The Conestoga College Institute of Technology and Advanced Learning

FINANCIAL STATEMENTS

March 31, 2019

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

INDEX OF CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

Year Ended March 31, 2019

Independent auditor's report

To the Board of Governors of The Conestoga College Institute of Technology and Advanced Learning

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Conestoga College Institute of Technology and Advanced Learning and its subsidiary (together, the Entity) as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Entity's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2019;
- the consolidated statement of revenue and expenditure and change in fund balances for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in fund balances for the year then ended;
- the consolidated statement of remeasurement gains and losses for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 consolidated financial statements* section of our report.

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

Independence

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

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 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 Entity'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 Entity'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 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 auditor's report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
May 29, 2019

Statement 1

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Financial Position

March 31, 2019, with comparative figures for March 31, 2018

ASSETS	**2019**	**2018**
Current Assets:		
Cash and short-term deposits (Note 9)	$142,486,370	$56,183,115
Investments	-	20,102,610
Grants receivable	3,681,195	2,739,864
Accounts receivable	10,258,144	7,830,615
Current portion of pledges receivable (Note 3)	1,874,088	1,245,614
Inventory	1,085,900	812,695
Prepaid expenses	1,012,733	460,271
	160,398,430	**89,374,784**
Long term investments	-	2,330,430
Long term pledges receivable (Note 3)	17,955,695	19,036,609
Capital assets (Note 4)	245,877,236	218,149,442
	$424,231,361	**$328,891,265**
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$26,126,038	$26,337,634
Vacation pay accrual	11,294,823	11,426,305
Deferred revenue	92,278,397	44,338,747
Current portion of long-term debt (Note 5)	2,226,377	2,165,328
Deferred contributions (Note 6)	2,278,101	1,790,408
	134,203,736	**86,058,422**
Long term debt (Note 5)	26,066,435	28,292,812
Deferred capital contributions (Note 7)	155,004,463	144,796,962
Post-employment benefits and compensated absences (Note 8)	6,349,000	6,326,000
	321,623,634	**265,474,196**
FUND BALANCES (DEFICITS)		
Unrestricted:		
Operations	52,017,551	32,569,135
Vacation	(11,294,823)	(11,426,305)
Post-employment benefits and compensated absences	(6,349,000)	(6,326,000)
	34,373,728	**14,816,830**
Investment in capital assets (Note 4)	62,579,961	42,894,340
Externally restricted fund balances:		
Restricted	421,774	427,964
Endowed	5,232,264	5,005,908
	102,607,727	**63,145,042**
Accumulated Remeasurement Gains	-	272,027
	$424,231,361	**$328,891,265**

Commitments (Note 10)

See accompanying notes to Consolidate Financial Statements

APPROVED BY THE BOARD

Lydia Chudleigh

Lydia Chudleigh, Board Chair

John Tibbits, President

Statement 2

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Revenue and Expenditure and Change in Fund Balances

Year ended March 31, 2019, with comparative figures for March 31, 2018

Revenue	**2019**	**2018**
Grants	94,389,151	86,981,191
Tuition Fees	146,541,032	95,623,784
Other Student Fees	22,199,403	18,086,373
Contracted Services	15,672,127	12,997,461
Ancillary Operations	18,035,984	15,474,119
Interest	2,192,397	974,880
Other	8,253,236	5,432,939
Restricted revenue	1,732,752	1,450,841
Amortization of deferred capital contributions (Note 7)	7,123,471	6,304,081
Total revenue	**316,139,553**	**243,325,669**
Expenditures		
Salaries and benefits	179,545,741	147,814,602
Professional and contract fees	20,764,584	15,548,978
Student related expenses	16,855,608	14,774,258
Supplies and staff related expenses	5,760,929	4,920,005
Plant related expenses	19,284,070	12,299,700
Other expenses	13,437,403	8,210,066
Specifically reimbursed expenses	3,283,391	4,633,302
Amortization of capital assets	13,565,230	11,498,633
Scholarships, bursaries and work-study	4,406,268	4,283,135
Total expenditures	**276,903,224**	**223,982,679**
Excess of revenue over expenditures	**39,236,329**	**19,342,990**
Fund balances, beginning	63,145,042	43,407,893
Endowment contributions	226,356	394,159
Fund balances, ending	**$102,607,727**	**$63,145,042**

