ALGONQUIN COLLEGE

Mission: *To transform hopes and dreams into lifelong success.*
Vision: *To be a global leader in personalized, digitally connected, experiential learning.*
Values: *Caring, Integrity, Learning, Respect*

2018 ANNUAL GENERAL MEETING OF THE BOARD OF GOVERNORS

2018 ANNUAL GENERAL MEETING OF THE BOARD OF GOVERNORS OF ALGONQUIN COLLEGE TO BE HELD ON MONDAY, JUNE 11, 2018, FROM 4:00 PM – 4:30 PM, IN ROOM T102 A&B, OTTAWA CAMPUS

	2018 ANNUAL GENERAL MEETING AGENDA	**Presenter**	**Time**
1.	Constitution of the Meeting and Approval of the Agenda	P. Nadeau	1 m.
2.	Declarations of Conflict of Interest	P. Nadeau	1 m.
3.	3.1 2017-2018 Draft Audited Financial Statements • Annual Management Discussion and Analysis Report	D. McNair	20 m.
4.	2018-2019 Board of Governors Officers and Committee Membership Appointments	J. Robblee	2 m.
5.	Appointment of the Auditors for 2018-2019	N. Cheng	2 m.
6.	Banking Officers Resolution	D. McNair	2 m.
7.	2018-2019 Appointments of the Algonquin College Foundation Board of Directors	P. Nadeau	2 m.
8.	**ANNUAL GENERAL MEETING ADJOURNMENT**		

Agenda Item No: 3.1

Report title:	2017-2018 Draft Audited Financial Statements
Report to:	Board of Governors
Date:	June 11, 2018
Author/Presenter:	Duane McNair, Vice President, Finance and Administration

1. RECOMMENDATION:

   a. **THAT** the Board of Governors approves the 2017-2018 Draft Audited Financial Statements of Algonquin College (Appendix A: 2017-2018 Draft Audited Financial Statements – Algonquin College),
   AND
   b. **THAT** the Board of Governors approves the of the transfer of $100,143 from internally restricted net assets to unrestricted net assets,
   AND
   c. **THAT** the Board of Governors accepts for information the 2017-2018 Audited Financial Statements of the Algonquin College Foundation (Appendix B: 2017-2018 Audited Financial Statements – Algonquin College Foundation),
   AND
   d. **THAT** the Board of Governors accepts for information the 2017-2018 Audited Financial Statements for 2364193 Ontario Inc. (Appendix C: 2017-2018 Audited Financial Statements – 2364193 Ontario Inc.),
   AND
   e. **THAT** the Board of Governors accepts for information the 2017-2018 Management Discussion and Analysis Report.

2. PURPOSE / EXECUTIVE SUMMARY:

   The purpose of this report is:

   a. To present the 2017-2018 Draft Audited Financial Statements of Algonquin College,
   AND
   b. To present the recommendation for the transfer of $100,143 from internally restricted net assets to unrestricted net assets,
   AND
   c. To present, for information, the 2017-2018 Audited Financial Statements of the Algonquin College Foundation,

AND

d. To present, for information, the 2017-2018 Audited Financial Statements of 2364193 Ontario Inc.,

AND

e. To present, for information, the 2017-2018 Management Discussion and Analysis Report.

3. BACKGROUND:

Colleges are consolidated into the Province of Ontario's financial statements. Colleges are required to submit their financial statement details to the Ministry of Advanced Education and Skills Development no later than May 15, 2018.

The Draft Audited Financial Statements of Algonquin College are prepared in a format required by the Ministry of Advanced Education and Skills Development that complies with financial reporting standards set by the Public Sector Accounting Board.

The College's audit firm, Deloitte LLP, has completed the audit of Algonquin College's financial statements for the fiscal year ending March 31, 2018. These financial statements are presented in draft form to the Audit and Risk Management Committee each year in May, with a subsequent year-end report to the Board of Governors in June accompanied with the final financial statements. The financial statements remain "draft" until formally approved by the Board of Governors on June 11, 2018.

The Financial Statements of the Algonquin College Foundation and of 2364193 Ontario Inc. have also been audited by the College's audit firm, Deloitte, LLP. The statements of the Algonquin College Foundation were presented to The Foundation Board of Governors for approval on June 7, 2018. The statements of 2364193 Ontario Inc. were presented to the 2364193 Ontario Inc. Board of Directors on May 31, 2018. The Audited Financial Statements for the Algonquin College Foundation and the Audited Financial Statements for 2364193 Ontario Inc. are being presented to the Board of Governors for information.

4. DISCUSSION:

The following is a brief overview of the Draft Audited Financial Statements for The Algonquin College of Applied Arts and Technology. The full statements can be found in Appendix A: 2017-2018 Draft Audited Financial Statements – Algonquin College. Additional information on the financial results can be found in Appendix D: 2017-2018 Management Discussion and Analysis Report.

Statement of Financial Position

Current assets have increased by $14.3 million primarily due to an increase in accounts receivable, short-term investments, and cash holdings.

Long-term assets have increased by $23.2 million primarily due to increases in the net book value of capital assets, most notably in assets under development.

Current liabilities have increased by $11.9 million primarily due to an increase in accounts payable, accrued liabilities, and deferred revenue.

These cumulative changes to the Statement of Financial Position have resulted in a current ratio of 1.44:1 compared to 1.48:1 for the prior year. This compares positively to the benchmark of 1:1. This ratio is used to measure an entity's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables).

