

The Conestoga College Institute of Technology and  
Advanced Learning

# **FINANCIAL STATEMENTS**

**March 31, 2021**

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**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY  
AND ADVANCED LEARNING**  
INDEX OF CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES  
Year Ended March 31, 2021

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## Independent auditor's report

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

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### 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, 2021 and the results of its operations, its remeasurement gains and losses 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, 2021;
- 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 significant accounting policies and other explanatory information.

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### 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.

PricewaterhouseCoopers LLP  
95 King Street South, Suite 201, Waterloo, Ontario N2J 5A2  
T: +1 519 570 5700, F: +1 519 570 5730

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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## **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.

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## **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

Waterloo, Ontario  
May 20, 2021

## THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

## Consolidated Statement of Financial Position

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

<b>Assets</b>	<b>2021</b>	<b>2020</b>
<i>Current Assets:</i>		
Cash and short-term deposits (Note 10)	\$ 302,050,239	\$ 160,057,101
Grants receivable	5,554,933	4,700,540
Accounts receivable	6,000,105	10,949,902
Current portion of pledges receivable (Note 3)	2,300,000	2,700,000
Inventory	1,707,396	1,173,217
Prepaid expenses	728,280	724,805
	<b>318,340,953</b>	<b>180,305,565</b>
Long-term investments (Note 2 and 10)	5,635,855	4,572,775
Long-term pledges receivable (Note 3)	12,533,296	14,379,784
Capital assets (Note 4)	284,873,208	292,694,614
	<b>\$ 621,383,312</b>	<b>\$ 491,952,738</b>
<b>Liabilities</b>		
<i>Current Liabilities:</i>		
Accounts payable and accrued liabilities	\$ 29,603,198	\$ 36,701,361
Vacation pay accrual	11,259,820	11,922,334
Deferred revenue (Note 5)	236,158,695	124,866,139
Current portion of long-term debt (Note 6)	2,353,943	2,289,230
Deferred contributions (Note 7)	2,407,974	2,412,296
	<b>281,783,630</b>	<b>178,191,360</b>
Long-term debt (Note 6)	21,423,261	23,777,204
Deferred capital contributions (Note 8)	146,400,884	149,376,239
Post-employment benefits and compensated absences (Note 9)	6,497,000	6,282,000
	<b>456,104,775</b>	<b>357,626,803</b>
<b>Fund Balances (Deficits)</b>		
<i>Unrestricted:</i>		
Operations	20,098,959	31,080,334
Vacation	(11,259,820)	(11,922,334)
Post-employment benefits and compensated absences	(6,497,000)	(6,282,000)
Investment in capital assets (Note 4)	114,695,120	116,225,941
<i>Restricted fund balances:</i>		
Internally restricted (Note 10)	42,000,000	-
Externally Restricted	456,615	439,160
Endowed	5,686,236	5,505,738
	<b>165,180,110</b>	<b>135,046,839</b>
Accumulated Remeasurement Gains (Losses)	98,427	(720,904)
	<b>\$ 621,383,312</b>	<b>\$ 491,952,738</b>

Commitments (Note 11)

*See accompanying notes to consolidated financial statements*

## APPROVED BY THE BOARD



Frank Boutzis, Board Chair



John Tibbits, President

**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING**

 Consolidated Statement of Revenue and Expenditure and Change in Fund Balances  
 Year ended March 31, 2021, with comparative figures for March 31, 2020