See accompanying notes to financial statements

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative figures for March 31, 2018

Net Inflow (Outflow) of Cash Related to the Following Activities	**2019**	**2018**
Operating		
Excess of revenue over expenditure – Restricted Fund	$(6,190)	$16,630
Excess of revenue over expenditure – Operating Fund	39,242,519	19,326,360
Items not involving cash:		
Amortization of capital assets	13,565,230	11,498,633
Amortization of deferred capital contributions	(7,123,471)	(6,304,081)
Post-employment benefit and compensated absences expense	541,000	290,000
	46,219,088	**24,827,542**
Cash paid for post-employment benefits and compensated absences	(518,000)	(529,000)
Changes in non-cash working capital items:		
Grants receivable	(941,331)	1,076,193
Accounts receivable	(2,427,529)	(263,513)
Inventory	(273,205)	195,394
Prepaid expenses	(552,462)	70,178
Accounts payable	(1,756,091)	4,417,769
Vacation pay accrual	(131,482)	561,290
Deferred revenue	47,939,650	16,975,278
	87,558,638	**47,331,131**
Financing		
Deferred Contribution	487,693	254,240
Endowment contributions	226,356	394,159
Accumulated remeasurement gain interest rate swap	-	6,814
Repayment of long-term debt (Note 5)	(2,165,328)	(2,595,947)
	(1,451,279)	**(1,940,734)**
Capital		
Deferred capital contributions	17,330,972	14,015,561
Purchase of capital assets:	(39,748,529)	(35,912,355)
	(22,417,557)	**(21,896,794)**
Investing		
Realized gain recognized as income on endowment fund investment	(272,027)	(117,873)
Net change in pledges receivable	452,440	1,165,082
Net sale (purchase) of investments (net)	22,433,040	7,872,457
	22,613,453	**8,919,666**
Net Cash Inflow	86,303,255	32,413,269
Cash and short term deposits, beginning of year	56,183,115	23,769,846
Cash and short term deposits, end of year	**$142,486,370**	**$56,183,115**

See accompanying notes to financial statements

Statement 4

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Changes in Fund Balances

Year ended March 31, 2019, with comparative figures for March 31, 2018

	Operations	Vacation	Post-employment benefits and compensated absences	Investment in Capital Assets	Restricted Fund	Endowment Fund	Total 2019	Total 2018
Balances March 31, 2018	$32,569,135	($11,426,305)	($6,326,000)	$42,894,340	$427,964	$5,005,908	$63,145,042	$43,407,893
Excess of revenue over expenditure (expenditure over revenue)	45,684,278			(6,441,759)	(6,190)		39,236,329	19,342,990
Vacation Pay	(131,482)	131,482					-	-
Post employment benefits and compensated absences	23,000		(23,000)				-	-
Capital asset additions financed with operating funds	(23,962,052)			23,962,052			-	-
Repayment of long-term debt	(2,165,328)			2,165,328			-	-
Endowment contributions						226,356	226,356	394,159
Fund balances (deficits), end of year	**$52,017,551**	**$(11,294,823)**	**$(6,349,000)**	**$62,579,961**	**$421,774**	**$5,232,264**	**$102,607,727**	**$63,145,042**

See accompanying notes to financial statements

Statement 5

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2019, with comparative figures for March 31, 2018

	Operating Fund	Restricted Fund	Total 2019	Total 2018
Accumulated remeasurement gains (losses) at beginning of year	$ -	$272,027	$272,027	$293,561
Unrealized gains attributable to interest rate swap	-	-	-	6,814
Change in unrealized gains on investments	-	(272,027)	$ (272,027)	(28,348)
Accumulated remeasurement gains at end of year	$ -	$ -	$-	$272,027

See accompanying notes to financial statements

The Conestoga College Institute of Technology and Advanced Learning ("Conestoga") was established pursuant to Ontario regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. Conestoga is an agency of the Crown and provides postsecondary, vocationally oriented education in the areas of applied arts, business, health sciences, and technology.

Conestoga operates on a not-for-profit basis and is registered charity and, as such, is exempt from income taxes under the Income Tax Act (Canada).

