325
Realized gain (loss) on sale of investments	5,041	(72,497)
Donations	476,858	469,978
Interest	1,032,406	1,619,095
Total revenue	126,701,291	139,651,968
Expenses:		
Salaries, wages and benefits (schedule 2)	80,685,863	82,786,933
Non-payroll (schedule 3)	30,041,335	38,484,415
Amortization of capital assets	8,928,938	10,496,835
Employee future benefits expense (recovery) (note 7(b))	13,000	(16,000)
Sick leave benefit expense (recovery) (note 7(c))	103,000	(17,000)
Other non-pension benefits recovery (expense)	(194,726)	111,919
Total expenses	119,577,410	131,847,102
Excess of revenue over expenses	\$ 7,123,881	\$ 7,804,866

See accompanying notes to consolidated financial statements.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets
Year ended March 31, 2021, with comparative figures for 2020

Statement 3

	Invested in capital assets	Restricted for endowments	Internally restricted	Unrestricted	Total
Balance, April 1, 2020	\$ 31,013,954	\$ 11,206,741	\$ 4,375,365	\$ 17,930,300	\$ 64,526,360
Excess (deficiency) of revenue over expenses (note 10)	(4,756,224)	-	-	11,880,105	7,123,881
Net change in investment in capital assets (note 10)	3,267,851	-	-	(3,267,851)	-
Transfer between funds (note 12)	-	-	(1,850,548)	1,850,548	-
Endowment contributions	-	457,099	-	-	457,099
Balance, March 31, 2021	\$ 29,525,581	\$ 11,663,840	\$ 2,524,817	\$ 28,393,102	\$ 72,107,340

	Invested in capital assets	Restricted for endowments	Internally restricted	Unrestricted	Total
Balance, April 1, 2019	\$ 27,186,367	\$ 10,616,116	\$ 4,846,948	\$ 13,481,438	\$ 56,130,869
Excess (deficiency) of revenue over expenses (note 10)	(4,825,510)	-	-	12,630,376	7,804,866
Net change in investment in capital assets (note 10)	8,653,097	-	-	(8,653,097)	-
Transfer between funds (note 12)	-	-	(471,583)	471,583	-
Endowment contributions	-	590,625	-	-	590,625
Balance, March 31, 2020	\$ 31,013,954	\$ 11,206,741	\$ 4,375,365	\$ 17,930,300	\$ 64,526,360

See accompanying notes to consolidated financial statements.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows
Year ended March 31, 2021, with comparative figures for 2020

Statement 4

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 7,123,881	\$ 7,804,866
Adjustments for:		
Amortization of deferred capital contributions	(4,172,714)	(5,671,325)
Amortization of capital assets	8,928,938	10,496,835
Gain (loss) on sale of investments	(5,041)	72,497
Gain on disposal of capital assets	(11,759)	(17,308)
Changes in non-cash operating working capital:		
Increase (decrease) in grants and accounts receivable	(8,065,858)	271,643
Decrease (increase) in prepaid expenses	245,080	(252,250)
Decrease in accounts payable and accrued liabilities	(1,355,428)	(1,948,206)
Increase in deferred revenue	2,107,932	1,018,951
Accrual for employee future benefits and sick leave benefit entitlement	116,000	(33,000)
	4,911,031	11,742,703
Capital activities:		
Purchase of capital assets	(3,844,661)	(9,099,562)
Receipt of deferred capital contributions	2,598,750	2,365,617
Receipt of unspent deferred capital contributions	1,395,287	482,780
Proceeds on sale of capital assets	12,900	17,308
	162,276	(6,233,857)
Financing activities:		
Endowment contributions	457,099	590,625
Increase in trust funds for student enhancement fees	27,009	180,717
Principal payments on long-term debt and bankers' acceptance loans	(2,023,081)	(1,919,151)
	(1,538,973)	(1,147,809)
Investing activities:		
Decrease in long-term receivables	725,757	853,196
Increase (decrease) in investments, net of remeasurement gains	(3,904,676)	153,532
	(3,178,919)	1,006,728
Increase in cash	355,415	5,367,765
Cash, beginning of year	42,918,985	37,551,220
Cash, end of year	\$ 43,274,400	\$ 42,918,985

See accompanying notes to consolidated financial statements.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses
Year ended March 31, 2021, with comparative figures for 2020

Statement 5

	2021	2020
Accumulated remeasurement gains, beginning of year	\$ 3,027,057	\$ 3,272,914
Unrealized gains (losses) attributable to:		
Investments designated at fair value	(31,093)	1,905
Derivatives – interest rate swaps (note 8(d))	973,804	(320,259)
	942,711	(318,354)
Realized gains (losses) reclassified to the statement of operations:		
Disposition of investments	(5,041)	72,497
Net remeasurement gains (losses) for the year	937,670	(245,857)
Accumulated remeasurement gains, end of year	\$ 3,964,727	\$ 3,027,057

See accompanying notes to consolidated financial statements.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

The St. Lawrence College of Applied Arts and Technology (the “College”) was established as a community college in 1967 and operates under the authority of the Province of Ontario. The College offers full-time, post-secondary programs and part-time courses and certificate programs at campuses located in Kingston, Brockville and Cornwall. The College is a registered charity and is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The St. Lawrence College Foundation (the “Foundation”) is incorporated without share capital under the Ontario Corporations Act. The Foundation operates under a memorandum of understanding with the College’s Board of Governors. Accordingly, the results and operations of the Foundation are included in the College’s consolidated financial statements. The objectives of the Foundation are to solicit, receive, manage and distribute money and other funds to support the educational services provided by the College and its affiliated institutions.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards, including the 4200 standards for government not-for-profit organizations. These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the College and its controlled not-for-profit Foundation. All significant intercompany balances and transactions have been eliminated upon consolidation.