Statement of Operations

The College has realized an excess of revenue over expenses of $13.5 million for the year ended March 31, 2018. The Statement of Operations provides further details of revenues and expenditures. Schedule A in Appendix A of the financial statements provides a detailed listing of revenues and Schedule B provides details related to College Ancillary Services' financial results.

Consolidated Statement of Changes in Net Assets

The Consolidated Statement of Changes in Net Assets provides a summary of activities processed through the College's various accounts. Net assets increased from $144.7 million to $159.8 million. Note 15 (Capital Disclosures) Internally Restricted Net Assets provides a detailed listing of the balances within this account.

Investment in Algonquin College – Saudi Arabia

The College is required to consolidate the results of Algonquin College – Saudi Arabia, for the year ended March 31, 2018 into its financial statements. Details are provided in Note 6a to the financial statements. For the period April 1, 2017 to March 31, 2018, Algonquin College – Saudi Arabia incurred a 12-month loss of $2.3 million that has been consolidated into the Algonquin College financial statements.

Agenda Item No: 3.1

Algonquin College Foundation

The Audited Financial Statements for the Algonquin College Foundation for the year ended March 31, 2018 are included in Appendix B: 2017-2018 Draft Audited Financial Statements – Algonquin College Foundation. The Foundation Board of Directors approved the Draft Audited Financial Statements on June 7, 2018. Note 3, Related Party transactions of the financial statements provides the details of operations between the Foundation and the College.

2364193 Ontario Inc.

The Audited Financial Statements for 2364193 Ontario Inc. for the year ended March 31, 2018 are included in Appendix C: 2017-2018 Draft Audited Financial Statements – 2364193 Ontario Inc. The Draft Audited Financial Statements were approved by the corporation's the Board of Directors on May 31, 2018. This corporation owns a 5% share of Algonquin College – Saudi Arabia. With the wind-down of operations in the College of Excellence Saudi Arabia, the accumulated deficit of $34,514 was written off in 2018. The only remaining holding of the corporation is $100 of share capital.

5. LINK TO STRATEGIC PLAN:

STRATEGIC PLAN 2017-2022			
LEARNER DRIVEN **Goal One** **Establish Algonquin as the leader in personalized learning across all Ontario colleges.**	☒	**CONNECTED** **Goal Four** **Become an integral partner to our alumni and employers.**	☒
QUALITY AND INNOVATION **Goal Two** **Lead the college system in co-op and experiential learning.**	☒	**SUSTAINABLE** **Goal Five** **Enhance Algonquin's global impact and community social responsibility.**	☒
Goal Three **Attain national standing in quality, impact and innovation within each school and service.**	☒	**PEOPLE** **Goal Six** **Be recognized by our employees and the community as an exceptional place to work.**	☒

6. STUDENT IMPACT:

Expenditures realized for this past year will ensure that students benefit from additional investments in information technology infrastructure, renovations, and adaptations to learning spaces, maintenance of existing learning spaces, investment in new program development, academic equipment, and an increased provision for mandated student aid.

7. FINANCIAL IMPACT:

The College is assessed as being in good financial health with an increase of over $15 million in net assets that will provide opportunities to invest in future strategic projects and fund student financial aid.

8. HUMAN RESOURCES IMPACT:

These audited financial statements do not have a direct impact on human resources. Costs for employee salaries, benefits, and pension plan contributions are reflected in these financial statements.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

In accordance with the Ministry of Advanced Education and Skills Development, the College submitted draft financial statement information to the Ministry on May 15, 2018. The College must submit Final Audited Financial Statements, approved by the Board of Governors, to the Ministry by June 30, 2018.

10. COMMUNICATIONS:

The audited financial statements will be posted to the College's website once approved by the Board of Governors on June 11, 2018.

11. CONCLUSION:

The College has concluded the 2017-2018 fiscal year with overall positive financial results as reflected in the Draft Audited Financial Statements. The College maintains good financial health and is well positioned to invest capital in strategic and student-focused initiatives.

Respectfully submitted:	Approved for submission:
Duane McNair	Cheryl Jensen
Vice President, Finance and Administration	President

Appendices:

Appendix A: 2017-2018 Draft Audited Financial Statements – Algonquin College
Appendix B: 2017-2018 Audited Financial Statements – Algonquin College Foundation
Appendix C: 2017-2018 Audited Financial Statements – 2364193 Ontario Inc.
Appendix D: 2017-2018 Management Discussion and Analysis Report

Consolidated financial statements of The Algonquin College of Applied Arts and Technology

March 31, 2018

Deloitte.

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Algonquin College of Applied Arts and Technology (the "College"), which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants