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE

BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of Conestoga and its wholly-owned subsidiary, Conestoga College Communications Corp., a not-for-profit corporation that is licensed by the Canadian Radio-Television and Telecommunications Commission to operate a radio station.

BASIS OF PRESENTATION

The consolidated financial statements of Conestoga have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs") and includes the following significant accounting policies.

REVENUE RECOGNITION

Conestoga follows the deferral method of accounting for contributions which include donations and government grants.

Tuition fees are recorded over the term of the semester. Fees received for semesters not yet completed or for semesters commencing in a subsequent fiscal period are recorded as deferred revenue.

Contracted services 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 prices are fixed and determinable, and collection is reasonably assured.

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

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

Restricted contributions for the purchase of depreciable capital assets are deferred and recognized as revenue over the useful life of the related asset.

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

Restricted investment income that must be maintained as an endowment is credited to net assets. Unrestricted investment income is recognized as revenue when earned.

USE OF ESTIMATES

The preparation of the consolidated financial statements, in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Areas of key estimation include determination of allowance for doubtful accounts, amortization of capital assets, amortization of deferred capital contributions, vacation pay accrual, and actuarial estimation of post-employment benefits and compensated absences liabilities.

RETIREMENT AND POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

Conestoga provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and non-vesting sick leave. Conestoga 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. Adjustment to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.

ii. The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

iii. The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

iv. The discount rate used in the determination of the above-mentioned liabilities is equal to Conestoga's internal rate of borrowing.

VALUATION OF INVENTORY

Inventories are valued at the lower of cost and net realizable value. Cost is determined on an average cost basis.

PLEDGES RECEIVABLE

Pledges receivable includes corporate pledges for major capital projects as well as the portion of the student capital development fee receivable which is applied to Conestoga's building assets. Pledges receivable are recognized if the amount to be received is reasonably estimated and the ultimate collection is reasonably assured.

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 Conestoga'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 an impaired capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Construction in progress costs are capitalized as incurred. They are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are placed in service.

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:

Site Improvements	10 years
Buildings & building improvements	20 to 40 years
Furniture and Equipment	5 years
Information Technology	2 to 5 years
Leasehold improvements	Term of the lease

VACATION PAY

Conestoga recognizes vacation pay as an expense on an accrual basis.

FINANCIAL INSTRUMENTS

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

Fair value

This category includes derivatives, cash, short term deposits and investments. 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 of the appropriate fund.

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.

Amortized cost
This category includes grants receivable, accounts receivable, long-term receivable, accounts payable and accrued liabilities, bank loans and term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

Writedowns on the 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.

2. FINANCIAL INSTRUMENTS 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.

			2019
	Fair Value	**Amortized Cost**	**Total**
Cash and short term deposits	$142,486,370		$142,486,370
Grants receivable		$3,681,195	3,681,195
Accounts receivable		10,258,144	10,258,144
Pledges receivable		19,829,783	19,829,783
Accounts payable and accrued liabilities		26,126,038	26,126,038
Long term debt		28,292,812	28,292,812

			2018
	Fair Value	**Amortized Cost**	**Total**
Cash and short term deposits	$56,183,115		$56,183,115
Investments	22,433,040		22,433,040
Grants receivable		2,739,864	2,739,864
Accounts receivable		7,823,602	7,823,602
Pledges receivable		20,282,223	20,282,223
Accounts payable and accrued liabilities		26,337,634	26,337,634
Long term debt		30,458,140	30,458,140

Investments include an investment pooling arrangement and a non-redeemable short term GIC with a Canadian financial institution.

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 (ie 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 date (unobservable inputs).

				2019
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and short-term deposits	$142,486,370			$142,486,370

				2018
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and short-term deposits	$56,183,115			$56,183,115
Investments	19,330,430	$3,102,610		22,433,040
Total	$75,513,545	$3,102,610	-	$78,616,155

3. PLEDGES RECEIVABLE

Pledges receivable includes corporate pledges of $3,200,000 (2018-$0) for major capital projects, as well as the student capital development fees which are related to the Recreation Centre building assets and the Waterloo Campus assets of $16,629,783 (2018-$20,282,223).