(b) Revenue recognition:

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

Operating grants are recorded as revenue in the period to which they relate. Grants earned but not received by the end of the fiscal year are accrued. Where a portion of a grant received relates to a future year, that portion is deferred and recognized in the year to which it relates.

Tuition and related fees are recorded as revenue based on the academic period of the related courses. Fees are recognized as income based on the proportion of the academic period that occurs within the fiscal year of the College. Fees received for courses that commence after the end of the fiscal year of the College are recorded as deferred revenue.

Revenues from contract educational services, federal training and ancillary operations are recognized when the related products are delivered or services are provided by the College.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized as revenue on a straight-line basis over the useful life of the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Donations of assets are recorded at fair value when a fair value can be reasonably estimated. Pledges receivable are not recorded as an asset in the accompanying consolidated financial statements.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments 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. Any unamortized deferred capital contribution amount related to the capital asset is recognized in revenue in the Consolidated Statement of Operations, provided that all restrictions have been complied with.

Construction in progress costs are capitalized as incurred and represent the cost of capital assets currently under construction. Amortization is not recognized until construction is complete and the assets are ready for productive use.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10, 20 and 40 years
Site improvements and parking	10 years
Equipment	2 to 10 years

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

1. Significant accounting policies (continued):

(d) Employee future benefits and sick leave benefit entitlement:

The College is a member of the Colleges of Applied Arts and Technology (“CAAT”) Pension Plan, which is a multi-employer, defined benefit plan. The College also provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental and non-vesting sick leave. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service. The most recent actuarial valuation of the pension plan for funding purposes was as of January 1, 2021, and the next required valuation will be as of January 1, 2024. The most recent actuarial valuation dates of the other employee future benefit plans are disclosed in note 7(b).

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 plan are the College’s contributions due to the plan in the period.
- (iii) The cost of 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.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

1. Significant accounting policies (continued):

(e) 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:

Fair Value

This category includes derivatives, equity instruments and mutual funds quoted in an active market. The College has designated its fixed income portfolio that would otherwise be classified into the amortized cost category as fair value as the College manages and reports performance of it on a fair value basis.

Financial instruments classified as fair value are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Consolidated Statement of Operations. Changes in fair value on restricted investments are recognized as deferred revenue until the restriction on its use is realized, at which time the balance is transferred to the Consolidated Statement of Operations.

Transaction costs related to financial instruments classified as fair value 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 Consolidated Statement of Operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed and recognized in the Consolidated Statement of Operations.

Amortized cost

This category includes accounts receivable, long-term receivables, accounts payable and accrued liabilities, bankers' acceptance loans and long-term debt.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

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

Write-downs on financial assets classified as amortized cost 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 Consolidated Statement of Operations.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

1. Significant accounting policies (continued):

(f) Management estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards, including the 4200 standards for government not-for-profit organizations, 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 investments and interest rate swaps, allowance for doubtful accounts, amortization of capital assets and deferred capital contributions and actuarial estimation of employee future benefits and sick leave benefit entitlement liabilities.

Financial instruments are classified into value hierarchy levels 1, 2 or 3 for the purposes of describing the basis of inputs used to determine the fair market value of those amounts recorded at fair value as described below:

- Level 1 – Fair value measurements are those derived from unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Fair value measurements are those derived from observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Fair value measurements are those derived from unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(g) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction. Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Realized foreign exchange gains and losses are recognized in the Consolidated Statement of Operations.

(h) Student organizations:

These consolidated financial statements do not reflect the assets, liabilities, revenues or expenses of the various student organizations at the College.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

2. Investments:

Investments reported under current assets represent excess operating funds that are comprised of the following:

	Level	2021	2020
Cash	1	\$ 11,555	\$ 386,061
Fixed income	2	16,498,051	15,556,099
		\$ 16,509,606	\$ 15,942,160

Long-term investments include \$11,503,418 (2020 - \$11,206,741) of investments externally restricted for endowments as described in note 11 and \$2,411,698 of deferred restricted investment income (2020 – deferred restricted investment losses of \$597,762) as described in note 5(c). Long term investments are comprised of the following:

	Level	2021	2020
Cash	1	\$ 5,256	\$ 2,934
Mutual funds	1	13,148,747	9,210,663
Fixed income	2	761,113	1,395,382
		\$ 13,915,116	\$ 10,608,979

During the year, there were \$285,115 in transfers from Level 2 to Level 1 (2020 - \$8,234,772). There were no transfers into or out of Level 3 during the year.

Fixed income investments have interest rates from 0.05% to 4.10% (2020 – 0.43% to 4.10%) and mature between 2022 and 2025 (2020 – 2021 and 2024). The fixed income investments include both variable and fixed rates with a weighted average effective interest rate of 1.73 % (2020 – 1.48%).

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

2. Investments (continued):

The maturity profile of fixed income investments held is as follows:

As at March 31, 2021	Within 1 year	1 - 5 years	6 - 10 years	Total
Carrying value	\$ 12,829,937	\$ 4,429,227	\$ -	\$ 17,259,164
Percentage of total	74.3%	25.7%	0.0%	100.0%
As at March 31, 2020	Within 1 year	1 - 5 years	6 - 10 years	Total
Carrying value	\$ 8,757,741	\$ 8,193,740	\$ -	\$ 16,951,481
Percentage of total	51.7%	48.3%	0.0%	100.0%

3. Long-term receivables:

Long-term receivables are comprised of the following:

(a) Student levies for Student Life & Innovation Centre:

The student levies receivable represent the students' contribution towards the construction of the Student Life & Innovation Centre on the Kingston campus. The student levies will be charged to full-time students of the Kingston campus until April 2032 in accordance with the fee protocol agreements jointly agreed to by the College and its student governments.