June 11, 2018

The Algonquin College of Applied Arts and Technology

Consolidated statement of financial position

As at March 31, 2018

	Notes	2018	2017
		$	$
Assets			
Current assets			
Cash		**55,203,492**	52,732,635
Short-term investments	3	**33,128,280**	29,905,672
Accounts receivable	4	**25,803,450**	17,916,669
Inventory	5	**1,543,971**	1,527,389
Prepaid expenses		**2,806,656**	2,152,820
		118,485,849	104,235,185
Investments	3	**33,376,750**	36,923,024
Endowment assets	7a	**26,020,415**	24,395,366
Capital assets	8	**288,608,409**	263,459,379
		466,491,423	429,012,954
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**29,030,424**	24,912,055
Accrued salaries and employee deductions payable		**10,008,613**	9,291,421
Algonquin College - Saudi Arabia	6a	**514,062**	1,104,896
Deferred revenue	9	**39,709,456**	32,256,264
Current portion of long-term debt	10a	**3,106,940**	2,927,055
		82,369,495	70,491,691
Long-term debt	10a	**45,167,804**	48,274,744
Interest rate swaps	10b	**5,731,931**	8,471,685
Vacation, sick leave and post-employment benefits	11	**18,978,843**	18,947,542
Deferred capital contributions	12	**161,727,635**	148,259,857
		313,975,708	294,445,519
Commitments and guarantees and contingencies	13		
Net assets (deficiency)			
Unrestricted		**1,000,000**	1,000,000
Investment in capital assets	14	**78,606,030**	64,959,723
Vacation, sick leave and post-employment benefits	11	**(18,978,843)**	(18,947,542)
Internally restricted	15	**73,185,763**	73,285,906
Endowment fund	7b	**26,020,415**	24,395,366
		159,833,365	144,693,453
Accumulated remeasurement losses		**(7,317,650)**	(10,126,018)
		152,515,715	134,567,435
		466,491,423	429,012,954

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

_____________________Chairman

_____________________Member

The Algonquin College of Applied Arts and Technology

Consolidated statement of operations
Year ended March 31, 2018

	Notes	2018	2017
		$	$
Revenue (Schedule A)			
Grants and reimbursements		**110,472,446**	110,609,003
Student tuition fees		**117,551,296**	112,767,523
Contract educational services		**38,331,944**	32,378,231
Ancillary Services (Schedule B)		**34,192,309**	35,118,208
Other		**19,807,635**	19,000,856
Amortization of deferred capital contributions	12	**6,972,816**	7,294,947
		327,328,446	317,168,768
Expenses			
Salaries and benefits		**177,731,830**	176,786,537
Building maintenance and utilities		**16,360,081**	18,355,903
Instructional supplies and equipment		**7,328,983**	7,677,877
Bursaries and other student aid		**9,938,157**	7,464,904
Investment loss - Algonquin College - Saudi Arabia		**2,349,966**	4,864,584
Interest		**817,103**	849,139
Amortization and write off of capital assets	14	**13,301,219**	13,957,649
Ancillary Services (Schedule B)		**26,905,411**	27,152,494
Other		**59,049,532**	54,273,403
		313,782,282	311,382,490
Change in vacation, sick leave and post-employment benefits liabilities	11	**31,301**	207,277
		313,813,583	311,589,767
Excess of revenue over expenses		**13,514,863**	5,579,001

The accompanying notes are an integral part of the consolidated financial statements.

The Algonquin College of Applied Arts and Technology

Consolidated statement of changes in net assets

Year ended March 31, 2018

	Notes	Unrestricted	Investment in capital assets	Vacation, sick leave and post-employment benefits	Internally restricted	Endowment fund	2018	2017
		$	$ (Note 14)	$ (Note 11)	$ (Note 15)	$ (Note 7)	$	$
Net assets (deficiency), beginning of year		1,000,000	64,959,723	(18,947,542)	73,285,906	24,395,366	144,693,453	137,514,835
Excess of revenue over expenses		13,514,863	—	—	—	—	13,514,863	5,579,001
Change in vacation, sick leave and post-employment benefits liabilities	11	31,301	—	(31,301)	—	—	—	—
Internally imposed restrictions		100,143	—	—	(100,143)	—	—	—
Net change in investment in capital assets	14	(13,646,307)	13,646,307	—	—	—	—	—
Endowment contributions and investment income	7	—	—	—	—	1,625,049	1,625,049	1,599,617
Net assets (deficiency), end of year		1,000,000	78,606,030	(18,978,843)	73,185,763	26,020,415	159,833,365	144,693,453

The accompanying notes are an integral part of the consolidated financial statements.

The Algonquin College of Applied Arts and Technology

Consolidated statement of remeasurement gains and losses

Year ended March 31, 2018

	2018	2017
	$	$
Accumulated remeasurement losses, beginning of year	**(10,126,018)**	(11,170,680)
Unrealized gains attributable to:		
Fair value decline in investments	**(1,585,719)**	(1,095,133)
Realized losses/(gains)	**1,654,333**	—
Interest rate swaps	**2,739,754**	2,139,795
	2,808,368	1,044,662
Accumulated remeasurement losses, end of year	**(7,317,650)**	(10,126,018)

The accompanying notes are an integral part of the consolidated financial statements.

The Algonquin College of Applied Arts and Technology

Consolidated statement of cash flows

Year ended March 31, 2018

	Notes	2018	2017
		$	$
Operating activities			
Excess of revenue over expenses		**13,514,863**	5,579,001
Items not affecting cash			
Amortization of capital assets		**13,287,769**	13,810,533
Write off of capital assets		**13,450**	147,116
Amortization and adjustment of deferred capital contributions	12	**(7,314,579)**	(7,294,947)
Investment loss Algonquin College Saudi Arabia		**2,342,397**	4,864,584
Foreign currency translation adjustment - Saudi Arabia		**—**	(36,120)
Change in vacation, sick leave and post-employment benefits liabilities	11	**31,301**	207,277
		21,875,201	17,277,444
Changes in non-cash operating working capital items	17	**3,731,554**	17,330,644
		25,606,755	34,608,088
Financing activities			
Principal repayments of long-term debt		**(2,927,055)**	(2,757,888)
Disposal of investments		**41,491,961**	39,468,669
Purchases of investments		**(41,099,681)**	(32,337,978)
Net Contributions to Endowment Fund		**1,761,274**	1,431,158
		(773,501)	5,803,961
Capital activities			
Capital asset additions	14	**(38,119,214)**	(20,295,842)
Capital contributions received	12	**20,451,322**	9,108,715
		(17,667,892)	(11,187,127)
Investing activities			
Investment (liability) in Algonquin College - Saudi Arabia		**(2,933,230)**	(3,428,555)
Disposal of endowed assets		**17,786,208**	16,963,319
Purchases of endowed assets		**(19,547,483)**	(18,394,477)
		(4,694,505)	(4,859,713)
Increase in cash and cash equivalents		**2,470,857**	24,365,209
Cash and cash equivalents, beginning of year		**52,732,635**	28,367,426
Cash and cash equivalents, end of year		**55,203,492**	52,732,635
Interest paid in the year		**2,967,754**	3,153,380

