Financial Statements of

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2020

Management's Report

MANAGEMENT`S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The 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 ("PSAS for Government NPOs"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. 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 financial statements are presented fairly, in all material respects.

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

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

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit and Risk Management Committee (the "Committee").

The Committee is appointed by the Board of Governors 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 financial statements and the external auditor`s report. The Committee reports its findings to the Board for consideration when approving the financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

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

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College President

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CFO and Vice President Business Development

June 4, 2020

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Independent Auditor's Report

To the Board of Governors of The Centennial College of Applied Arts and Technology

Opinion

We have audited the financial statements of The Centennial College of Applied Arts and Technology (the "College"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2020, and the results of its operations, its change in net assets, its cash flows and its remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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 these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditor's 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 auditor's 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 financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 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 auditor's 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 auditor's 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.

We 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
June 4, 2020

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2020

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Financial Position
March 31

	2020	2019
ASSETS		
CURRENT		
Cash (Notes 2, 3)	**$ 143,651,962**	$ 110,862,098
Investments (Notes 2, 3)	**129,941,280**	127,146,500
Accounts receivable	**14,982,182**	17,488,790
Inventory	**189,778**	355,737
Prepaid expenses	**5,885,420**	5,490,569
	294,650,622	261,343,694
PREPAID LAND LEASE (Note 5)	**7,581,498**	7,676,267
LONG-TERM RECEIVABLE (Note 6)	**4,148,338**	6,671,624
CONSTRUCTION IN PROGRESS (Note 7)	**5,220,601**	-
CAPITAL ASSETS (Note 8)	**390,561,531**	392,010,438
	$ 702,162,590	$ 667,702,023
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	**$ 46,180,049**	$ 40,640,967
Deferred revenue (Note 9)	**109,353,506**	101,704,392
Vacation pay	**13,203,365**	12,157,242
Bank loans (Note 10)	**1,315,999**	1,503,999
Term debt (Note 11)	**5,715,788**	6,412,133
Current portion of long term debt (Note 11)	**2,243,403**	2,164,857
	178,012,110	164,583,590
POST EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 12)	**6,388,000**	6,522,000
LONG TERM DEBT (Note 11)	**18,767,417**	21,010,819
RESIDENCE AND CULINARY ARTS CENTRE LIABILITY (Note 4)	**19,191,914**	19,199,864
RESIDENCE AND CULINARY ARTS CENTRE DEFERRED REVENUE (Note 4)	**54,571,646**	55,771,023
DEFERRED CONTRIBUTIONS (Note 13)	**7,498,831**	6,956,000
DEFERRED CAPITAL CONTRIBUTIONS (Note 14)	**161,947,581**	166,491,928
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO PREPAID LAND LEASE (Note 5)	**7,581,498**	7,676,267
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO CONSTRUCTION IN PROGRESS (Note 15)	**496,845**	456,215
INTEREST RATE SWAP (Note 11)	**1,110,004**	1,152,519
	455,565,846	449,820,225
NET ASSETS		
Unrestricted		
Operating	**(72,805,273)**	(87,103,417)
Post employment benefits and compensated absences (Note 12)	**(6,388,000)**	(6,522,000)
Vacation pay	**(13,203,365)**	(12,157,243)
	(92,396,638)	(105,782,660)
INVESTED IN CAPITAL ASSETS (Note 16)	**134,297,283**	119,328,691
INTERNALLY RESTRICTED (Note 17)	**186,655,970**	186,942,603
EXTERNALLY RESTRICTED (Note 18)	**19,150,133**	18,545,683
	247,706,748	219,034,317
ACCUMULATED REMEASUREMENT LOSSES	**(1,110,004)**	(1,152,519)
	246,596,744	217,881,798
	$ 702,162,590	$ 667,702,023

APPROVED BY THE BOARD

Board Chair

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Scott Allison
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President

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THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Operations
For the year ended March 31,

		2020		2019
REVENUE				
Grants and reimbursements (Schedule 1)	**$**	**67,075,914**	$	74,858,939
Enrolment revenues		**270,426,469**		274,011,357
Contract training		**1,778,143**		1,671,630
Deferred contributions recognized as revenue (Note 13)		**6,236,539**		3,573,812
Amortization of deferred capital contributions		**9,261,619**		8,265,329
Other income		**30,971,654**		29,446,332
Ancillary operations (Schedule 2)		**5,376,190**		5,592,550
		391,126,528		397,419,949
EXPENDITURE				
Salaries and benefits		**220,862,559**		208,457,646
Operating expenditures		**78,794,146**		74,654,098
Plant and property expenditures		**22,098,870**		20,801,320
Amortization of capital assets (Note 8)		**31,385,847**		27,352,977
Bursaries and scholarships		**6,236,539**		3,573,812
Ancillary operations (Schedule 2)		**3,199,065**		3,014,396
		362,577,026		337,854,249
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	**$**	**28,549,502**	$	59,565,700

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Changes in Net Assets
For the year ended March 31, 2020

	Unrestricted	Capital	Restricted		
			Internally Restricted	Externally Restricted	
	General	(Note 16)	(Note 17)	(Note 18)	Total
BALANCE, BEGINNING OF YEAR	**$ (105,782,660)**	**$ 119,328,691**	**$ 186,942,603**	**$ 18,545,683**	**$ 219,034,317**
ENDOWMENTS RECEIVED DURING THE YEAR	**-**	**-**	**-**	**604,450**	**604,450**
INTERNALLY RESTRICTED SCHOLARSHIPS & BURSARIES	**(2,544,888)**	**-**	**2,063,367**	**-**	**(481,521)**
INTERNALLY RESTRICTED BUILDING FUND	**2,350,000**	**-**	**(2,350,000)**	**-**	**-**
EXCESS (DEFICIENCY) OF REVENUES OVER	**50,673,729**	**(22,124,227)**	**-**	**-**	**28,549,502**
INVESTMENT IN CAPITAL ASSETS	**(37,092,819)**	**37,092,819**	**-**	**-**	**-**
BALANCE, END OF YEAR	**$ (92,396,638)**	**$ 134,297,283**	**$ 186,655,970**	**$ 19,150,133**	**$ 247,706,748**