	2021	2020
Long-term accounts receivable	\$ 5,202,564	\$ 5,861,393
Less: Current portion included in grants and accounts receivable	(775,960)	(748,900)
	\$ 4,426,604	\$ 5,112,493

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

3. Long-term receivables (continued):

(b) Receivable from Kingston Student Association for Student Life & Innovation Centre:

The receivable from the Kingston Student Association represents the outstanding balance of the Kingston Student Association's pledge to contribute approximately \$1,300,000 to partially fund the construction of the Student Life & Innovation Centre on the Kingston campus. The balance of the pledge is an unsecured, interest-free receivable, due in annual instalments of approximately \$60,000 until March 2032.

	2021	2020
Long-term accounts receivable	\$ 644,535	\$ 686,403
Less: Current portion included in grants and accounts receivable	(56,000)	(58,000)
	\$ 588,535	\$ 628,403

4. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 745,393	\$ -	\$ 745,393	\$ 745,393
Buildings	192,249,598	106,262,084	85,987,514	91,017,166
Construction in progress	894,724	-	894,724	232,595
Site improvements and parking	8,110,275	5,890,253	2,220,022	2,505,445
Equipment	63,809,504	54,651,675	9,157,829	9,590,301
	\$ 265,809,494	\$ 166,804,012	\$ 99,005,482	\$ 104,090,900

Cost and accumulated amortization at March 31, 2020 amounted to \$262,010,016 and \$157,919,116 respectively.

5. Deferred revenue:

	2021	2020
Tuition and related fees	\$ 14,395,589	\$ 17,529,898
Externally restricted donations	1,758,673	1,671,557
Expenses of future periods	6,920,110	1,764,985
	\$ 23,074,372	\$ 20,966,440

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

5. Deferred revenue (continued):

(a) Tuition and related fees:

Deferred revenue related to student tuition fees represent fees collected by the College for which the term of the program or course extends beyond the fiscal year of the College.

(b) Externally restricted donations:

Deferred contributions related to externally restricted donations represent unspent donations restricted by the donors for special projects, student bursaries and other financial assistance.

	2021	2020
Donations	\$ 505,006	\$ 564,975
Restricted investment income, net of fees	28,948	37,721
	533,954	602,696
Amount recognized as revenue in the year	(401,562)	(431,679)
	132,392	171,017
Donations utilized for additions to capital assets	(45,276)	(45,276)
Donations permanently endowed and transferred to net assets	-	(100,000)
Net increase	87,116	25,741
Balance, beginning of year	1,671,557	1,645,816
Balance, end of year	\$ 1,758,673	\$ 1,671,557
Represented by:		
Foundation fund for bursaries and special projects	\$ 718,017	\$ 688,246
Funds for bursaries	1,040,656	983,311
	\$ 1,758,673	\$ 1,671,557

(c) Expenses of future periods:

Deferred revenues related to expenses of future periods represent amounts collected by the College where the related products or services have not yet been provided by the College, or where related expenses have not yet been incurred.

	2021	2020
Balance, beginning of year	\$ 1,764,985	\$ 4,013,534
Amount recognized as revenue in the year	(1,122,926)	(2,582,526)
Amount received related to future years	3,293,718	1,824,597
Restricted investment income (note 11)	481,443	497,407
Unrealized gains (losses) on long-term investments	2,847,679	(1,639,311)
Investment income used to pay bursaries (note 11)	(344,789)	(348,716)
Balance, end of year	\$ 6,920,110	\$ 1,764,985

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

5. Deferred revenue (continued):

(c) Expenses of future periods (continued):

	2021	2020
Represented by:		
Tuition and related fees	\$ 3,175,159	\$ 1,753,107
Grants and reimbursements	719,360	132,571
Ancillary revenue	262,486	115,417
Contract educational services	75,615	70,820
Employment stability funds	232,482	219,910
Restricted investment income (note 11)	1,343,618	1,199,187
Unrealized gains (losses) on long-term investments	1,051,426	(1,788,476)
Other	59,964	62,449
	<u>\$ 6,920,110</u>	<u>\$ 1,764,985</u>

6. Trust funds for student enhancement fees:

The College holds student enhancement fees on behalf of student associations. Representatives of the student associations determine the disbursement of the funds.

	2021	2020
Student enhancement fees collected	\$ 1,168,630	\$ 1,477,101
Portion of student enhancement fees utilized for additions to capital assets (note 9)	-	(18,893)
Enhancement fees paid to student associations	(1,141,621)	(1,242,856)
Enhancement fees utilized for student approved activities and recognized as revenue	-	(34,635)
Net increase	27,009	180,717
Balance, beginning of year	481,851	301,134
Balance, end of year	<u>\$ 508,860</u>	<u>\$ 481,851</u>

7. Employee future benefits and sick leave benefit entitlement:

(a) Pension plan:

All full-time employees of the College, and any part-time employees who opt to participate, are members of the Colleges of Applied Arts and Technology (the "CAAT") Pension Plan (the "Plan"), which is a multi-employer jointly-sponsored defined benefit pension plan for public Colleges in Ontario and select other employers across Canada. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the highest five consecutive years prior to retirement, termination or death.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

7. Employee future benefits and sick leave benefit entitlement (continued):

(a) Pension plan (continued):

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan and by placing Plan assets in trust and through the Plan investment policy.