Revenue	2021	2020
Tuition Fees	\$ 192,858,490	\$ 201,404,022
Grants	86,834,636	84,474,713
Other Student Fees	23,308,085	29,019,171
Ancillary operations	10,490,655	19,368,067
Contracted services	3,079,166	10,026,671
Other	11,401,006	8,893,037
Interest	1,824,189	4,280,378
Restricted revenue	1,076,608	1,043,949
Amortization of deferred capital contributions (Note 8)	8,078,717	7,854,996
<b>Total revenue</b>	<b>338,951,552</b>	<b>\$ 366,365,004</b>
Expenditures		
Salaries and benefits	209,562,059	206,184,958
Professional and contract fees	23,520,854	29,733,768
Student related expenses	15,560,305	21,553,047
Supplies and staff related expenses	4,128,465	8,553,147
Facilities related expenses	19,643,803	30,245,230
Other expenses	8,941,341	15,641,449
Reimbursed expenses	3,978,639	3,759,205
Amortization of capital assets	17,451,659	15,177,931
Scholarships, bursaries and work-study	6,211,654	3,350,631
<b>Total expenditures</b>	<b>308,998,779</b>	<b>334,199,366</b>
<b>Excess of revenue over expenditures</b>	<b>29,952,773</b>	<b>32,165,638</b>
Fund balances, beginning	135,046,839	102,607,727
Endowment contributions	180,498	273,474
<b>Fund balances, ending</b>	<b>\$ 165,180,110</b>	<b>\$ 135,046,839</b>

*See accompanying notes to consolidated financial statements*

## THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

## Consolidated Statement of Cash Flows

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

<b>Net Inflow (Outflow) of Cash Related to the Following Activities</b>	<b>2021</b>	<b>2020</b>
<b>Operating</b>		
Excess of revenue over expenditure – Restricted Fund	\$ 17,455	\$ 17,386
Excess of revenue over expenditure – Operating Fund	29,935,318	32,148,252
Items not involving cash:		
Amortization of capital assets	17,451,659	15,177,931
Amortization of deferred capital contributions	(8,078,717)	(7,854,996)
Post-employment benefit and compensated absences expense	1,090,000	425,000
	<b>40,415,715</b>	<b>39,913,573</b>
Cash paid for post-employment benefits and compensated absences	(875,000)	(492,000)
Changes in non-cash working capital items:		
Grants receivable	(854,393)	(1,019,345)
Accounts receivable	4,949,797	(691,758)
Inventory	(534,179)	(87,317)
Prepaid expenses	(3,475)	287,928
Accounts payable	(7,098,163)	10,575,323
Vacation pay accrual	(662,514)	627,511
Deferred revenue	111,292,556	31,561,742
	<b>146,630,344</b>	<b>80,675,657</b>
<b>Financing</b>		
Net change in deferred contributions	(4,322)	134,195
Endowment contributions	180,498	273,474
Repayment of long-term debt (Note 6)	(2,289,230)	(2,226,378)
	<b>(2,113,054)</b>	<b>(1,818,709)</b>
<b>Capital</b>		
Deferred grants and capital contributions	5,103,362	3,252,772
Purchase of capital assets	(9,630,253)	(61,995,309)
	<b>(4,526,891)</b>	<b>(58,742,537)</b>
<b>Investing</b>		
Decrease in pledges receivable	2,246,488	2,749,999
Sale (purchase) of investments (net)	(243,749)	(5,293,679)
	<b>2,002,739</b>	<b>(2,543,680)</b>
<b>Net cash inflow</b>	<b>141,993,138</b>	<b>17,570,731</b>
<b>Cash and short-term deposits, beginning of year</b>	<b>160,057,101</b>	<b>142,486,370</b>
<b>Cash and short-term deposits, end of year</b>	<b>\$ 302,050,239</b>	<b>\$ 160,057,101</b>