For the year ended March 31, 2019

	Unrestricted	Capital	Restricted		
			Internally Restricted	Externally Restricted	
	General	(Note 16)	(Note 17)	(Note 18)	Total
BALANCE, BEGINNING OF YEAR	$ 29,848,219	$ 101,555,539	$ 9,840,698	$ 18,103,213	$ 159,347,669
ENDOWMENT RECEIVED DURING THE YEAR	-	-	-	442,470	442,470
INTERNALLY RESTRICTED SCHOLARSHIPS & BURSARIES	(2,423,427)	-	2,101,905	-	(321,522)
INTERNALLY RESTRICTED BUILDING FUND	(175,000,000)	-	175,000,000	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER	78,653,348	(19,087,648)	-	-	59,565,700
INVESTMENT IN CAPITAL ASSETS	(36,860,800)	36,860,800	-	-	-
BALANCE, END OF YEAR	$ (105,782,660)	$ 119,328,691	$ 186,942,603	$ 18,545,683	$ 219,034,317

The accompanying notes are an integral part of these financial statements

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Cash Flows
For the year ended March 31

		2020		2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Excess of revenue over expenditures	$	**28,549,502**	$	59,565,700
Items not involoving cash:				
Amortization of unrestricted capital assets		**22,124,228**		19,087,648
Amortization of restricted capital assets		**9,166,850**		8,170,560
Amortization of prepaid land lease		**94,769**		94,769
Amortization of deferred capital contributions		**(9,166,850)**		(8,170,560)
Amortization of deferred capital contributions relating to prepaid and lease		**(94,769)**		(94,769)
Deferred contribution recognized as revenue in the year		**(6,236,539)**		(3,573,812)
		44,437,191		75,079,536
Changes in non-cash working capital items:				
Accounts receivable		**2,506,608**		(4,158,025)
Inventory		**165,959**		(124,582)
Prepaid expenses		**(394,851)**		(1,454,895)
Accounts payable and accrued liabilities		**5,539,082**		5,945,979
Accrual for vacation pay		**1,046,123**		1,573,631
Accrual for post - employment benefits and compensated absences		**(134,000)**		(52,000)
Deferred revenue		**7,649,114**		1,543,546
		60,815,226		78,353,190
INVESTING				
Long-term receivable		**2,523,286**		3,634,229
Purchase of investment		**(58,205,911)**		(112,484,647)
Proceeds on disposal of investments		**55,411,131**		10,551,000
		(271,494)		(98,299,418)
FINANCING				
Deferred contributions		**6,779,370**		5,726,882
Repayment of capital lease		**-**		(255,763)
Repayment of bank loans		**(188,000)**		(188,000)
Repayment of term debt		**(2,861,201)**		(2,741,893)
Repayment of residence and culinary centre lliability		**(7,950)**		(7,341)
Deferred revenue on residence and culinary arts centre		**(1,199,377)**		(1,199,377)
Restricted contributions for endowments		**122,929**		120,948
		2,645,771		1,455,456
CAPITAL				
Contribution received for capital purposes		**4,622,503**		9,981,716
Contributions received for construction in progress		**40,630**		2,241,703
Construction in progress (Note 7)		**(8,765,260)**		(30,066,823)
Purchase of capital assets		**(26,297,512)**		(23,049,928)
		(30,399,639)		(40,893,332)
NET CASH INFLOW (OUTFLOW)		**32,789,864**		(59,384,104)
CASH, BEGINNING OF YEAR		**110,862,098**		170,246,202
CASH, END OF YEAR	$	**143,651,962**	$	110,862,098

The accompanying notes are an integral part of these financial statements

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Remeasurement Gains and Losses
For the year ended March 31

		2020		2019
Accumulated remeasurement losses at beginning of year	**$**	**(1,152,519)**	$	(1,293,710)
Unrealized gains attributable to:				
Derivative - interest rate swap		**42,515**		141,191
Net remeasurement gains for the year		**42,515**		141,191
Accumulated remeasurement losses at end of year	**$**	**(1,110,004)**	$	(1,152,519)

1. SIGNIFICANT ACCOUNTING POLICIES

Description of organization

The Centennial College of Applied Arts and Technology (the "College"), established in 1967, 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 government not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

Basis of presentation

The 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 ("PSAS for Government NPOs").

Revenue recognition

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

Other income and ancillary revenues including parking, bookstore, residence 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.

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 at a rate corresponding with the amortization rate for the related capital assets.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation of inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis.

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, its carrying amount is written down to its net realizable value.

Construction in progress is recorded separately from capital assets until construction is complete and the asset 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:

Buildings	-	20, 40 or 49 years
Large machinery	-	20 years
Building improvements	-	10 years
Site improvements	-	10 years
Leasehold improvements	-	Over the life of the lease
Computer software	-	5 years
Furniture, equipment and computers	-	5 or 10 years
Equipment under capital lease	-	4 years

Vacation pay

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

Retirement and post-employment benefits and compensated absences

The College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vested sick leave and non-vested sick leave. 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement and post-employment benefits and compensated absences (continued)

(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 vested and non-vested 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 used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

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 investments and derivatives. The College has designated its bond portfolio 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 College's interest rate swap is considered to be a derivative financial instrument and is included in this category.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Amortized cost

This category includes accounts receivable, long-term receivable, accounts payable and accrued liabilities, vacation pay, bank loans, term debt, long-term debt, and residence and culinary arts centre liability. 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.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

Foreign currency translation

Transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities are translated at current rates of exchange with the resulting gains and losses recognized in the statement of operations.