The accompanying notes are an integral part of the consolidated financial statements.

1. Description of the College

The Algonquin College of Applied Arts and Technology (the "College") was incorporated as a College in 1966 under the laws of the Province of Ontario. The College is dedicated to providing post-secondary education.

The College is a registered charity and therefore is exempt, under Section 149 of the Income Tax Act, from payment of income taxes.

2. Significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations ("PSAS") and include the following significant accounting policies:

(a) Basis of presentation

These consolidated financial statements include the accounts of the College and its controlled for-profit entities:

- 2364193 Ontario Inc., which is fully consolidated in these consolidated financial statements, and
- Algonquin College - Saudi Arabia, which is accounted for on a modified equity basis. Information concerning this entity is presented in the notes to these financial statements.

The College does not consolidate in its financial statements the results and financial position of its controlled not-for-profit organization, Algonquin College Foundation. Information concerning this entity is presented in the notes to these financial statements.

These consolidated financial statements do not reflect the assets, liabilities and results of operations of the various student organizations at the College, as these Organizations are not controlled by the College.

(b) Revenue

The College uses the deferral method of accounting for contributions for government not-for-profit organizations.

(i) Unrestricted contributions are recognized as revenue when received or receivable. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the period in which the related expenses are recognized. Contributions to endowment funds are recognized as direct increases in net assets in the period received.

Operating grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued or deferred.

(ii) Contributions received for capital assets are deferred and amortized into revenue over the same term and on the same basis as the related capital asset. Contributions of land are recognized as direct increases in investment in capital assets in the period received.

(iii) Student tuition fees are recorded in the accounts based on the academic period of the specific courses. Tuition fees are deferred to the extent that the courses extend beyond the fiscal year of the College.

2. Significant accounting policies (continued)

(b) Revenue (continued)

(iv) Contract educational services are recorded in the accounts based on the services provided in the College's fiscal year on a percentage-of-completion basis.

(v) Unrestricted investment income is recognized as revenue on an accrual basis. All unrealized gains or losses in the fair value of unrestricted investments are recognized in the consolidated statement of remeasurement gains and losses; once realized, these gains and losses are recognized in the consolidated statement of operations.

(c) Employee benefit plans

The College accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of retirement ages of employees and expected health care costs.

The College is an employer member of the Colleges of Applied Arts and Technology Pension Plan, which is a multi-employer, defined benefit pension plan. The College has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles.

(d) Financial instruments

All financial instruments reported on the consolidated statement of financial position of the College are classified as follows:

Cash	Fair value
Short-term investments	Fair value
Accounts receivable	Amortized cost
Investments	Fair value
Endowment assets	Fair value
Accounts payable and accrued liabilities	Amortized cost
Accrued salaries and employee deductions payable	Amortized cost
Long-term debt	Amortized cost
Interest rate swaps	Fair value

Fair value for investments is determined at quoted market prices.

(i) Cash

Cash is comprised of the net amount of: cash on hand and short-term investments, if any, which are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days from the date of acquisition.

(ii) Investments

Purchases of investments are recorded on the settlement date. Transaction costs related to the acquisition of investments are expensed. Short-term investments are fixed-term investments maturing within the next fiscal year.

Unrealized gains or losses on investments denominated in foreign currencies are recorded in the consolidated statement of remeasurement gains and losses; once realized, they are derecognized from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Endowed investments

Realized investment income and unrealized gains or losses from the change in fair value are recorded in the consolidated statement of changes in net assets. Sales and purchases of endowed investments are recorded on the settlement date. Transaction costs related to the acquisition of endowed investments are recorded against the realized investment income of the Endowment Fund.

(iv) Foreign currency

Investments denominated in foreign currencies are translated using rates of exchange in effect at the consolidated statement of financial position date.

(v) Interest rate swaps

The College is party to interest rate swap agreements used to manage the exposure to market risks from changing interest rates. The College's policy is not to utilize derivative financial instruments for trading or speculative purposes. The fair value of the swap is determined by discounting future cash flows, which are based on the difference between the market interest rate and the fixed interest rate the College pays.

Unrealized gains or losses on interest rate swaps are recorded in the consolidated statement of remeasurement gains and losses; once realized, they are derecognized from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations.

(e) Other financial instruments

The College records accounts receivable, accounts payable and accrued liabilities, accrued salaries and employee deductions payable and long-term debt at amortized cost using the effective interest method.

(f) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

(g) 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. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When a capital asset no longer contributes to the College's ability to provide services, or the value of the 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.

(i) Furniture and library holdings are charged to expenses in the year of acquisition.

(ii) Land originally acquired at the Woodroffe campus is recorded at a nominal value of $1 with subsequent additions recorded at cost. Land is not amortized due to its infinite life.