The College makes contributions to the Plan equal to those of its 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 related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2021 indicated an actuarial surplus on a going concern basis of \$3.3 billion (January 1, 2020 - \$2.9 billion). Contributions to the Plan and its associated retirement compensation arrangements made during the year by the College amounted to \$6,414,998 (2020 - \$6,254,756) and are included as an expense in the Consolidated Statement of Operations.

(b) Employee future benefits:

The College provides extended health care, dental insurance and life insurance benefits to certain of its employees under a multi-employer plan under CAAT. This coverage may be extended to the post-employment period. The most recent actuarial valuation of these employee future benefits was completed February 5, 2020 for the non-pension post-retirement plan and January 29, 2021 for the continuation of medical and dental benefits and the life waiver of premium benefit for employees currently on long-term disability. The results of these valuations have been extrapolated to March 31, 2021. The related benefit liability was determined by independent actuaries on behalf of the college system as a whole.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The College recognizes as expense for current services the amount of its required contribution in a given year and the change in the accrued benefit liability in the year.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

7. Employee future benefits and sick leave benefit entitlement (continued):

(b) Employee future benefits (continued):

The following tables outline the components of the College's employee future benefits liability and the related expense (recovery):

	2021	2020
Accrued benefit obligations	\$ 767,000	\$ 736,000
Fair value of plan assets	(179,000)	(166,000)
Funded status – plan deficit	588,000	570,000
Unamortized actuarial gains	127,000	132,000
Employee future benefits liability	\$ 715,000	\$ 702,000

	2021	2020
Current service cost	\$ 4,000	\$ 4,000
Interest on accrued benefit obligation	1,000	2,000
Experience losses (gains)	20,000	(11,000)
Benefit payments	(5,000)	(5,000)
Amortized actuarial gains	(7,000)	(6,000)
Employee future benefits expense (recovery)	\$ 13,000	\$ (16,000)

The significant actuarial assumptions adopted in estimating the College's accrued benefit liability are as follows:

	2021	2020
Discount rate	1.70%	1.60%
Dental benefit cost escalation	4.0%	4.0%
Medical benefits cost escalation:		
Hospital and other medical	6.42%, decreasing to 4.0% in 2040	4.0%

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

7. Employee future benefits and sick leave benefit entitlement (continued):

(c) Sick leave benefit entitlement:

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 leave is paid out at the salary in effect at the time of usage. The most recent actuarial valuation of these sick leave benefits was completed February 11, 2020 and the results of this valuation have been extrapolated to March 31, 2021. The related benefit liability was determined by independent actuaries on behalf of the college system as a whole.

The following tables outline the components of the College's sick leave benefit entitlement:

	2021	2020
Accrued benefit obligation	\$ 3,250,000	\$ 3,337,000
Unamortized actuarial gains	(729,000)	(919,000)
Sick leave benefit entitlement liability	\$ 2,521,000	\$ 2,418,000

	2021	2020
Current service cost	\$ 343,000	\$ 132,000
Interest on accrued benefit obligation	53,000	49,000
Benefit payments	(368,000)	(196,000)
Amortized actuarial losses (gains)	75,000	(2,000)
Sick leave benefit expense (recovery)	\$ 103,000	\$ (17,000)

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% (2020 – 0% to 23.7%) and 0 to 51.0 days (2020 – 0 to 48.0 days) respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

7. Employee future benefits and sick leave benefit entitlement (continued):

(c) Sick leave benefit entitlement (continued):

The unamortized actuarial gains and losses are amortized over the expected average remaining service life as listed below:

		2021	2020
Accumulated sick leave benefit entitlements	Academic	10.0 years	10.0 years
	Support	10.2 years	10.2 years
Employee future benefits		11.3 years	11.3 years

The significant actuarial assumptions adopted in estimating the College's accrued benefit liability are as follows:

	2021	2020
Discount rate	1.70%	1.60%
Salary escalation - Academic	1.0% in 2022 and thereafter	1.0% in 2021 and thereafter
Salary escalation - Support	1.25% in 2022 and 1.0% thereafter	2.0% in 2021, 1.25% in 2022 and 1.0% thereafter

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

8. Long-term debt:

(a) Long-term debt is comprised of the following:

	2021	2020
Bankers' acceptance loans due on demand (note 8(b)):		
5.997%, repayable approximately \$133,000 quarterly including interest, maturing September 10, 2021	\$ 274,580	\$ 798,115
6.01%, repayable approximately \$28,000 monthly including interest, maturing July 4, 2028	2,015,477	2,227,882
6.02%, repayable approximately \$21,000 monthly including interest, maturing August 1, 2028	1,526,169	1,684,705
6.06%, repayable approximately \$13,000 monthly including interest, maturing September 1, 2028	935,413	1,031,027
Fixed rate term loans (note 8(c)):		
5.12%, repayable \$9,466 monthly including interest, maturing February 1, 2030	811,772	881,839
5.29%, repayable \$15,522 monthly including interest, maturing November 1, 2030	1,407,150	1,515,831
5.35%, repayable \$67,895 monthly including interest, maturing March 1, 2031	6,299,166	6,763,343
2.94%, repayable \$251,663 semi-annually including interest, maturing February 15, 2029	3,565,650	3,955,716
	16,835,377	18,858,458
Current portion	(1,849,614)	(2,023,127)
Bankers' acceptance loans due on demand	(3,981,564)	(4,751,594)
	\$ 11,004,199	\$ 12,083,737

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

8. Long-term debt (continued):

- (b) The 5.997% and 6.01% bankers' acceptance loans due on demand were used to finance the construction of the student residence on the Kingston campus. The 6.02% and 6.06% bankers' acceptance loans due on demand were used to finance the construction of a fitness facility and the expansion of the cafeteria, respectively, on the Kingston campus. It is the intention of the College to repay these loans based on the payment schedules in note 8(a), unless payment is required earlier by the lender. These loans are economically hedged through interest rate swaps to the fixed interest rates noted above. The College also incurs a bank stamping fee of 0.30% to 0.32% on the outstanding principal balance of each loan which is paid quarterly for the 5.997% loan and monthly for the remaining loans. No specific security has been pledged for these loans.