See accompanying notes to consolidated financial statements



**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING**

Consolidated Statement of Changes in Fund Balances

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

	Operations	Post-employment benefits and vacation	Investment in Capital Assets	Internally Restricted Fund	Externally Restricted Fund	Endowment Fund	2021 Total	2020 Total
<b>Balances March 31, 2020</b>	\$31,080,334	(\$18,204,334)	\$116,225,941	\$-	\$439,160	\$5,505,738	\$135,046,839	\$102,607,727
<b>Excess of revenue over expenditure (expenditure over revenue)</b>	39,308,260	-	(9,372,942)	-	17,455	-	29,952,773	32,165,638
<b>Vacation Pay</b>	(662,514)	662,514	-	-	-	-	-	-
<b>Post employment benefits and compensated absences</b>	215,000	(215,000)	-	-	-	-	-	-
<b>Capital asset additions financed with operating funds</b>	(5,552,891)	-	5,552,891	-	-	-	-	-
<b>Repayment of long-term debt</b>	(2,289,230)	-	2,289,230	-	-	-	-	-
<b>Transfer to Internally Restricted Fund</b>	(42,000,000)	-	-	42,000,000	-	-	-	-
<b>Endowment contributions</b>	-	-	-	-	-	180,498	180,498	273,474
<b>Fund balances (deficits), end of year</b>	<b>\$20,098,959</b>	<b>(\$17,756,820)</b>	<b>\$114,695,120</b>	<b>\$42,000,000</b>	<b>\$456,615</b>	<b>\$5,686,236</b>	<b>\$165,180,110</b>	<b>\$135,046,839</b>

See accompanying notes to consolidated financial statements

**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING**

Consolidated Statement of Remeasurement Gains and Losses

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

	<b>2021</b>	<b>2020</b>
Accumulated remeasurement losses at beginning of year	\$(720,904)	-
Change in unrealized gains(losses) on investments	819,331	\$(720,904)
	<hr/>	
Accumulated remeasurement gains(losses) at end of year	<b>\$ 98,427</b>	<b>\$(720,904)</b>

*See accompanying notes to consolidated financial statements*

# THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

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 a 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 reasonably estimated and collection is reasonably assured.

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

Restricted contributions for the purchase of 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.

## THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

### 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.

## THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

### 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. Once put in use, the assets are transferred to their appropriate capital asset category and are amortized on a basis consistent with the policy below.

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.

**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING**

## Notes to the Consolidated Financial Statements

Year ended March 31, 2021

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

Write-downs 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 write-down 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.

	<b>Fair Value</b>	<b>Amortized Cost</b>	<b><u>2021</u> Total</b>
Cash and short-term deposits	\$302,050,239	-	\$302,050,239
Investments	5,635,855	-	5,635,855
Grants receivable	-	\$5,554,933	5,554,933
Accounts receivable	-	6,000,105	6,000,105
Pledges receivable	-	14,833,296	14,833,296
Accounts payable and accrued liabilities	-	29,603,198	29,603,198
Long term debt	-	23,777,204	23,777,204

  

	<b>Fair Value</b>	<b>Amortized Cost</b>	<b><u>2020</u> Total</b>
Cash and short-term deposits	\$160,057,101	-	\$160,057,101
Investments	4,434,775	-	4,434,775
Grants receivable	-	\$4,700,540	4,700,540
Accounts receivable	-	10,949,903	10,949,903
Pledges receivable	-	17,079,784	17,079,784
Accounts payable and accrued liabilities	-	36,701,361	36,701,361
Long term debt	-	26,066,434	26,066,434

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).

**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b><u>2021</u></b> <b>Total</b>
Cash and short-term deposits	\$302,050,239	-	-	\$302,050,239
Investments	1,400,136	\$4,235,719	-	5,635,855
<b>Total</b>	<b>\$303,450,375</b>	<b>\$4,235,719</b>	<b>-</b>	<b>\$307,686,094</b>

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b><u>2020</u></b> <b>Total</b>
Cash and short-term deposits	\$160,057,101	-	-	\$160,057,101
Investments	1,284,854	\$3,287,921	-	4,572,775
<b>Total</b>	<b>\$161,341,955</b>	<b>\$3,287,921</b>	<b>-</b>	<b>\$164,629,876</b>