2. Significant accounting policies (continued)

(g) Capital assets (continued)

(iii) Donated capital assets are recorded at the value of the receipt issued to the donor, which reflects estimated fair value of the capital asset at the time of the donation.

(iv) Construction in progress is not amortized until the project is complete and the facilities are available for use.

(v) Assets under development are not amortized until the asset is complete and ready for use.

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	40 years
Site improvements	10–20 years
Parking lots	10 years
Computers and equipment	5 years
Automotive equipment	5 years
Software	3–10 years

(h) Expenses

In the consolidated statement of operations, the College presents its expenses by object, except for Ancillary services which are presented by function.

Expenses are recognized in the year incurred and are recorded in the applicable function to which they are directly related. The College does not allocate expenses among functions after initial recognition.

(i) Contributed services

Volunteers contribute an indeterminable number of hours per year to assist the College in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these consolidated financial statements.

(j) Taxes

The College uses the taxes payable method to account for all income taxes related to its controlled for-profit entities.

(k) Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. The most significant estimates used in preparing these consolidated financial statements include assumptions used in determining the fair value of investments, endowment assets and interest rate swaps, the allowance for doubtful accounts, the amount of certain accrued liabilities, the estimated useful lives of tangible capital assets and the assumptions underlying the post-employment benefit liabilities calculations.

3. Investments

Short-term investments of $33,128,280 ($29,905,672 in 2017) consist entirely of fixed income securities that will be maturing within a year. Long-term investments consist of the following:

	2018	2017
	$	$
Fixed income securities	**31,985,303**	35,555,506
Equity	**1,391,447**	1,367,518
	33,376,750	36,923,024

The College's fixed income securities have effective interest rates ranging from 0.75% to 5.68% and maturity dates ranging from April 2018 to December 2021 (0.75% to 4.25% and maturity dates ranging from April 2017 to December 2021 in 2017).

4. Accounts receivable

	2018	2017
	$	$
Government of Ontario	**9,351,097**	1,682,393
Harmonized Sales Tax receivable	**1,304,558**	1,715,280
Trade	**4,418,478**	3,376,738
Students	**6,397,090**	7,074,519
Other	**5,995,992**	6,359,027
Allowance for doubtful accounts	**(1,663,765)**	(2,291,288)
	25,803,450	17,916,669

Details on due dates for receivables are as follows:

					2018
	0-30 days	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
	$	**$**	**$**	**$**	**$**
Government of Ontario	**9,351,097**	—	—	—	**9,351,097**
Harmonized Sales Tax receivable	**1,304,558**	—	—	—	**1,304,558**
Trade	**3,323,366**	**538,012**	**217,770**	**339,330**	**4,418,478**
Students	**383,110**	**3,895,904**	—	**2,118,076**	**6,397,090**
Other	**5,979,542**	**3,032**	**1,016**	**12,402**	**5,995,992**
Allowance for doubtful accounts	**(65,129)**	**(662,304)**	—	**(936,332)**	**(1,663,765)**
	20,276,544	**3,774,644**	**218,786**	**1,533,476**	**25,803,450**

					2017
	0-30 days	31-60 days	61-90 days	Over 90 days	Total
	$	$	$	$	$
Government of Ontario	1,682,393	—	—	—	1,682,393
Harmonized Sales Tax receivable	1,715,280	—	—	—	1,715,280
Trade	2,664,631	449,454	105,281	157,372	3,376,738
Students	461,236	3,839,795	—	2,773,488	7,074,519
Other	6,066,477	11,960	24,308	256,282	6,359,027
Allowance for doubtful accounts	(78,410)	(652,765)	—	(1,560,113)	(2,291,288)
	12,511,607	3,648,444	129,589	1,627,029	17,916,669

5. Inventory

	2018	2017
	$	$
Bookstore	**1,221,525**	1,226,838
Food services	**281,620**	258,870
Publishing centre	**21,649**	21,417
Hospitality	**19,177**	20,264
	1,543,971	1,527,389

The amount of inventory expensed during the year is $13,597,598 ($14,264,568 in 2017).

6. Controlled entities

(a) Investment in Algonquin College - Saudi Arabia

Algonquin College - Saudi Arabia is a limited liability company, incorporated on June 26, 2013 under the laws of the Kingdom of Saudi Arabia, as a for-profit entity with an August 31 year-end. It is a subsidiary of Algonquin College of Applied Arts and Technology. The due to Algonquin College -Saudi Arabia is without defined terms of repayment and is non-interest bearing.

	2018	2017
	$	$
Investment, beginning of year	**(1,104,896)**	213,959
Net loss for the year	**(2,342,397)**	(4,864,584)
Contribution of capital	**3,447,293**	3,509,609
Foreign currency translation adjustment	**—**	36,120
Investment (liability) before the undernoted	**—**	(1,104,896)
Due to Algonquin College - Saudi Arabia as at March 31	**(514,062)**	—
Net investment (liability), end of year	**(514,062)**	(1,104,896)

As at August 31, 2016, Algonquin College - Saudi Arabia terminated the relationship with the Colleges of Excellence in Saudi Arabia. A final settlement agreement was reached in February 2018, and the amount due to Algonquin College - Saudi Arabia represents the remaining value due to the Colleges of Excellence in Saudi Arabia.