4. CAPITAL ASSETS

(a) Capital assets consist of the following

	Capital Costs	Accumulated Amortization	2019 Net Book Value
Land	$21,812,001	-	$21,812,001
Site Improvements	8,061,645	$5,462,728	2,598,917
Buildings and Building Improvements	280,232,745	75,130,183	205,102,562
Furniture and Equipment	38,318,815	26,031,527	12,287,288
Information Technology	25,628,996	22,953,633	2,675,363
Other Assets	3,057,984	1,656,879	1,401,105
	$377,112,186	$131,234,950	$245,877,236

	Capital Costs	Accumulated Amortization	2018 Net Book Value
Land	$20,157,501		$20,157,501
Site Improvements	5,591,040	$5,104,805	486,235
Buildings and Building Improvements	217,902,652	68,394,901	149,507,751
Furniture and Equipment	30,928,341	24,418,874	6,509,467
Information Technology	24,729,500	22,222,725	2,506,775
Other Assets	1,714,597	1,403,803	310,794
Construction in Process	38,670,919	-	38,670,919
	$339,694,550	$121,545,108	$218,149,442

(b) Investment in Capital Assets

The net book value of capital assets is financed by:	**2019**	**2018**
Capital assets	$245,877,236	$218,149,442
Deferred capital contributions	(155,004,463)	(144,796,962)
Long term debt	(28,292,812)	(30,458,140)
Investment in capital assets ending balance	$62,579,961	$42,894,340

Excess of expenditure over revenue	**2019**	**2018**
Amortization of deferred capital contributions	$7,123,471	$6,304,081
Amortization of capital assets	(13,565,230)	(11,498,633)
Excess of expenditure over revenue for the year	($6,441,759)	($5,194,552)

Year Ended March 31, 2019

5. LONG TERM DEBT

	2019	**2018**
Ontario government Residence Loan bearing interest at 3.511%. Repayable in May and November each year in a blended payment of $634,494, due May 4, 2027.	$9,256,202	$10,175,917
Student Rec Centre Loan from Ontario Financing Authority bearing interest at 2.273%. Repayable in April and October each year in a blended payment of $849,795, due October 6, 2031.	19,036,610	20,282,223
	28,292,812	30,458,140
Less: Current Portion	2,226,377	2,165,328
	$26,066,435	$28,292,812

The Consolidated Statements of Revenue and Expenditure and Changes in Fund Balances include interest expense related to long term debt in the amount of $777,583 (2017-$841,187).

The estimated principal portion of long term debt payments are as follows.

2020	2,226,377
2021	2,289,230
2022	2,353,944
2023	2,420,398
Thereafter	19,002,863
Total	$28,292,812

6. DEFERRED CONTRIBUTIONS

Deferred contributions reported in the Restricted Fund relate to donations received for student bursaries and interest earned on related endowed and unspent funds. Changes in the deferred contributions balance in the Restricted Fund are as follows:

	2019	2018
Beginning balance	$1,790,408	$1,536,168
Add donations and grant received during year	1,424,954	763,352
Add interest earned on endowed and unspent funds	308,231	258,242
Less amounts recognized as revenue in the year	(1,245,492)	(767,354)
Ending Balance	$2,278,101	$1,790,408

7. DEFERRED CAPITAL CONTRIBUTIONS

Contributions restricted for the purpose of capital purchases are deferred and then amortized over the life of the asset at the corresponding rate to amortization.

	Ministry Funded Grants	Other	2019	2018
Opening Balance	$113,834,435	$30,962,527	$144,796,962	$137,085,482
Deferred	11,725,575	5,605,397	17,330,972	14,015,561
Amortization	(5,619,050)	(1,504,421)	(7,123,471)	(6,304,081)
Ending Balance	$119,940,960	$35,063.503	$155,004,463	$144,796,962

The majority of Other Deferred Capital Contributions include funding received from federal funding agencies, municipal agencies, corporate entities, etc.

8. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

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

	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	**2019** Total liability
Accrued employee future benefits obligations	$1,623,000	$5,332,000	$205,000	$7,160,000
Value of plan assets	(305,000)	-	-	(305,000)
Unamortized actuarial losses	(1,000)	(497,000)	(8,000)	(506,000)
Total liability	$1,317,000	$4,835,000	$197,000	$6,349,000

	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	**2018** Total liability
Accrued employee future benefits obligations	$1,514,000	$5,047,000	$233,000	$6,794,000
Value of plan assets	(342,000)	-	-	(342,000)
Unamortized actuarial gains (losses)	21,000	(154,000)	7,000	(126,000)
Total liability	$1,193,000	$4,893,000	$240,000	$6,326,000

	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	**2019** Total expense
Current year benefit cost	$7,000	$273,000	$9,000	$289,000
Interest on accrued benefit obligation	3,000	137,000	6,000	146,000
Amortized actuarial (gains) losses	125,000	(20,000)	1,000	106,000
Total expense	$135,000	$390,000	$16,000	$541,000

				2018
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	($96,000)	$273,000	$8,000	$185,000
Interest on accrued benefit obligation	2,000	98,000	5,000	105,000
Amortized actuarial (gains) losses	(12,000)	(4,000)	16,000	0
Total expense	($106,000)	$367,000	$29,000	$290,000

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

Retirement Benefits

CAAT Pension Plan

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 Pension Plan (the "Plan"), a multi-employer jointly-sponsored defined benefit plan for public colleges in Ontario and other employers. 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. 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 too 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 the regulators as at January 1, 2019 indicated an actuarial surplus of $2.6 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of $13,900,757 (2018- $12,087,864), which has been included in the statement of operations.

Post- Employment Benefits

Conestoga extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. Conestoga 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 as at March 31, 2019 of the future benefits is determined using a discount rate of 2.2% (2018-2.60%).

b) Drug costs

Drug costs are assumed to increase 8.0% per annum in 2019 (2018-8.00%), grading down to 4.0% per annum by 2040.

c) Hospital and other medical

Hospital and other medical costs are assumed to increase at 4.0% per annum in 2019 (2018-4.0%)

Medical premiums are assumed to increase 6.8% per annum in 2019 (2018-6.8%), grading down to 4.0% per annum by 2040.

d) Dental costs

Dental costs are assumed to increase at 4.0% per annum in 2019 (2018-4.0%).

Compensated Absences

Non-Vesting Sick Leave

Conestoga 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.

Vesting Sick Leave

Conestoga has provided for vesting sick leave benefits during the year. Eligible employees after 10 years of service are entitled to receive 50% of their accumulated sick leave credits 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.

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

	2019	2018
Wage and salary escalation	0.50%-1.8%	0.00%-2.0%
Discount rate	2.2%	2.60%

Year Ended March 31, 2019

9. ENDOWED AND RESTRICTED FUND BALANCES

	Student Bursary/ Scholarship/ Loan	Union Employment Stability (Note 11)	Total 2019	Total 2018
Restricted Fund Balance	$36,164	$385,610	$421,774	$427,964

Included in cash, short term deposits, and investments are amounts restricted for endowments, bursaries, scholarships, and restricted funds. Endowed assets represent funds held by Conestoga which have been permanently endowed. The annual income earned on the endowed funds may be used only for the externally restricted purpose specified by the donor. Restricted funds may be expended only for the purpose specified by the donor. The changes during the year in endowed and restricted fund assets are noted below:

	Endowment Fund	Restricted Fund	Total 2019	Total 2018
Opening balance included in cash, short term deposits, and investments	$5,005,908	$2,490,399	$7,496,307	$7,085,518
Contributions	226,356	1,198,598	1,424,454	1,845,000
Bursary and scholarship activity	-	(989,122)	(989,122)	(1,434,211)
Ending balance included in cash, short term deposits, and investments	5,232,264	2,699,875	7,932,139	7,496,307
Deferred contributions and unrealized gains	-	(2,278,101)	(2,278,101)	(2,062,434)
Ending Fund Balance	$5,232,264	$421,774	$5,654,038	$5,433,872

10. COMMITMENTS

Conestoga has entered into various agreements to lease premises and equipment. The equipment leases have built-in options whereby Conestoga is able to purchase the equipment at the end of the lease, or to return the equipment to the lessor. The minimum payments required to the maturity dates of existing leases are as follows:

	Premises	Equipment	Total
2020	1,860,412	19,803	1,880,215
2021	3,211,385	12,269	3,223,654
2022	3,031,656	-	3,031,656
2023	2,905,934	-	2,905,934
2024-2029	6,245,029	-	6,245,029

11. UNION EMPLOYMENT STABILITY FUNDS

These funds are included in the Restricted Fund Balance (note 9) and are required under the terms of the collective agreements for academic and support staff, to be used to enhance employment stability. Under the agreements Conestoga makes annual contributions on a per capita basis. Disbursements must be authorized by a joint Union/College Committee.