Based on a detailed analysis and feasibility study it is expected that operational costs of the student residence, including the principal and interest payments on the related bankers' acceptance loans, will be financed from operational revenue generated by the residence as required by the Ministry of Colleges and Universities ("MCU"). If an operating deficit is incurred, it will be financed by the excess of revenue over expenses from other ancillary operations.

It is expected that the management fees, utilities and other costs of the fitness facility, including the principal and interest payments on the related bankers' acceptance loan, will be financed from student fees.

Assuming early repayment of the bankers' acceptance loans is not required by the lender, principal due on the bankers' acceptance loans in each of the next five years and thereafter is as follows:

2022	\$	770,075
2023		526,180
2024		558,765
2025		593,368
2026		630,114
Thereafter		1,673,137
Total	\$	4,751,639

Loan interest and stamping fees totalling \$312,958 (2020 - \$369,881) have been recorded as interest on long-term debt in the Consolidated Statement of Operations.

- (c) The 5.12% fixed rate term loan was used to finance the construction of the Cornwall student residence, the 5.29% loan was used to finance the construction of the Brockville student residence, the 5.35% loan was used to finance the construction of an addition to the Kingston student residence and the 2.935% loan was used to finance construction related to the College's Hello Future project in Kingston. The College incurs a monthly bank stamping fee of 0.25% on the outstanding principal balance of the student residence loans which have been economically hedged through interest rate swaps to the fixed interest rates noted above.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

8. Long-term debt (continued):

(c) (continued):

Based on a detailed analysis and feasibility study it is expected that operational costs of the student residences, including the principal and interest payments on the related loans, will be financed from operational revenue generated by the residences as required by the MCU. If an operating deficit is incurred, it will be financed by the excess of revenue over expenses from other ancillary operations.

No specific security has been pledged for these loans.

Principal due on the fixed rate term loans in each of the next five years and thereafter is as follows:

2022	\$ 1,079,539
2023	1,128,334
2024	1,179,493
2025	1,233,133
2026	1,289,382
Thereafter	6,173,857
Total	<u>\$ 12,083,738</u>

(d) The College is party to interest rate swap contracts to manage interest rate exposures for economic hedging and risk management purposes.

The interest rate swap contracts convert the floating rate interest obligations of certain loans into fixed rate obligations and thus manage the College's exposure to interest rate risk. The specific loans with interest rate swaps and the fixed rates payable under those interest rate swaps are disclosed in notes 8(b) and 8(c). The maturity dates of the interest rate swaps are the same as the maturity dates of the associated long-term debt, ranging from 2022 to 2031. The fair value of the interest rate swaps will vary based on prevailing market interest rates and the remaining term to maturity. The change in fair value of the interest rate swaps was an unrealized gain of \$973,804 (2020 – unrealized loss of \$320,259) for the year ended March 31, 2021.

The interest rate swaps are level 3 financial instruments and are measured at fair value using a valuation technique, taking into account market interest rates. The fair value of interest rate swaps is based on broker quotes.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of contributions, enhancement fees and donations utilized for additions to capital assets. The amortization of capital contributions is recorded as revenue in the Consolidated Statement of Operations.

	2021	2020
Balance, beginning of year	\$ 55,705,276	\$ 58,528,204
Amounts used for capital purposes:		
Contributions from MCU	3,621,661	1,849,609
Donations	221,408	760,768
Other contributions	145,225	207,614
Enhancement fees (note 6)	-	18,893
Contributions from federal government	5,743	11,513
Amortization of deferred capital contributions	(4,172,714)	(5,671,325)
Balance, end of year	\$ 55,526,599	\$ 55,705,276

The balance of deferred capital contributions consists of the following:

	2021	2020
Unamortized capital contributions	\$ 52,644,524	\$ 54,218,488
Unspent capital contributions	2,882,075	1,486,788
	\$ 55,526,599	\$ 55,705,276

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

10. Invested in capital assets:

(a) The College's investment in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 99,005,482	\$ 104,090,900
Less amounts financed by:		
Bankers' acceptance loans	(4,751,639)	(5,741,729)
Term bank loans	(12,083,738)	(13,116,729)
Deferred capital contributions	(52,644,524)	(54,218,488)
	\$ 29,525,581	\$ 31,013,954

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

	2021	2020
Excess of expenses over revenue:		
Amortization of deferred capital contributions	\$ 4,172,714	\$ 5,671,325
Amortization of capital assets	(8,928,938)	(10,496,835)
	\$ (4,756,224)	\$ (4,825,510)
Net change in investment in capital assets:		
Additions to capital assets	\$ 3,844,661	\$ 9,099,563
Disposal of capital assets	(1,141)	-
Amount funded by deferred capital contributions	(2,598,750)	(2,365,617)
Repayment of:		
Bankers' acceptance loans	990,090	930,568
Term bank loans	1,032,991	988,583
	\$ 3,267,851	\$ 8,653,097