Management estimates

The preparation of financial statements in conformity with PSAS 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 allowance for doubtful accounts, deferred revenue, actuarial estimation of post-employment benefits and compensated absences liabilities, construction in progress of the College’s A Block building at Progress Campus, fair value of investments, fair value of the interest rate swap, and amortization of capital assets and deferred capital contributions.

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.

	2020		
	Fair Value	**Amortized Cost**	**Total**
Cash	$ 143,651,962	$ -	$ 143,651,962
Investments	129,941,280	-	129,941,280
Accounts receivable	-	14,982,182	14,982,182
Long-term receivable	-	4,148,338	4,148,338
Accounts payable and accrued liabiities	-	46,180,049	46,180,049
Accrued vacation pay	-	13,203,365	13,203,365
Bank loans	-	1,315,999	1,315,999
Term debt	-	5,715,788	5,715,788
Long-term debt	-	21,010,820	21,010,820
Interest rate swap	1,110,004	-	1,110,004

	2019		
	Fair Value	Amortized Cost	Total
Cash	$ 110,862,098	$ -	$ 110,862,098
Investments	127,146,500	-	127,146,500
Accounts receivable	-	17,488,790	17,488,790
Long-term receivable	-	6,671,624	6,671,624
Accounts payable and accrued liabiities	-	40,640,967	40,640,967
Accrued vacation pay	-	12,157,242	12,157,242
Bank loans	-	1,503,999	1,503,999
Term debt	-	6,412,133	6,412,133
Long-term debt	-	23,175,676	23,175,676
Interest rate swap	1,152,519	-	1,152,519

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

Investments consist of guaranteed investment certificates (GICs), bond portfolio and other investments which are externally and internally restricted for endowment purposes (see Notes 18 and 19). Maturity profile of investments held is as follows:

	2020			
	Within 1 year	**2 to 5 years**	**6-10 years**	**Total**
Investments	$ 66,982,854	$ 46,057,912	$ 16,900,514	$ 129,941,280
Total	52%	35%	13%	

	2019			
	Within 1 year	2-5 years	6 to 10 years	Total
Investments	$ 63,600,437	$ 43,509,643	$ 20,036,420	$ 127,146,500
Percent of total	50%	34%	16%	

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:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash	$ 143,651,962	$ -	$ -	$ 143,651,962
Investments	39,070,671	90,870,609	-	129,941,280
Interest rate swap	-	-	1,110,004	1,110,004
Total	**$ 182,722,633**	**$ 90,870,609**	**$ 1,110,004**	**$ 274,703,246**

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2019			
	Level 1	Level 2	Level 3	Total
Cash	$ 110,862,098	$ -	$ -	$ 110,862,098
Investments	55,865,500	71,281,000	-	127,146,500
Interst rate swap	-	-	1,152,519	1,152,519
Total	$ 166,727,598	$ 71,281,000	$ 1,152,519	$ 239,161,117

There were no transfers from Level 1 to Level 2 for the year ended March 31, 2020 (2019 - Nil). There were no transfers in or out of Level 3 (2019 – Nil). For a sensitivity analysis of financial instruments recognized in Level 3, see Note 19 – Interest rate risk, as the prevailing interest rate is the most significant input into the fair value of the instrument.

3. CASH AND INVESTMENTS

The College's cash and investments include amounts restricted for specific purposes that are not available to be spent at the College's discretion. Cash and investments consist of guaranteed investment certificates (GICs), bond portfolios, other similar investments, and daily interest earned investments with interest earned at the Banker's Acceptance rate less 0.15%. The amounts available for operations are as follows:

	2020	2019
Cash	**$143,651,962**	$ 110,862,098
Investments	**129,941,280**	127,146,500
Total cash and investments	**$273,593,242**	$ 238,008,598
Less amounts restricted for:		
Cash held in trust	**4,628,239**	3,208,340
Endowments - externally restricted, less amounts receivable (Note 18)	**19,150,133**	18,545,683
Endowments - internally restricted, less amounts receivable (Note 17)	**14,005,970**	11,942,603
Deferred contributions (Note 13)	**7,498,831**	6,956,000
Restricted grants included as part of deferred revenue (Note 9)	**9,019,268**	9,738,656
Unspent deferred capital contributions less amounts receivable (Nots 14, 15)	**4,014,377**	2,454,689
Unrestricted cash and investments	**$215,276,424**	$ 185,162,627
Internally restricted building fund (Note 17)	**172,650,000**	175,000,000
Net unrestricted cash (excluding building fund)	**$ 42,626,424**	$ 10,162,627

4. CENTENNIAL RESIDENCE AND CULINARY ARTS CENTRE

The College has entered into an alternative financing arrangement for the construction and operation of the Centennial Residence and Culinary Arts Centre. Under the terms of this agreement the partner is responsible for constructing, maintaining and operating the student residence portion of the facility in exchange for an initial 49 year ground lease and the right to collect student residence fees over the same period. The College has agreed to sublease a portion of the facility over the same term for the operation of the School of Hospitality, Tourism and Culinary Arts in exchange for annual rent payments and an agreed upon pre-payment. The effective date of completion of the building was September 1, 2016.