12. FINANCIAL INSTRUMENTS RISK MANAGEMENT

CREDIT RISK

Accounts receivable and certain long-term pledges receivable are ultimately due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. Students with funds owing to Conestoga are not able to receive marks, a T2202a tax form or register for the next term. Continuing education students are required to pay in advance before they can be registered in a course.

	Total	Current	Past Due 31-60 days	Past Due 61-90 days	Past Due Over 90
Government receivables	$3,681,195	$3,681,195			
Pledges receivable	19,829,783	19,829,783			
Student receivables	3,955,955	1,551,059	365,117	1,723,188	316,591
Other receivables	6,970,572	6,560,856	275,900	28,539	105,277
Less: bad debt allowance	(682,191)			(260,323)	(421,868)
Net receivables	$33,755,314	$31,622,893	$641,017	$1,491,404	$0

Conestoga estimates its aggregate exposure to credit risk as the sum of its reported balances owing from third parties recorded on the Consolidated Statement of Financial Position.

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

INTEREST RATE RISK

From time to time, Conestoga enters interest rate swap contracts as part of its risk management strategy to minimize exposure to interest rate fluctuations related to floating rate loans and mortgages. Conestoga does not have any floating rate loans or interest rate swap contracts at March 31, 2018 or March 31, 2019. Conestoga has fixed the interest rate on $28,292,812 of long term debt and therefore is not exposed to any interest rate risk on these financial instruments.

CURRENCY RISK

Conestoga does not have any material transactions or financial instruments denominated in foreign currencies.

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

LIQUIDITY RISK

Liquidity risk arises through an excess of financial obligations over available financial assets at any point in time. Conestoga's objective in managing liquidity risk is to maintain sufficient readily available resources in order to meet its financial obligations as they fall due. Management monitors rolling forecasts of Conestoga's liquidity reserve (comprises undrawn borrowing facility, cash and cash equivalents) on the basis of expected cash flow. Conestoga currently settles its financial obligations out of cash and cash equivalents. The following table sets out the contractual maturities at the fiscal year end (representing undiscounted contractual cash-flows of financial liabilities).

	Up to 1 year	1-5 years	>5 years
Accounts payable	$26,126,038		
Term debt	2,226,377	$11,718,259	$14,348,176

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.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Unaudited Schedule 1

Analysis of Operating Fund Revenue

Year Ended March 31, 2019, with comparative figures for 2018

	2019	2018
Grants and government contracts:		
Operating - basic and enrolment growth	56,809,986	57,960,447
Operating - second career	1,141,615	1,730,590
Operating - performance	894,050	894,050
Operating - supplementary	1,278,872	1,244,005
Operating - premise rental	210,101	218,316
Operating - per capita tax	683,100	689,850
Operating - student outcomes and program quality	8,000,000	0
Apprentice Related	7,536,101	7,420,143
Employment Services	4,439,365	4,169,586
Literacy Basic Skills	2,709,270	2,707,080
Student Support Services and Special Bursaries	2,230,456	1,748,358
Other Ontario	1,760,102	2,842,798
Municipal Grants	894,280	388,627
Federal Grants	5,801,853	4,967,341
	94,389,151	86,981,191
Tuition:		
Full time post secondary programs	133,779,863	83,815,023
Part-time courses and seminars	7,612,435	6,762,496
Full fee recovery programs	201,100	582,636
Apprentice	1,047,634	1,053,484
Student assistance program	3,900,000	3,410,145
	146,541,032	95,623,784
Other student fees	22,199,403	18,539,065
Contracted Services	15,672,127	12,997,451
Other:		
Day care revenue	1,714,591	1,529,052
Ancillary operations	18,035,984	15,474,119
Donation revenue	2,125,874	262,155
Interest revenue	2,192,397	974,880
Miscellaneous revenue	4,412,771	3,189,050
	28,481,617	21,429,256
Amortization of deferred capital contributions:		
Grant	5,619,050	4,959,314
Other	1,504,421	1,344,767
	7,123,471	6,304,081
	$314,406,801	$241,874,828