11. Net assets restricted for endowments:

	2021	2020
Ontario Student Opportunity Trust Fund (OSOTF):		
Phase I	\$ 943,751	\$ 943,751
Phase II	1,103,095	1,103,095
Ontario Trust for Student Support (OTSS)	4,901,309	4,901,309
Endowed Bursaries	4,715,685	4,258,586
	\$ 11,663,840	\$ 11,206,741

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

11. Net assets restricted for endowments (continued):

Ontario Student Opportunity Trust Fund:

The externally restricted endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund 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 program:

(a) Phase I:

Schedule of Changes in Endowment Fund Balance for the year ended March 31, 2021

Fund balance, beginning of year	\$	943,751
Cash donations received		-
Fund balance, end of year (A)	\$	943,751

Schedule of Changes in Expendable Funds Available for Awards for the year ended March 31, 2021

Balance, beginning of year	\$	111,997
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		26,865
Bursaries awarded (total number 34, 26 OSAP recipients)		(26,846)
Balance, end of year (B)	\$	112,016

Endowment total based on book value (A+B)	\$	1,055,767
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The fair value of this endowment as at March 31, 2021 is \$1,131,620 (2020 - \$889,290).

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

11. Net assets restricted for endowments (continued):

Ontario Student Opportunity Trust Fund (continued):

(b) Phase II:

Schedule of Changes in Endowment Fund Balance for the year ended March 31, 2021

Fund balance, beginning of year	\$ 1,103,095
Cash donations received	-
Fund balance, end of year (A)	\$ 1,103,095

Schedule of Changes in Expendable Funds Available for Awards for the year ended March 31, 2021

Balance, beginning of year	275,278
Realized investment income, net of direct investment- related expenses and preservation of capital contributions	58,483
Bursaries awarded (total number 85, 50 OSAP recipients)	(67,454)
Balance, end of year (B)	\$ 266,307
Endowment total based on book value (A+B)	\$ 1,369,402

The fair value of this endowment as at March 31, 2021 is \$1,502,499 (2020 - \$1,194,242).

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

11. Net assets restricted for endowments (continued):

Ontario Trust for Student Support:

(c) Ontario Trust for Student Support:

Schedule of Changes in Endowment Fund Balance for the year ended March 31, 2021

Fund balance, beginning of year	\$ 4,901,309
Cash donations received	-
Fund balance, end of year (A)	\$ 4,901,309

Schedule of Changes in Expendable Funds Available for Awards for the year ended March 31, 2021

Balance, beginning of year	\$ 490,553
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	200,170
Bursaries awarded (total number 161, 114 OSAP recipients)	(145,793)
Balance, end of year (B)	\$ 544,930
Endowment total based on book value (A+B)	\$ 5,446,239

The fair value of this endowment as at March 31, 2021 is \$5,844,218 (2020 - \$4,574,783).

12. Net assets internally restricted:

	Funds for student assistance	College residences	Pay parking	Strategic Initiatives	2021 Total
Balance, beginning of year	\$ 9,911	\$ 1,926,934	\$ 1,674,867	\$ 763,653	\$ 4,375,365
Transfer from (to) unrestricted surplus	-	(2,054,301)	(364,427)	568,180	(1,850,548)
Balance, end of year	\$ 9,911	\$ (127,367)	\$ 1,310,440	\$ 1,331,833	\$ 2,524,817

	Funds for student assistance	College residences	Pay parking	Strategic Initiatives	2020 Total
Balance, beginning of year	\$ 9,911	\$ 2,239,583	\$ 2,597,454	\$ -	\$ 4,846,948
Transfer from (to) unrestricted surplus	-	(312,649)	(922,587)	763,653	(471,583)
Balance, end of year	\$ 9,911	\$ 1,926,934	\$ 1,674,867	\$ 763,653	\$ 4,375,365

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

13. Unrestricted surplus:

	2021	2020
Unrestricted surplus:		
Operating	\$ 37,198,693	\$ 25,887,834
Vacation pay accrued liability	(5,569,591)	(4,837,534)
Sick leave entitlement	(2,521,000)	(2,418,000)
Employee future benefits	(715,000)	(702,000)
	\$ 28,393,102	\$ 17,930,300

14. Commitments:

- (a) The College rents equipment and premises under long-term operating leases expiring up to the March 31, 2026 fiscal year. Future minimum payments, by year and in aggregate, under these operating leases as at March 31, 2021 are as follows:

2022	\$ 293,255
2023	233,714
2024	224,336
2025	91,533
2026	91,859
	\$ 934,697

- (b) Effective April 2021, the College has entered into an agreement with the Ministry of Labour, Training and Skills Development ("MLTSD") to support employers and participants in the health services sector with sector-focused workforce development activities including skills development, hiring, retention and other employment services. The College has entered into agreements with four other Ontario colleges to assist with the delivery of the project. The College anticipates costs related to this project to be approximately \$15.9 million in the 2022 fiscal year and that all costs will be fully funded through this MLTSD Skills-Advance Ontario program.

15. Contingent liabilities:

- (a) Letters of credit:

The College is contingently liable under letters of credit amounting to \$290,000 (2020 - \$515,000), which have been issued in the normal course of business.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

15. Contingent liabilities (continued):

(b) Contingencies:

The College is involved with outstanding and pending litigation and claims which arise in the normal course of operations, primarily as a result of grievances filed under the provisions of the union collective agreements. In management's opinion any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the College. Losses in excess of the provision recorded in the consolidated financial statements, if any, arising from these contingencies will be accounted for in the year in which they are determined.

16. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. The College is exposed to credit risk relating to its cash, grants and accounts receivable and current and long-term investments. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to \$300,000 (2020 - \$300,000).