6. Controlled entities (continued)

(a) Investment in Algonquin College - Saudi Arabia (continued)

The financial position of Algonquin College - Saudi Arabia and the results of its operations and its cash flow as at and for the year ended March 31, 2018 is as follows:

	2018	2017
	$	$
Financial position		
Assets	514,062	5,186,581
Liabilities	514,062	6,291,477
Deficit		
Foreign currency translation adjustment	—	(157,421)
Shareholders' equity (deficiency)	—	(947,475)
	—	(1,104,896)
	514,062	5,186,581
Results of operations		
Revenue	—	2,496,445
Expenses	2,342,397	7,361,029
Net loss	(2,342,397)	(4,864,584)
Cash flows		
Operating activities	(3,021,003)	(3,199,963)
Capital activities	—	(144,465)
Financing activities	2,933,230	2,236,718
Net cash outflow	(87,773)	(1,107,710)

(b) Algonquin College Foundation

The College controls the Algonquin College Foundation by virtue of a Memorandum of Agreement between the two parties. The objectives of the Foundation are to solicit, receive, manage and distribute money and other property to support education at the College. The Foundation was incorporated without share capital on December 4, 1995 under the Ontario Corporations Act and is exempt from income taxes.

The College provides administrative services to the Foundation which includes: financial accounting, human resources, and information systems services. In addition, the College funds the direct operating costs of the Foundation. The total value of these expenses (before offsetting the 1% and 5% fees noted in 7 b)) is $762,214 ($816,596 in 2017), which includes salaries and benefits of $585,476 ($672,741 in 2017) and operating costs of $176,739 ($143,855 in 2017). These expenses are recorded in the College's consolidated financial statements, and are not recorded as expenses in the Foundation's financial statements.

6. Controlled entities (continued)

(b) Algonquin College Foundation (continued)

During the year, the College received $2,596,490 ($2,088,706 in 2017) from the Foundation consisting of:

	2018	2017
	$	$
Endowed contributions	1,026,150	535,313
Deferred capital contributions	21,410	255,261
Other restricted contributions	1,548,930	1,298,132
	2,596,490	2,088,706

The summarized assets, liabilities and results of operations for the Foundation for the year ended March 31, 2018 is as follows:

	2018	2017
	$	$
Financial position		
Total assets	408,862	340,059
Liabilities and fund balances		
Due to Algonquin College	150,985	14,380
Deferred revenue	23,935	—
Fund balances	233,942	325,679
Total liabilities and fund balances	408,862	340,059
Results of operations		
Revenue	2,773,165	2,237,512
Expenses	2,864,902	2,215,849
Excess of revenue over expenses	(91,737)	21,663
Cash flow		
Operating activities	69,301	16,448
Net cash inflow	69,301	16,448

7. Endowment assets

(a) Endowment assets represent funds held or receivable by the College which have been permanently endowed. The carrying value of endowed investments is recorded at fair value.

The endowment assets consist of the following:

Fair value

	2018	2017
	$	$
Endowed investments		
Cash equivalents	**2,741,493**	1,548,310
Bonds	**7,458,927**	6,521,153
Equities	**15,819,995**	16,325,903
	26,020,415	24,395,366

Cost

	2018	2017
	$	$
Endowed investments		
Cash equivalents	**2,739,600**	1,548,277
Bonds	**7,523,892**	6,478,732
Equities	**13,637,882**	14,113,090
	23,901,374	22,140,099

Endowed investments are managed by investment managers under an investment policy approved by the Board of Governors. The investment policy limits investments to Canadian and foreign equities traded on a public market, Canadian and the United States government bonds, corporate bonds with a minimum rating of A-, and cash equivalents.

The bonds have effective interest rates of 1.80% to 7.35% and maturity dates ranging from September 2018 to December 2048 (1.25% to 7.77% and maturity dates ranging from June 2017 to December 2048 in 2017).

The College regularly reviews endowed investments to determine whether unrealized losses represent temporary changes in fair value or are a result of other than temporary impairments. The consideration of whether an investment is other than temporarily impaired is based on a number of factors which include, but are not limited to, the financial condition of the issuer and the length and magnitude of the unrealized loss and specific credit events.

The College also considers its intent and ability to hold an investment for a sufficient period of time for the value of the unrealized loss to recover.

7. Endowment assets (continued)

(b) Endowed funds consist of external contributions that either the donor or the College has designated as a permanent endowment. The endowed funds cannot be expended by the College. The annual income earned on the endowed funds may be expended only for the externally restricted purpose specified by the donor or the College. The changes during the year in the Endowment Fund / Assets are as follows:

	2018	2017
	$	$
Opening balance	**24,395,366**	22,795,749
Contributions	**1,091,262**	587,116
Realized investment income	**1,602,978**	1,742,764
Distributions	**(932,966)**	(898,722)
Net contribution to Endowment Fund	**1,761,274**	1,431,158
Change in unrealized gains (losses) due to changes in fair value of endowment assets	**(136,225)**	168,459
Net change in Endowment Fund	**1,625,049**	1,599,617
Ending balance	**26,020,415**	24,395,366

The College's endowment policy is to annually distribute investment income equal to 4% of the Endowment Fund's book value at the end of the preceding fiscal year. The purpose of this policy is to allow the College to distribute a consistent amount of income from the endowed funds on an annual basis regardless of the investment income actually earned in the fiscal year.

The total value of administrative fees charged by the College, to recover a portion of the costs of fundraising expenses incurred by the College on behalf of the Foundation, for the year was $202,390 ($201,408 in 2017), which includes:

- 1% of the Endowment Fund's book value (based on the original donation value) at the end of the previous year, which amounts to $185,596 ($179,724 in 2017); and
- 5% of new major gifts, which amounts to $16,714 ($21,684 in 2017).
- 8% of new capital campaign donations, which amounts to $80 (nil in 2017).