	<b>Level</b>	<b>Fair Value</b>	<b><u>2021</u></b> <b>Book Value</b>	<b>Fair Value</b>	<b><u>2020</u></b> <b>Book Value</b>
Canadian Equities	1	\$269,875	\$234,378	\$237,076	\$265,383
Canadian Long-Term Instruments	2	49,502	50,000	-	-
Foreign Equities	1	1,130,261	1,051,862	1,047,778	1,189,869
Money Market Mutual Funds	2	15,000	15,000	138,000	138,000
Canadian Fixed Income Mutual Funds	2	2,457,212	2,444,260	2,355,605	2,500,181
Foreign Equity Mutual Funds	2	695,173	750,227	184,128	250,091
Other	2	1,018,832	991,701	610,188	950,155
		<b>\$5,635,855</b>	<b>\$5,537,428</b>	<b>\$4,572,775</b>	<b>\$5,293,679</b>

**3. PLEDGES RECEIVABLE**

Pledges receivable includes corporate pledges of \$2,400,000 (2020-\$2,800,000) 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 \$12,433,296 (2020-\$14,279,784).

**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

**4. CAPITAL ASSETS**

(a) Capital assets consist of the following:

	<b>Capital Costs</b>	<b>Accumulated Amortization</b>	<b><u>2021</u> Net Book Value</b>
Land	\$44,151,001	-	\$44,151,001
Site Improvements	8,061,646	\$6,120,120	1,941,525
Buildings and Building Improvements	300,357,737	89,917,108	210,440,629
Furniture and Equipment	42,779,400	30,165,985	12,613,415
Information Technology	25,877,838	24,304,705	1,573,133
Other Assets	17,162,737	6,288,375	10,874,362
Construction in Progress	3,279,142	-	3,279,142
	<u>\$441,669,501</u>	<u>\$156,796,293</u>	<u>\$284,873,208</u>

  

	<b>Capital Costs</b>	<b>Accumulated Amortization</b>	<b><u>2020</u> Net Book Value</b>
Land	\$44,151,001	-	\$44,151,001
Site Improvements	8,061,645	\$5,815,352	2,246,293
Buildings and Building Improvements	298,309,796	82,279,949	216,029,847
Furniture and Equipment	37,637,184	25,527,983	12,109,201
Information Technology	24,756,691	22,784,514	1,972,177
Other Assets	17,162,737	2,936,835	14,225,902
Construction in Progress	1,960,193	-	1,960,193
	<u>\$432,039,247</u>	<u>\$139,344,633</u>	<u>\$292,694,614</u>

(b) Investment in capital assets

The net book value of capital assets is financed by:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Capital assets	\$284,873,208	\$292,694,614
Deferred capital contributions	(146,400,884)	(149,376,239)
Deferred grants related to construction in progress	-	(1,026,000)
Long-term debt	(23,777,204)	(26,066,434)
Investment in capital assets ending balance	<u>\$114,695,120</u>	<u>\$116,225,941</u>

  

	<b><u>2020</u></b>	<b><u>2019</u></b>
Excess of expenditure over revenue		
Amortization of deferred capital contributions	\$8,078,717	\$7,854,996
Amortization of capital assets	(17,451,659)	(15,177,931)
Excess of expenditure over revenue for the year	<u>(\$9,372,942)</u>	<u>(\$7,322,935)</u>



**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

**5. DEFERRED REVENUE**

Details of the year-end balance are as follows:

	<u>2021</u>	<u>2020</u>
Prepaid tuition fees for future semesters	\$193,128,250	\$93,380,381
Student tuition fees	22,995,998	18,754,525
Student fees and student financial aid	7,880,587	5,631,363
Grants and reimbursements	8,996,940	3,894,809
Other projects	3,156,920	3,205,061
	<u>\$236,158,695</u>	<u>\$124,866,139</u>

Prepaid tuition fees represent fees paid in advance for future semesters.

Student tuition fees are for academic courses in process at the end of the year.

Student fees represent unspent student fees collected during the year and student financial aid represents amounts set aside for the work study program.

Grants and reimbursement are unexpended externally restricted grants to be spent on specific projects.

Other projects include contributions, donations, and deposits related to small projects and activities of the College.