Accounts receivable are comprised of government, student receivables, the current portion of long-term receivables and other receivables. Student receivables are ultimately due from students, and credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. Government receivables are ultimately due primarily from MCU, as well as other government entities, and credit risk is mitigated by the governmental nature of the funding source. Other receivables arise during the course of the College's normal operations and are due from a diverse customer base. 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.

Student and other receivables not impaired are collectible based on the College's assessment and past experience regarding collection rates. The maximum exposure to credit risk of the College at March 31, 2021 is the carrying value of these assets.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

16. Financial risks and concentration of risk (continued):

(a) Credit risk (continued):

The amounts outstanding at year end were as follows:

As at March 31, 2021	Current	1 - 30 days	31 - 60 days	61 - 90 days	91+ days	Total
Government receivables	\$ 4,766,520	\$ -	\$ -	\$ -	\$ -	\$ 4,766,520
Student receivables	326	24,380	62,022	320,052	51,385	458,165
Current portion of long-term receivables	831,960	-	-	-	-	831,960
Other receivables	9,359,946	145,751	16,528	2,172	53,452	9,577,849
Gross receivables	14,958,752	170,131	78,550	322,224	104,837	15,634,494
Impairment allowances	(20,825)	-	-	(161,992)	(34,085)	(216,902)
Net receivables	\$ 14,937,927	\$ 170,131	\$ 78,550	\$ 160,232	\$ 70,752	\$ 15,417,592

As at March 31, 2020	Current	1 - 30 days	31 - 60 days	61 - 90 days	91+ days	Total
Government receivables	\$ 1,478,341	\$ -	\$ -	\$ -	\$ -	\$ 1,478,341
Student receivables	1,011	5,130	2,767	258,379	54,334	321,621
Current portion of long-term receivables	806,900	-	-	-	-	806,900
Other receivables	4,011,893	600,100	141,362	36,123	129,753	4,919,231
Gross receivables	6,298,145	605,230	144,129	294,502	184,087	7,526,093
Impairment allowances	-	-	-	(131,373)	(42,986)	(174,359)
Net receivables	\$ 6,298,145	\$ 605,230	\$ 144,129	\$ 163,129	\$ 141,101	\$ 7,351,734

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

16. Financial risks and concentration of risk (continued):

(a) Credit risk (continued):

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

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

(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 policies of the College and the Foundation operate within the constraints of the investment guidelines issued by the MCU. The policies' application is monitored by management, the investment managers and the Board of Governors. Diversification techniques are utilized to minimize risk.

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

(i) Currency risk:

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

(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, bankers' acceptance loans and long-term debt.

The College mitigates interest rate risk on its long-term debt through derivative financial instruments (interest rate swaps) that exchange the variable rate inherent in the bankers' acceptance loans and long-term debt for a fixed rate as described in note 8(d). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

16. Financial risks and concentration of risk (continued):

(b) Market risk (continued):

(ii) Interest rate risk (continued):

The College's fixed income portfolio has interest rates ranging from 0.05% to 4.10% with maturities ranging from 2021 to 2025. The fixed income investments include both variable and fixed rates with a weighted average effective interest rate of 1.73% (2020 – 1.48%). 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 fixed income investments of \$172,008 (2020 - \$169,515).

(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 mutual fund 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 mutual fund holdings of \$1,314,875 (2020 - \$921,066).

(c) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet all of its 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 College also maintains an unsecured line of credit with a Canadian chartered bank in the amount of \$3,500,000 (2020 - \$3,500,000) to cover short-term funding needs. There was no balance outstanding on the line of credit at March 31, 2021 (2020 – \$nil). Accounts payable are all current and the terms of the long-term debt are disclosed in note 8.

Derivative financial liabilities mature as described in note 8(d).

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

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

16. Financial risks and concentration of risk (continued):

(c) Liquidity risk (continued):

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities, assuming early repayment of the bankers' acceptance loans is not required by the lender:

As at March 31, 2021	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable	\$ 17,342,281	\$ -	\$ -	\$ -	\$ 17,342,281
Bankers' acceptance loans	518,606	251,469	2,977,563	1,004,001	4,751,639
Long-term debt	533,813	545,725	6,178,714	4,825,486	12,083,738
Lease commitments	163,133	130,122	641,442	-	934,697
	\$ 18,557,833	\$ 927,316	\$ 9,797,719	\$ 5,829,487	\$ 35,112,355

As at March 31, 2020	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable	\$ 18,697,709	\$ -	\$ -	\$ -	\$ 18,697,709
Bankers' acceptance loans	487,383	502,752	3,078,502	1,673,092	5,741,729
Long-term debt	510,813	522,178	5,909,880	6,173,858	13,116,729
Lease commitments	176,524	176,524	436,059	-	789,107
	\$ 19,872,429	\$ 1,201,454	\$ 9,424,441	\$ 7,846,950	\$ 38,345,274

17. Fundraising campaigns:

The College is not currently engaged in any active campaigns but continues to fundraise for ongoing College priorities and collect funds for pledges made to previous campaigns, including the Uncommon campaign, which finished in 2020, as well as The Difference We Make campaign, which finished in 2013 and raised funds to finance capital asset acquisitions and program development with a focus on the Cornwall campus. As at March 31, 2021 pledges arising from these campaigns amounted to \$247,814 (2020 - \$366,615), which are not recorded in the College's consolidated financial statements until collected.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

18. Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. In response to the pandemic, governments worldwide have enacted emergency measures to combat the spread of COVID-19, including travel restrictions, indoor and outdoor gathering limits, stay at home orders other than for essential activities, and minimum physical distancing requirements.