As at March 31, 2018, the Endowment Fund / Assets included a balance of $4,213,486 ($3,543,476 in 2017) which represents the cumulative realized investment income in excess of amounts distributed. The changes during the year are as follows:

	2018	2017
	$	$
Amount available for future distribution, beginning of year	**3,543,474**	2,699,434
Realized investment income	**1,602,978**	1,742,764
Amount distributed	**(932,966)**	(898,722)
Amount available for future distribution, end of year	**4,213,486**	3,543,476

8. Capital assets

			2018
	Cost	Accumulated amortization	Net book value
	$	$	$
Land	**6,895,284**	**—**	**6,895,284**
Buildings	**320,040,687**	**107,142,479**	**212,898,208**
Assets under development	**49,249,281**	**—**	**49,249,281**
Site improvements	**28,518,814**	**16,909,536**	**11,609,278**
Parking lots	**926,213**	**673,529**	**252,684**
Computers and equipment	**57,515,512**	**49,954,822**	**7,560,690**
Automotive equipment	**355,249**	**212,265**	**142,984**
	463,501,040	**174,892,631**	**288,608,409**

			2017
	Cost	Accumulated amortization	Net book value
	$	$	$
Land	6,895,284	—	6,895,284
Buildings	320,043,687	99,679,248	220,364,439
Assets under development	15,505,504	—	15,505,504
Site improvements	26,560,480	14,494,226	12,066,254
Parking lots	926,211	580,707	345,504
Computers and equipment	60,027,028	51,847,188	8,179,840
Automotive equipment	312,773	210,219	102,554
	430,270,967	166,811,588	263,459,379

Assets under development are comprised of construction in progress and software under development. The construction of the DARE District accounts for $35,908,023 ($6,617,657 in 2017) of total recorded assets under development.

9. Deferred revenue

Details of the year-end balance are as follows:

	2018	2017
	$	$
Student tuition fees	**28,667,604**	24,175,073
Grant and reimbursements	**2,849,243**	665,143
Contract education services	**3,200,231**	1,855,816
Student aid	**1,277,632**	1,224,551
Miscellaneous projects	**3,714,746**	4,335,681
	39,709,456	32,256,264

Student tuition fees are for academic courses which extend beyond the fiscal year of the College.

9. Deferred revenue (continued)

Grants and reimbursements are unexpended externally restricted grants to be spent on future specific projects, including improvements and investments in the College's campus facilities, information systems, equipment and programs.

Contract education services represent prepayments for courses to be held in future years.

Student aid represents the unexpended donations and interest to be spent on student scholarships and bursaries in future years.

Miscellaneous projects include contributions, deposits and prepayments related to small, miscellaneous activities of the College.

10. Long-term debt and interest rate swaps

(a) Long-term debt

The College has entered into the following long-term debt agreements to finance the construction of student residences, the Police and Public Safety Institute, and the Student Commons:

	2018	2017
	$	$
Residence I building loan, bearing interest at prime plus 1.00% maturing in 2025, with average monthly payments of $96,635	**6,491,133**	7,112,420
Residence II building loan, bearing interest at prime plus 0.25% maturing in 2027, with average monthly payments of $122,832	**9,775,126**	10,545,502
Residence III building loan, bearing interest at prime plus 0.25% maturing in 2029, with monthly payment of $126,755	**11,051,055**	11,756,035
Police and Public Safety Institute loan, bearing interest at prime plus 1.00%, maturing in 2025, with monthly payments of $67,833	**2,415,196**	2,650,138
Student Commons loan (Ontario Financing Authority), bearing interest interest at 4.008%, maturing in 2037, with semi-annual payments of $678,301	**18,542,234**	19,137,704
	48,274,744	51,201,799
Less: current portion	**(3,106,940)**	(2,927,055)
	45,167,804	48,274,744

10. Long-term debt and interest rate swaps (continued)

(a) *Long-term debt (continued)*

Interest is payable on a monthly basis. The principal of the loans is payable as follows:

2019	3,106,940
2020	3,298,244
2021	3,501,708
2022	3,718,123
2023	3,948,332
Thereafter	30,701,397
	48,274,744

(b) *Interest rate swaps*

The College has interest rate swap agreements to manage the volatility of interest rates related to a net notional $59.0 million of floating rate long-term debt on the three phases of the Residence and the Police and Public Safety Institute. The fixed rates set under the interest rate swaps range from 5.97% to 6.95%. The maturity dates of the interest rate swaps are the same as the maturity dates of the associated long-term debt, ranging from 2025 to 2029. The fair value of the interest rate swaps is $5,731,931 ($8,471,685 in 2017).

11. Employee benefits plans

(a) *Pension plan*

Substantially all of the employees of the College are members of the Colleges of Applied Arts and Technology ("CAAT") Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the CAAT. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the highest five consecutive years prior to retirement, termination, or death. The 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.

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2018 indicated an actuarial surplus of $2.3 billion ($1.6 billion in 2017).

Contributions to the Plan made during the year by the College on behalf of its employees amounted to $14,477,678 ($14,658,392 in 2017) and are included in salaries and benefits in the consolidated statement of operations.

(b) *Post-employment benefits*

The College provides extended health care, dental insurance and life insurance benefits to certain of its employees under a multi-employer plan under CAAT. This coverage may be extended to the post-employment period. The most recent actuarial valuation of post-employment benefits was completed by the Plan's Actuary as at January 1, 2017 and was extrapolated for accounting purposes to March 31, 2018.