As at September 1, 2016, the residence building was recorded as an asset valued at $84,492,191. The related liability has been proportionately split between deferred revenue and a financial liability. The deferred revenue was $58,769,465 which represents the College granting the partner the right to provide residence services to students of the College and receive the related rental fees, in exchange for the partner's capital investment in the facility. The amount of deferred revenue will be brought into income on a straight line basis over the term of the 49 year lease agreement. The financial liability of $25,722,726 represents the subleased premises for which the College is required to make annual rent payments. At September 1, 2016, the College had made prepayments of $6,430,433 to the partner, resulting in a net financial liability of $19,292,293. This financial liability was recorded at the present value of minimum lease payments going forward as in accordance with the terms of the 49 years lease agreement.

As at March 31, 2020, the building has a net book value of $78,457,035 (2019 - $80,181,365) and accumulated amortization of $6,035157 (2019 - $4,310,826).

Included in other income is $1,199,377 (2019 - $1,199,377) representing the amortization of the deferred revenue and included in other expenses is $7,950 (2019 - $7,341) representing the amortization of the service concession asset.

5. PREPAID LAND LEASE

The College has negotiated a land lease with the University of Toronto. This amount recorded as a prepaid land lease includes the original payment made to the University of Toronto less accumulated amortization for a ninety-nine year lease for land upon which the College has constructed the Morningside campus. The amount will be expensed over the term of the lease.

6. LONG TERM RECEIVABLE

The College has financed the construction costs of the (i) Progress Campus Student Centre and the (ii) Athletic and Wellness Centre on behalf of the Centennial College Student Association Inc. ("CCSAI"). The CCSAI has committed to contribute funds towards the revitalization of student spaces at the Centennial College Ashtonbee campus.

(i) Progress Campus Student Centre - This receivable is unsecured, bears interest at prime minus 25 bps and is to be repaid through the collection of an annual student centre-building levy, which is collected from all full-time and part-time students.

(ii) Athletic and Wellness Centre:

construction costs – This receivable is unsecured, bears interest equal to the terms as noted in the term debt note (Note 11 (ii)) since debt was acquired to fund this construction. The cost will be repaid through the collection of an annual levy, which is collected from all full-time students.

(iii) Ashtonbee Campus – The CCSAI has committed to contribute funds to the Ashtonbee Campus Renewal Project. This receivable is to be repaid through the collection of an annual levy, collected from all full-time and part-time students.

	2020	2019
Note receivable on the Student Centre	**$ 73,021**	$ 601,322
Note receivable on Athletic and Wellness Centre	**6,498,338**	8,670,302
Note receivable on the Ashtonbee Campus	**650,000**	1,000,000
Less current portion included in accounts receivable	**(3,073,021)**	(3,600,000)
	$ 4,148,338	$ 6,671,624

7. CONSTRUCTION IN PROGRESS

Construction in progress (CIP) balance as at March 31, 2020 is $5,220,601 (2019 - $Nil). This represents the costs incurred to date towards the planning and construction of an addition to the College's A Block building at Progress Campus. Designed as a mass timber structure, this project incorporates indigenous design principles towards realizing our indigenous framework as well as ambitious sustainability targets and will house the College's SETAS ICET programming, administrative offices, and the College's Indigenous studies, as well as several common spaces to drive forward our commitment to Truth and Reconciliation.

8. CAPITAL ASSETS

	2020			2019
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 5,924,536**	**$ -**	**$ 5,924,536**	$ 4,122,726
Buildings	**425,883,571**	**(136,532,758)**	**289,350,813**	297,494,449
Leasehold improvements	**2,293,605**	**(1,199,926)**	**1,093,679**	1,471,548
Site improvements	**440,443**	**(440,443)**		10,113
Building improvements	**70,343,388**	**(30,950,606)**	**39,392,782**	35,486,395
Furniture, equipment and computers	**79,066,360**	**(43,150,325)**	**35,916,035**	35,117,732
Computer software	**14,157,497**	**(8,001,688)**	**6,155,809**	5,482,485
Large machinery	**17,561,196**	**(4,833,319)**	**12,727,877**	12,824,991
	$ 615,670,596	**$ (225,109,065)**	**$ 390,561,531**	$ 392,010,438

Amortization expense for the year is $31,385,847 (2019 - $27,352,977) comprised of amounts relating to the prepaid land lease of $94,769 (2019 – $94,769) and capital assets of $ 31,291,078 (2019 - $27,258,208).

9. DEFERRED REVENUE

	2020	2019
Advance tuition fees	**$ 95,568,932**	$ 87,676,506
Unexpended grants	**9,019,268**	9,738,656
Other	**4,765,306**	4,289,230
	$ 109,353,506	$ 101,704,392

10. BANK LOANS

The College has a $20,000,000 (2019 - $10,000,000) operating line of credit. No amount has been drawn upon this operating line of credit as of March 31, 2020. The College has $1,353,415 (2019 - $1,353,415) in letters of credit outstanding as of March 31, 2020. In addition, the College has an unused demand instalment loan facility of $2,145,000. The bank loan outstanding at year-end is as follows:

	2020	2019
Demand loan bearing interest at prime minus 25bps, repayable in monthly instalments of $15,667 excluding interest through 2027. This loan is secured by a general security agreement on all assets of the Student Associtiion (Progress Campus Student Centre)	**$ 1,315,999**	$ 1,503,999

Assuming the demand loan is not called, the principal amounts due within the next five years and thereafter are as follows:

2021	$ 188,000
2022	188,000
2023	188,000
2024	188,000
2025	188,000
Thereafter	375,999
	$ 1,315,999

11. TERM DEBT AND LONG TERM DEBT

(i) The College has partially financed the acquisition of the T-Block (previous student residence) building through an unsecured non-revolving swap bank loan, repayable in monthly installments of $90,900 principal and interest and is due on demand. The College has fixed its interest rate at 6.82% through an interest rate swap for the term of the loan. The interest rate includes a credit spread of 0.35%. The interest rate swap is a derivative financial instrument. It has effectively locked in a fixed rate through 2026.