As of the date of approval of these consolidated financial statements, the College has experienced the following financial implications and undertaken the following activities in relation to the COVID-19 pandemic which impacted operations for the year ended March 31, 2021:

- Closed all campus facilities to staff and students based on public health recommendations, including administrative and academic buildings and residence buildings through July 2020;
- Developed and implemented a plan for resuming on-campus operations, including the installation of barriers and signage, upgrading facilities, securing personal protective equipment, increased frequency of cleaning and controlled access to campus facilities;
- Reopened campus academic buildings in August 2020 to allow stranded Winter 2020 students to complete remaining coursework that could not be transitioned to alternate online delivery;
- Cancelled the 2020 Summer new student intake and transitioned returning summer students to alternate online delivery;
- Transitioned most Fall 2020 and Winter 2021 programs to alternate online delivery, with limited on-campus academic delivery;
- Experienced a decline in domestic and international student enrolment on all three campuses;
- Reopened residence buildings in Fall 2020 to students on a limited capacity, in accordance with applicable public health guidelines;
- Established additional lab sections to comply with public health guidelines for physical distancing;
- Closely monitored the financial position of the College and reduced or deferred any non-critical expenditures;
- Received special COVID-19 funding from the MCU to help offset costs incurred by the College due to the COVID-19 pandemic and related public health measures of which \$4.6M is included in the Consolidated Statement of Operations;
- Offered emergency financial assistance to domestic and international students experiencing financial hardship through funds available from external College donors, MCU COVID-19 grant funding and the reallocation of operating funds;
- Continued mandatory working from home arrangements for all employees not considered essential to supporting on-campus operations;
- Experienced a reduction in employees working on contract basis as some expiring contracts were not renewed due to reduced College operations.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements
Year ended March 31, 2021

18. Impact of COVID-19 (continued):

The extent of the impact of the pandemic on the College's business, operational and financial performance for the upcoming year remains uncertain and difficult to assess. The impacts will depend on future developments, including the continued spread and severity of the virus, vaccine efficacy and availability, physical distancing requirements and the duration and geographic scope of related travel advisories and restrictions. Management has considered the potential impacts of the pandemic on its approved capital and operating budget for the year ending March 31, 2022 and assessed its operational and liquidity risks and believes there are no significant issues, given the College has a strong working capital base and access to liquid resources to support operations in the coming year.

19. Comparative information:

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

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Revenue
Year ended March 31, 2021, with comparative figures for 2020

Schedule 1

	2021	2020
Grants and reimbursements:		
Provincially funded grants and reimbursements:		
Post-secondary activity	\$ 42,975,336	\$ 39,545,283
Employment services and skills training programs	7,186,377	6,107,768
Apprenticeship training programs	1,871,096	2,547,231
Other grants and reimbursements	711,230	929,642
	<u>\$ 52,744,039</u>	<u>\$ 49,129,924</u>
Ancillary operations:		
Residences	\$ 1,762,972	\$ 4,626,941
Parking lots	157,671	1,108,532
Event and banquet services	69,725	809,886
Food services contract	1,588	527,001
Facilities rent	63,918	245,137
Bookstores commission	92,947	273,037
Licensed premises	-	10,717
	<u>\$ 2,148,821</u>	<u>\$ 7,601,251</u>

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Salaries, Wages and Benefits Expenses
Year ended March 31, 2021, with comparative figures for 2020

Schedule 2

	2021	2020
Salaries:		
Academic:		
Full-time	\$ 21,314,890	\$ 21,123,277
Partial load and part-time	10,813,722	14,613,148
Excluded/sessional	1,159,261	286,643
Coordinators' allowance	432,823	316,908
Bonus/overtime	138,392	190,593
Administrative	13,072,557	12,317,255
Support:		
Full-time	14,236,282	13,178,725
Part-time	4,497,738	5,560,386
Bonus/overtime	89,512	143,901
Professional development leave	128,167	60,894
Benefits:		
Academic	6,606,172	6,920,944
Administrative	3,220,014	2,978,917
Support	4,976,333	5,095,342
	\$ 80,685,863	\$ 82,786,933

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Non-Payroll Expenses
Year ended March 31, 2021, with comparative figures for 2020

Schedule 3

	2021	2020
Other contract services	\$ 7,341,055	\$ 9,848,551
Software licenses and maintenance	3,200,393	2,394,191
Building and ground maintenance	2,218,559	2,589,857
Contract teaching services	2,002,699	1,733,920
Scholarships, bursaries and student assistance	1,949,643	3,380,521
Utilities	1,620,950	1,442,601
Instructional supplies and equipment	1,385,068	1,879,536
Contracted cleaning and garbage removal services	1,326,049	2,214,200
Promotion/public relations	1,140,277	1,692,944
Other supplies	1,061,070	1,956,246
Interest on long-term debt	964,003	1,070,957
Contracted security services	959,194	934,547
Participant wages, benefits and support allowances	855,780	1,092,717
Professional fees	624,686	668,540
Insurance	564,413	395,865
Taxes	544,257	553,634
Equipment maintenance	466,217	531,004
Bad debts	411,086	232,272
Equipment purchase and rental	410,524	1,118,951
Rent	299,825	372,321
Telecommunications	287,937	382,619
Professional development	172,000	339,854
Membership fees and dues	94,191	130,739
Other interest and bank charges	73,079	196,849
Staff employment	49,645	280,275
Travel	16,939	1,031,450
Cost of sales	1,796	19,254
	\$ 30,041,335	\$ 38,484,415



St. Lawrence
College