**6. LONG TERM DEBT**

	<u>2021</u>	<u>2020</u>
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.	\$7,317,895	\$8,303,912
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.	16,459,309	17,762,522
	<u>23,777,204</u>	<u>26,066,434</u>
Less: Current portion	2,353,943	2,289,230
	<u>\$21,423,261</u>	<u>\$23,777,204</u>

The Consolidated Statements of Revenue and Expenditure and Changes in Fund Balances include interest expense related to long term debt in the amount of \$651,350 (2020-\$715,726).

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

2022	\$2,353,943
2023	2,420,575
2024	2,489,183
2025	2,559,830
Thereafter	13,953,673
Total	<u>\$23,777,204</u>

**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

**7. 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:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$2,412,296	\$2,278,101
Add: donations and grant received during year	1,135,005	968,160
Add: net interest on endowed and unspent funds	(80,174)	192,598
Less: amounts recognized as revenue in the year	(1,059,153)	(1,026,563)
Ending balance	<u>\$2,407,974</u>	<u>\$2,412,296</u>

**8. 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 of amortization.

	<b>Ministry Funded Grants</b>	<b>Other</b>	<u>2021 Total</u>	<u>2020 Total</u>
Opening balance	\$115,313,252	\$34,062,987	\$149,376,239	\$155,004,463
Deferred	3,720,215	1,383,147	5,103,362	2,226,772
Amortization	(6,588,318)	(1,490,399)	(8,078,717)	(7,854,996)
Ending balance	<u>\$112,445,150</u>	<u>\$33,955,735</u>	<u>\$146,400,884</u>	<u>\$149,376,239</u>

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

**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

**9. 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.

	<u>2021</u>			
	<b>Post- employment benefits</b>	<b>Non-vesting sick leave</b>	<b>Vesting sick leave</b>	<b>Total liability</b>
Accrued employee future benefits obligations	\$1,821,000	\$7,084,000	\$139,000	\$9,044,000
Value of plan assets	(432,000)	-	-	(432,000)
Unamortized actuarial gains (losses)	(8,000)	(2,059,000)	(48,000)	(2,115,000)
<b>Total liability</b>	<b>\$1,381,000</b>	<b>\$5,025,000</b>	<b>\$91,000</b>	<b>\$6,497,000</b>

	<u>2020</u>			
	<b>Post- employment benefits</b>	<b>Non-vesting sick leave</b>	<b>Vesting sick leave</b>	<b>Total liability</b>
Accrued employee future benefits obligations	\$1,735,000	\$2,753,000	\$196,000	\$4,684,000
Value of plan assets	(399,000)	-	-	(399,000)
Unamortized actuarial gains (losses)	-	2,045,000	(48,000)	1,997,000
<b>Total liability</b>	<b>\$1,336,000</b>	<b>\$4,798,000</b>	<b>\$148,000</b>	<b>\$6,282,000</b>

	<u>2021</u>			
	<b>Post- employment benefits</b>	<b>Non-vesting sick leave</b>	<b>Vesting sick leave</b>	<b>Total expense</b>
Current year benefit cost	\$52,000	\$748,000	\$4,000	\$804,000
Interest on accrued benefit obligation	2,000	117,000	3,000	122,000
Amortized actuarial (gains) losses	-	164,000	-	164,000
<b>Total expense</b>	<b>\$54,000</b>	<b>\$1,029,000</b>	<b>\$7,000</b>	<b>1,090,000</b>

	<u>2020</u>			
	<b>Post- employment benefits</b>	<b>Non-vesting sick leave</b>	<b>Vesting sick leave</b>	<b>Total expense</b>
Current year benefit cost	\$37,000	\$292,000	\$9,000	\$338,000
Interest on accrued benefit obligation	3,000	109,000	4,000	116,000
Amortized actuarial (gains) losses	(11,000)	(4,000)	(14,000)	(29,000)
<b>Total expense</b>	<b>\$29,000</b>	<b>\$397,000</b>	<b>(\$1,000)</b>	<b>\$425,000</b>

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

## THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

### **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 to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with the regulators as at January 1, 2021 indicated an actuarial surplus of \$3.3 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of \$16,373,064 (2020- \$15,629,542), 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, 2021 of the future benefits is determined using a discount rate of 1.7% (2020-1.6%).