The fair value of the interest rate swap (in favour of the bank) of $1,110,004 (2019- $1,152,519) is recorded on the statement of remeasurement gains and losses.

(ii) The College has partially financed the building of the Athletic & Wellness Centre, Progress Campus through a fifteen year unsecured term loan from the Ontario Financing Authority (OFA). The term loan carries interest, compounded semi-annually, equal to the Province of Ontario’s cost of funds for a fifteen-year amortizing bond plus 0.40%. The maturity date of the term loan is November 30, 2026.

11. TERM DEBT AND LONG TERM DEBT (continued)

(iii) The College has partially financed the construction of the library and student hub at Ashtonbee Campus through a fifteen year unsecured term loan from the Ontario Financing Authority (OFA). The term loan carries interest equal to the Province of Ontario's cost of funds for a fifteen-year amortizing bond plus 0.275%. The maturity date of the term loan is September 26, 2029.

	2020	2019
Term debt on the T-Block (Note i)	**$ 5,715,788**	$ 6,412,133
Long term debt		
OFA loan on the Athletic & Wellness Centre (Note ii)	**$ 9,204,723**	$ 10,336,904
OFA loan on the Library - Ashtonbee Campus (Note iii)	**11,806,097**	12,838,772
Total long term debt	**21,010,820**	23,175,676
Less: Current portion	**(2,243,403)**	(2,164,857)
	$ 18,767,417	$ 21,010,819

Assuming the demand loan is not called (note i), the principal amounts due within the next five years and thereafter are as follows:

	Student Residence	**Athletic & Wellness Centre**	**Ashtonbee Campus Liabrary**	**Total**
2021	$ 742,759	$ 1,174,552	$ 1,068,851	$ 2,986,162
2022	792,266	1,218,508	1,106,294	3,117,068
2023	845,073	1,264,109	1,145,049	3,254,231
2024	901,400	1,311,417	1,185,162	3,397,979
2025	961,482	1,360,495	1,226,680	3,548,657
Thereafter	1,472,808	2,875,642	6,074,061	10,422,511
	$ 5,715,788	$ 9,204,723	$ 11,806,097	$ 26,726,608

12. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

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

	2020			
	Post-employment Benefits	**Non-vested sick leave**	**Vested sick leave**	**Total liablity**
Accrued employee future benefits obligtions	**$ 1,693,000**	**$ 8,288,000**	**$ 337,000**	**$ 10,318,000**
Value of plan assets	**(380,000)**	**-**	**-**	**(380,000)**
Unamortized acturial gains (losses)	**85,000**	**(3,485,000)**	**(150,000)**	**(3,550,000)**
Total liability	**$ 1,398,000**	**$ 4,803,000**	**$ 187,000**	**$ 6,388,000**

	2019			
	Post-employment Benefits	Non-vested sick leave	Vested sick leave	Total liablity
Accrued employee future benefits obligtions	$ 1,592,000	$ 4,148,000	$ 501,000	$ 6,241,000
Value of plan assets	(290,000)	-	-	(290,000)
Unamortized acturial gains (losses)	83,000	683,000	(195,000)	571,000
Total liability	$ 1,385,000	$ 4,831,000	$ 306,000	$ 6,522,000

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

	2020			
	Post-employment Benedits	**Non-vesting sick leave**	**Vesting sick leave**	**Total liablity**
Current year benefit cost	$ 36,000	$ 227,000	$ 22,000	$ 285,000
Interest on accrued benefit obligation	4,000	85,000	10,000	99,000
Amortized acturaial losses / (gains)	(14,000)	(3,000)	(34,000)	(51,000)
Total Expense(recovery)	**$ 26,000**	**$ 309,000**	**$ (2,000)**	**$ 333,000**

	2019			
	Post-employment Benedits	Non-vesting sick leave	Vesting sick leave	Total liablity
Current year benefit cost	$ 124,000	$ 213,000	$ 22,000	$ 359,000
Interest on accrued benefit obligation	4,000	106,000	14,000	124,000
Amortized acturaial losses / gains	(14,000)	(15,000)	2,000	(27,000)
Total Expense(recovery)	$ 114,000	$ 304,000	$ 38,000	$ 456,000

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

Retirement Benefits

<u>CAAT Pension Plan</u>

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

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

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 triennial actuarial valuation filed with pension regulators as at January 1, 2020 indicated an actuarial surplus of $2.9 billion (2019 - $2.6 billion). The College made contributions to the Plan and its associated retirement compensation arrangement of $14,755,830 in 2020 (2019 - $13,809,825), which has been included in the statement of operations.

Post-Employment Benefits

The College extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The College recognizes these benefits as they are earned during the employees' tenure of service. The 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:

a) Discount rate

The present value of employee future benefits as at March 31, 2020 was determined using a discount rate of 1.60% (2019 – 2.20%), while the 2020 period expense was calculated using a discount rate of 2.20% (2019 – 2.60%).

b) Drug Costs

Drug costs were assumed to increase at a 8.0% rate for 2018 and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040.

c) Hospital and other medical

Hospital and other medical costs were assumed to increase at 4.0% per annum (2019 - 4.0%)

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

d) Dental costs

For the fiscal 2020 and 2019 disclosure, dental costs and premium increases were assumed to increase at 4.0% per annum.

e) Retirement rates

3.1% per annum starting at eligibility for reduced pension, increasing to 16% per annum after reaching eligibility for unreduced pension, with the remainder at age 65.

f) Expected return on assets

For the fiscal 2020 and 2019 disclosure, expected return on assets was assumed to increase at 2.2% per annum.

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

Compensated Absences

Vested Sick Leave

The College has provided for vested sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive 50% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

Non-Vested Sick Leave

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

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

	2020	2021	Thereafter
Wage and salary escalation - support staff	1.5%	1.5%	1.5%
Wage and salary escalation - academic staff	2.0%	2.0%	1.5%

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 23.7% and 0 to 46.1 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

13. DEFERRED CONTRIBUTIONS

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

	2020	2019
Balance, beginning of year	**$ 6,956,000**	$ 4,802,930
Less amounts recognized as revenue in the year	**(6,236,539)**	(3,573,812)
Add amounts received during the year	**6,779,370**	5,726,882
	$ 7,498,831	$ 6,956,000

13. DEFERRED CONTRIBUTIONS (continued)

Comprised of

	2020	2019
Scholarship and bursaries	**$ 3,642,181**	$ 3,328,174
Endowment interest funds - internally restricted	**1,851,646**	1,505,882
Endowment interest funds - externally restricted	**1,485,281**	1,658,958
Joint employment stability reserve	**519,723**	462,986
	$ 7,498,831	$ 6,956,000

14. 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:

	2020	2019
Balance, beginning of year	**$ 166,491,928**	$ 120,480,771
Less amortization of deferred capital contributions	**(9,166,850)**	(8,170,560)
Add transfer from CIP	**-**	44,200,000
Add contributions received for capital purposes	**4,622,503**	9,981,717
Balance, end of year	**$ 161,947,581**	$ 166,491,928

As at March 31, 2020 there were $3,517,532 (2019 - $1,998,974) of deferred capital contributions received which were not spent.

15. DEFERRED CAPITAL CONTRIBUTIONS RELATING TO CONSTRUCTION IN PROGRESS

Deferred capital contributions relating to construction in progress represents the amount of restricted funding received for capital projects currently in progress.

	2020	2019
Balance, beginning of year	**$ 456,215**	$ 42,414,511
Less amounts transferred to assets in the year	**-**	(44,200,000)
Add contributions received for capital purposes	**40,630**	2,241,704
Balance, end of year	**$ 496,845**	$ 456,215

As at March 31, 2020, unspent deferred capital contributions received relating to construction in progress were $496,845 (2019 - $456,215).

16. INVESTMENT IN CAPITAL ASSETS

A. Investment in capital assets represents the following:

	2020	2019
Capital assets (Note 8)	**$ 390,561,531**	$ 392,010,438
Construction in progress (Note 7)	**5,220,601**	-
	$ 395,782,132	392,010,438
Less amounts financed by:		
Residence and culinary arts centre liability	**19,191,914**	19,199,864
Residence and culinary arts centre deferred revenue	**54,571,646**	55,771,023
Accounts payable and accrued liabilities	**2,921,836**	3,629,597
Term debt (Note 11)	**26,726,608**	29,587,809
Deferred capital contributions - spent (Note 14,15)	**158,072,845**	164,493,454
Balance, end of year	**$ 134,297,283**	$ 119,328,691

B. Change in net assets invested in capital assets is calculated as follows:

	2020	2019
Deficiency of revenues over expenditures:		
Amortization of deferred capital contributions related to capital assets (Note 15)	**$ 9,166,850**	$ 8,170,560
Amortization of capital assets (Note 8)	**(31,291,078)**	(27,258,208)
	$ (22,124,228)	$ (19,087,648)
Net change in investment in capital assets		
Purchase of capital assets and CIP	**35,062,773**	53,116,751
Amount funded by deferred capital contributions	**(2,746,241)**	(18,468,007)
Amounts funded by account payable	**707,760**	(1,992,318)
Amounts funded by residence and culinary arts centre lia	**7,950**	7,341
Amounts funded by residence and culinary arts centre de	**1,199,377**	1,199,377
Repayment of capital lease	**-**	255,763
Repayment of term debt and long term debt	**2,861,201**	2,741,894
	37,092,820	36,860,800
Balance, end of year	**$ 14,968,592**	$ 17,773,152

17. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets represents money set aside by College senior management towards:

i) an international student scholarship fund and matching funds for selected fundraising activities towards student endowments. A commitment has been made by College senior management to contribute 1% of international education tuition fees to this fund annually. As of March 31, 2020, the College's internally restricted scholarship and fundraising fund amounted to $14,005,970 (2019 – $11,942,603).

ii) a building improvements fund. The College Board of Governors approved as of March 31, 2020, an internally restricted building improvements fund in order to provide the necessary resources required for the realization of the college's master campus plan. As at March 31, 2020, the College's internally restricted building improvements fund amounted to $172,650,000 (2019 - $175,000,000), the use of these funds represents disbursements towards the College's A Block Expansion Project.

18. EXTERNALLY RESTRICTED NET ASSETS

Externally restricted net assets include restricted donations received by the College where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with 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.

Externally restricted endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust for Student Support (OTSS). Under these programs, which have now ended, the government matched funds raised by the College. The purpose of the program was to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend College.