##### b) Drug costs

Drug costs are assumed to increase 8.0% per annum in 2021 (2020-8.0%), 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 2021 (2020-4.0%)

Medical premiums are assumed to increase 6.42% per annum in 2021 (2020-6.55%), grading down to 4.0% per annum by 2040.

##### d) Dental costs

Dental costs are assumed to increase at 4.0% per annum in 2021 (2020-4.0%).

**THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

**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:

	<u>2021</u>	<u>2020</u>
Wage and salary escalation	1.0-2.0%	1.0%-2.0%
Discount rate	1.7%	1.6%

**10. ENDOWED AND RESTRICTED FUND BALANCES**

Internally Restricted Net Assets

Internally restricted net assets are funds restricted by the College for approved future capital projects. The balance at March 31, 2021 is \$42,000,000 (2020-\$0).

Externally Restricted Net Assets

The Union Employment Stability Fund is required under the terms of the collective agreements for academic and support staff and is 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.

	<b>Student Bursary/ Scholarship/ Loan</b>	<b>Union Employment Stability</b>	<u>2021 Total</u>	<u>2020 Total</u>
Externally Restricted Fund Balance	\$36,415	\$420,200	\$456,615	\$439,160

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Notes to the Consolidated Financial Statements

Year ended March 31, 2021

Endowment and Restricted Fund

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:

	<b>Endowment Fund</b>	<b>Restricted Fund</b>	<b><u>2021</u> Total</b>	<b><u>2020</u> Total</b>
Opening balance included in cash and short-term deposits, and investments	\$4,784,834	\$2,851,456	\$7,636,290	\$7,932,139
Unrealized investment gains (losses)	819,331	-	819,331	(720,904)
Contributions	180,498	1,135,005	1,315,503	1,362,316
Bursary and scholarship activity	-	(1,121,872)	(1,121,872)	(937,261)
Ending balance included in cash, short term deposits, and investments	5,784,663	2,864,589	8,649,252	7,636,290
Deferred contributions and unrealized investment losses	(98,427)	(2,407,974)	(2,506,401)	(1,691,392)
Ending fund balance	<u>\$5,686,236</u>	<u>\$456,615</u>	<u>\$6,142,851</u>	<u>\$5,944,898</u>

**11. COMMITMENTS**

As of March 31, 2021, outstanding capital asset commitments approximate \$49,500,000 primarily related to the construction and expansion of Conestoga's facilities. The internally restricted net assets and unrestricted net assets will be used to fund these future commitments.

Conestoga has entered into various agreements to lease premises. The minimum payments required to the maturity dates of existing leases are as follows:

2022	\$3,743,441
2023	3,698,806
2024	3,678,607
2025	2,737,199
2026-2031	1,910,209

## THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

### 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.

	<b>Total</b>	<b>Current</b>	<b>Past Due 31-60 days</b>	<b>Past Due 61-90 days</b>	<b>Past Due Over 90</b>
Government receivables	\$5,554,933	\$5,554,933	-	-	-
Pledges receivable	14,833,296	14,833,296	-	-	-
Student receivables	2,215,829	80,012	\$70,835	\$213,786	\$1,851,196
Other receivables	6,458,059	5,389,904	71,575	109,534	887,046
Less: bad debt allowance	(2,673,783)	-	-	-	(2,673,783)
Net receivables	<u>\$26,388,334</u>	<u>\$25,858,145</u>	<u>\$142,410</u>	<u>\$323,320</u>	<u>\$64,459</u>

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 has fixed the interest rate on \$23,777,204 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.

## THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Consolidated Financial Statements

Year ended March 31, 2021

### 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).

	<u>Up to 1 year</u>	<u>1-5 years</u>	<u>&gt;5 years</u>
Accounts payable	\$29,603,198	-	-
Term debt	2,353,943	\$12,809,662	\$8,613,599

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.

### 14. IMPACT OF COVID-19

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

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

- Developed and implemented a plan for resuming on-campus operations, including the installation of barriers and signage, upgrading facilities, securing person protective equipment, increased frequency of cleaning and controlled access to campus facilities;
- Transitioned many Summer 2020, Fall 2020, and Winter 2021 programs to alternate online delivery and hybrid delivery, with limits for on-campus academic delivery;
- Reduced capacity in the residence building by 50%, in accordance with public health guidelines;
- Closed all food service operations;
- Offered an early retirement incentive options for certain groups of employees;
- Implemented a hiring freeze until Fall 2020 for all areas of the College;
- Issued lay-off notices to employees for positions that were not required due to the changes in operations;
- Continued mandatory working from home arrangements for all employees not considered essential to supporting on-campus operations;
- Deferred non-essential renovation and facilities maintenance projects;



## THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

### Notes to the Consolidated Financial Statements

Year ended March 31, 2021

- Received special emergency COVID-19 funding of \$400,000 from the MCU to help offset costs incurred by the College due to the COVID-19 pandemic and related public health measures. This funding is included in the Consolidated Statement of Revenue and Expenditure.
- Received special funding through the apprenticeship program to offset costs of personal protective equipment and other COVID-19 related expenditures. This funding of \$2,100,000 is included in the Consolidated Statement of Revenue and Expenditure.
- Offered emergency financial assistance to domestic and international students experiencing financial hardship through funds available from Conestoga donors, MCU COVID-19 grant funding and the reallocation of operating funds;

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

## THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

## Analysis of Operating Fund Revenue

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

	<u>2021</u>	<u>2020</u>
<b>Grants and government contracts:</b>		
Operating – basic and enrolment growth	\$ 34,162,297	\$ 51,567,640
Operating – second career	895,505	1,180,030
Operating – performance	16,525,202	894,049
Operating – supplementary	1,051,443	1,099,130
Operating – premise rental	226,578	208,061
Operating – per capita tax	674,250	689,250
Apprentice related	9,536,385	8,628,639
Employment services	3,274,015	3,757,778
Literacy basic skills	2,676,985	2,727,252
Student support services and special business	1,820,126	2,020,102
Other Ontario	4,015,642	1,294,305
Municipal grants	1,454,898	832,115
Non-Government grant	3,035,496	3,007,980
Federal grants	7,485,814	6,568,382
	<b>86,834,636</b>	<b>84,474,713</b>
<b>Tuition:</b>		
Full time post secondary programs	181,252,412	187,944,066
Part-time courses and seminars	8,739,691	9,478,967
Full fee recovery programs	83,468	72,820
Apprentice	937,558	1,095,840
Student assistance program	2,406,474	2,812,329
	<b>193,419,603</b>	<b>201,404,022</b>
<b>Other student fees</b>	<b>23,471,932</b>	<b>29,019,171</b>
<b>Contracted services</b>	<b>3,079,166</b>	<b>10,026,671</b>
<b>Other:</b>		
Day-care revenue	569,323	1,885,076
Ancillary operations	10,507,987	19,368,067
Donation revenue	1,435,236	1,223,148
Interest revenue	1,824,189	4,280,378
Application fees	4,710,761	2,995,992
Gain recognized for access rights	2,301,542	-
Miscellaneous revenue	2,384,144	2,788,821
	<b>23,733,182</b>	<b>32,541,482</b>
<b>Amortization of deferred capital contributions:</b>		
Grant	6,588,318	6,429,177
Other	1,490,399	1,425,819
	<b>8,078,717</b>	<b>7,854,996</b>
	<b>\$ 338,617,236</b>	<b>\$ 365,321,055</b>

See accompanying notes to consolidated financial statements