Schedule of Changes in Endowment Fund Balances
For the Year Ended March 31,

	2020					2019
	OSOTF I	**OSOTF II**	**OTSS**	**OTHER**	**TOTAL**	TOTAL
Fund balance at beginning of year	**$ 343,800**	**$ 1,391,901**	**$ 11,928,080**	**$ 4,881,902**	**$18,545,683**	$ 18,103,213
Cash donations received	**-**	**-**	**-**	**604,450**	**604,450**	442,470
Fund balance at end of year	**$ 343,800**	**$ 1,391,901**	**$ 11,928,080**	**$ 5,486,352**	**$19,150,133**	$ 18,545,683

18. EXTERNALLY RESTRICTED NET ASSETS (continued)

Schedule of Changes in Enexpendable Funds Available for Awards
For the Year Ended March 31,

	2020					2019
	OSOTF I	**OSOTF II**	**OTSS**	**OTHER**	**TOTAL**	TOTAL
Balance, beginning of year	**$ 44,495**	**$ 214,187**	**$ 1,072,606**	**$ 306,179**	**$ 1,637,467**	$ 1,204,616
Investment income, net of direct investment related expenses	**4,952**	**20,048**	**186,153**	**108,099**	**319,252**	693,220
Bursaries awarded	**-**	**(18,670)**	**(303,999)**	**(148,678)**	**(471,347)**	(260,370)
Balance at end of year	**$ 49,447**	**$ 215,565**	**$ 954,760**	**$ 265,600**	**$ 1,485,372**	$ 1,637,466
Bursaries awarded (#)	-	11	374	121	506	190

19. FINANCIAL INSTRUMENT RISK MANAGEMENT

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic resulting in economic uncertainties impacting the College's financial instrument risks as outlined below. At this time, the full potential impact of COVID-19 on the College is not known (Note 21).

Credit risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, debt holdings in its investment portfolio, long-term receivable and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up $100,000 (2019 - $100,000).

Subsequent to year end, the credit risk related to the College's bond holdings has increased due to the impact of COVID-19, which could lead to potential losses.

The College's investment policy operates within the constraints of the investment guidelines issued by the Ministry of Colleges and Universities (the "MCU") and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis. The guidelines permit the College's funds to be invested in bonds issued by the Government of Canada, a Canadian province or a Canadian municipality having a rating of A or better, or corporate investments having a rating of A (R-1) or better.

Credit risk on accounts receivables and long-term receivables are mitigated by financial and system controls on past due accounts.

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. Subsequent to year end, the credit risk related to the College'accounts receivable for tuition revenue has increased due to the impact of COVID-19, which could lead to potential losses.

19. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The amounts outstanding at year end were as follows:

Amount past due	**2020**				
	Total	**Current**	**>30 days**	**61 - 90 days**	**> 90 days**
Government receivables	**$ 1,876,897**	**$ 1,876,897**	**$ -**	**$ -**	**$ -**
Student receivables	**5,466,558**	**319,106**	**265,268**	**2,296,990**	**2,585,194**
Non student receivables	**1,724,612**	**1,360,950**	**143,016**	**43,092**	**177,554**
Other receivables	**9,007,249**	**9,007,249**	**-**	**-**	**-**
Gross receivables	**$ 18,075,316**	**$ 12,564,202**	**$ 408,284**	**$ 2,340,082**	**$ 2,762,748**
Less: impairment allowances	**(3,093,134)**				
Net receivables	**$ 14,982,182**				
Long-term receivables	**$ 4,148,338**				

Amount past due	2019				
	Total	Current	>30 days	61 - 90 days	> 90 days
Government receivables	$ 2,851,017	$ 2,851,017	$ -	$ -	$ -
Student receivables	4,544,464	379,740	226,882	2,094,704	1,843,138
Non student receivables	1,674,386	811,524	167,681	535,625	159,556
Other receivables	10,459,539	10,459,539	-	-	-
Gross receivables	$ 19,529,406	$ 14,501,820	$ 394,563	$ 2,630,329	$ 2,002,694
Less: impairment allowances	(2,040,616)				
Net receivables	$ 17,488,790				
Long-term receivables	$ 6,671,624				

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The College's investment policy operates within the constraints of the investment guidelines issued by the Ministry of Colleges and Universities. The policy's application is monitored by management and the board of governors. Diversification techniques are utilized to minimize risk.

Subsequent to year end, COVID-19 has had a significant effect on the financial markets. The College's investments in equity instruments (see Note 3) measured at fair value are reported in these financial statements at their values on March 31, 2020.

19. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Currency risk

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time at different foreign College levels when adverse changes in foreign currency College rates occur. The College carries a bank balance and conducts transactions in both US dollars and Canadian dollars. The College also holds bank accounts in Australia, India, Singapore and South Korea; however, the College does not conduct material transactions in currencies other than US and Canadian dollars. The College mitigates currency risk by demanding payment of receivables in Canadian or US dollars and the College employs a natural hedge by directing the College's US dollar holdings to support foreign operations.

The College has the following financial instruments denominated in foreign currencies:

		2020			
Cash	**Currency**	**Amount in Foreign Currency**	**Exchange Amount**	**Exchange Rate (%)**	**Amount in Canadian Dollars**
United States US Dollars	USD	$ 12,214,704	$ 5,114,297	141.87%	$ 17,329,001
Australian Dollars	AUD	3,274	(434)	86.74%	2,840
Indian Rupee	INR	11,688,559	(11,468,580)	1.88%	219,979
Singapore Dollar	SGD	35,645	(125)	99.65%	35,520
South Korean Won	KRW	84,764,577	(84,665,911)	0.12%	98,666
Vietnam Dollars	VND	318,149,876	(318,130,787)	0.01%	19,089
					$ 17,705,095
Accounts Payable and Accruals					
United States US Dollars	USD	74,071	31,014	141.87%	105,085

19. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

2019

Cash	Currency	Amount in Foreign Currency	Exchange Amount	Exchange Rate (%)	Amount in Canadian Dollars
United States US Dollars	USD	$ 13,321,418	$ 4,479,993	133.63%	$ 17,801,411
Australian Dollars	AUD	1,770	(92)	94.80%	1,678
Indian Rupee	INR	1,977,267	(1,939,066)	1.93%	38,201
Singapore Dollar	SGD	59,945	(821)	98.63%	59,124
South Korean Won	KRW	4,182,305	(4,177,391)	0.12%	4,914
Vietnam Dollars	VND	494,812,604	(494,783,905)	0.01%	28,699
					$ 17,934,027
Accounts Payable and Accruals					
United States US Dollars	USD	222,232	74,737	133.63%	296,969

Subsequent to the year end the Canadian dollar strengthended by approximately 1.78% in relation to the U.S. Dollar.

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 term debt through a derivative financial instrument that exchanges the variable rate inherent in the term debt for a fixed rate (see Note 11 (i)). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

At March 31, 2020, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of the interest rate swap of $218,481 (2019 - $277,811)

A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College’s bank loans of $6,610 (2019 – $19,081).

The College’s investment portfolio has interest rates ranging from 1.61% to 8.75% with maturities ranging from October 28, 2021 to August 14, 2028. As at March 31, 2020, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of investments of $709,694 (2019 - $2,214,662).

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.

19. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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 by maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The follow table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities assuming demand loans are not called):

	2020				
	Within 6 months	**6 months to 1 year**	**1 - 5 years**	**> 5 years**	**Total**
Accounts payable and accruals	$ 46,180,049	$ -	$ -	$ -	$ 46,180,049
Bank loans	94,000	94,000	752,000	375,999	1,315,999
Term debt	1,477,096	1,509,065	13,317,937	10,422,510	26,726,608
Lease liability	3,387	5,145	41,740	19,141,642	19,191,914
	$ 47,754,532	**$1,608,210**	**$14,111,677**	**$29,940,151**	**$ 93,414,570**

	2019				
	Within 6 months	6 months to 1 year	1 - 5 years	> 5 years	Total
Accounts payable and accruals	$ 40,640,967	$ -	$ -	$ -	$ 40,640,967
Bank loans	94,000	94,000	752,000	563,999	1,503,999
Term debt	1,415,340	1,445,860	12,755,441	13,971,168	29,587,809
Lease liability	3,886	4,065	31,804	19,160,109	19,199,864
	$ 42,154,193	$ 1,543,925	$ 13,539,245	$ 33,695,276	$ 90,932,639

Derivative financial liabilities mature as described in Note 11.

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

20. COMMITMENTS

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

2021	**$**	**1,041,176**
2022		**959,118**
2023		**770,921**
2024		**680,971**
2025		**659,579**
Thereafter		**3,481,581**
Total commitments	**$**	**7,593,346**

The College has been named as a defendant in several litigations alleging actual and punitive damages. The College has made a provision management believes will be sufficient based on the amount of the claims, however management is not able to determine the final outcome of these claims. Settlement, if any, will be accounted for during the period of resolution.

21. SUBSEQUENT EVENT

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of this, on March 23, 2020, the government of Ontario ordered the closure of all non-essential businesses effective March 24, 2020, through to at least May 29, 2020. In addition, the Canadian government has imposed travel restrictions to Canada until further notice.

On March 17, the College closed its campuses and learning sites and they remain closed to the date of the auditor's report. The plan for continuing education throughout the summer and fall semesters offered by the College will be through online curriculum which could have implications on number of course offerings, enrollment and ancillary revenues.

A significant portion of the College's tuition revenues is derived from international students. If the Canadian border remains closed, this will impact the College's ability to earn revenue from International students who choose to defer their studies until in class sessions resume and travel restrictions are lifted.

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, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak 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 results of operations, financial condition, or liquidity at this time.

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Schedule of Grants and Reimbursements
For the year ended March 31 **Schedule 1**

		2020		2019
General operating grant	**$**	**46,841,296**	$	50,148,942
Apprenticeship		**7,958,189**		7,610,516
Special project grants		**9,866,225**		13,893,416
Grant in lieu of municipal taxation		**780,150**		621,375
Sick leave gratuities		**105,420**		108,724
Other grants		**1,524,634**		2,475,966
	$	**67,075,914**	$	74,858,939

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Schedule of Ancillary Operations
For the year ended March 31, **Schedule 2**

	2020						2019
	Bookstores	**Centennial Place**	**Parking**	**Food Service**	**MyCard**	**Total**	Total
REVENUE	**$ 479,112**	**$ 237,075**	**$ 3,633,292**	**$ 574,255**	**$ 452,456**	**$ 5,376,190**	$ 5,592,550
EXPENDITURE							
Cost of goods sold	**-**	**-**	**1,196,881.00**	**-**	**(6,840.00)**	**1,190,041.00**	1,142,400
Salaries & benefits	**107,789**	**-**		**-**	**155,036**	**262,825**	316,870
Rent and taxes	**-**	**-**	**149,727**	**-**	**-**	**149,727**	133,802
Contract services	**-**	**-**	**541,329**	**12,029**	**887**	**554,245**	689,198
Utilities	**-**	**-**	**-**	**-**	**-**	**-**	-
Residence internal recovery	**-**	**-**	**-**	**-**	**-**	**-**	-
Other operating expense	**-**	**-**	**893,960**	**1,641**	**146,626**	**1,042,227**	732,126
	107,789	**-**	**2,781,897**	**13,670**	**295,709**	**3,199,065**	3,014,396
EXCESS OF REVENUE OVER EXPENDITURES	**$ 371,323**	**$ 237,075**	**$ 851,395**	**$ 560,585**	**$ 156,747**	**$ 2,177,125**	$ 2,578,154