11. Employee benefits plans (continued)

(b) Post-employment benefits (continued)

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

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

	2018	2017
	%	%
Discount rate	**2.6%**	2.0%
Dental benefits cost and premium escalation	**4.0%**	4.0%
Medical benefits cost escalation		
Hospital and other medical	**4.0%**	4.0%
Vision/hearing	**4.0%**	4.0%
Drugs	**8.0% in 2018 decreasing to 4.0% by 2034**	8.25% in 2017 decreasing to 4.0% by 2034
Medical premium escalation	**6.8% in 2018 decreasing to 4.0% by 2034**	6.98% in 2017 decreasing to 4.0% by 2034
Expected return on assets	**2.0% per annum**	1.3% per annum

The composition of the vacation, sick leave and post-employment net asset deficiency is as follows:

	2018	2017
	$	$
Post-employment benefits	**2,812,535**	3,125,899
Vacation	**10,488,308**	9,975,643
Sick leave	**5,678,000**	5,846,000
	18,978,843	18,947,542

The employee future benefit liability change for the year ended March 31, 2018 is an increase of $31,301 (Increase of $207,277 in 2017). This amount is comprised of:

	2018	2017
	$	$
Current year service cost	**183,000**	356,000
Interest expense on accrued benefit obligation	**136,000**	116,000
Amortization of actuarial loss	**30,000**	(30,000)
Benefit payments made by the College during the year	**(317,699)**	(234,723)
	31,301	207,277

12. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase and construction of capital assets. Investment income earned on government contributions received is also included in deferred capital contributions.
The amortization of the deferred capital contributions is recorded as revenue in the consolidated statement of operations.

In 2005, the Algonquin College Foundation launched a building campaign to raise $2 million for the construction of the Automotive Technology Trades Centre. Construction of the Automotive Technology Trades Centre was completed in 2007, and all pledges have now been received. Total cumulative contributions received up to March 31, 2018 amounted to $675,744 ($675,744 in 2017).

In 2008, the Foundation launched building campaigns to raise $7 million for the construction of the Algonquin Centre for Construction Excellence (ACCE), $2.5 million for the expansion of the Pembroke campus, and $1 million for the expansion of the Perth campus. The unused portion of contributions received for Pembroke and Perth will be used as construction continues on these projects. No further contributions will be allocated to ACCE as the project exceeded its fundraising target. Total cumulative contributions received up to March 31, 2018 amounted to $9,639,966 ($9,599,375 in 2017).

In 2017, the Algonquin College Foundation launched a campaign to raise $2 million for the construction of the DARE District, for which construction began in 2017 and is scheduled to be substantially complete by April 2018. Total net cumulative contributions received up to March 31, 2018 amounted to $75,970 ($25,000 in 2017).

12. Deferred capital contributions (continued)

The changes in the deferred capital contributions balance are as follows:

	2018	2017
	$	$
Balance, beginning of year	**148,259,857**	146,123,835
Less amortization of deferred capital contributions	**(6,972,816)**	(7,294,947)
Amounts relating to a decrease in deferred capital contributions less prior year over contribution to deferred capital relating to Algonquin Centre for Construction Excellence	**(341,763)**	—
	140,945,278	138,828,888
Add capital contributions received		
Industry and Individual contributions		
Automotive Technology Trades Centre	**—**	2,500
Algonquin Centre for Construction Excellence	**—**	128,607
Pembroke campus relocation	**20,360**	96,957
Perth campus expansion	**—**	2,400
DARE District	**50,970**	25,000
Smart apartment	**—**	183,212
Welding Lab	**75,000**	—
Government contributions		
Other capital projects	**1,142,281**	545,352
Apprenticeship Enhancement Fund	**2,442,480**	2,198,015
Facilities renewal	**1,462,482**	1,437,518
Post Secondary Institutions Strategic Investment Fund	**15,057,749**	4,489,154
Contributions from the Students' Association	**200,000**	—
Contributions received before donated equipment	**20,451,322**	9,108,715
Donated equipment	**331,035**	322,254
	20,782,357	9,430,969
Balance, end of year	**161,727,635**	148,259,857

	2018	2017
	$	$
Unused deferred capital contributions at end of year		
Post Secondary Institutions Strategic Investment Fund	**—**	962,000
Used deferred capital contributions at end of year	**161,727,635**	147,297,857
Balance, end of year	**161,727,635**	148,259,857

13. Commitments, guarantees and contingencies

Commitments

The College has committed to make the following future minimum payments under various vehicle, premises rental, equipment leases, and subscription agreements:

	$
2019	1,278,798
2020	1,177,519
2021	876,359
	3,332,676

Letters of credit

The College is contingently liable under letters of credit amounting to $653,506 ($502,517 in 2017), which have been issued in the normal course of business.

Guarantees

In the normal course of business, the College has entered into lease agreements for premises and equipment. It is common in such commercial lease transactions for the College, as the lessee, to agree to indemnify the lessor's liabilities that may arise from the use of the leased assets. The maximum amount potentially payable under the foregoing indemnities cannot be reasonably estimated. The College has liability insurance that relates to the indemnifications described above.

Contingencies

The College is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the College.

14. Investment in capital assets

The investment in capital assets consists of the following:

	2018	2017
	$	$
Capital assets	**288,608,409**	263,459,379
Less: amounts financed by		
Deferred capital contributions - used (Note 12)	**(161,727,635)**	(147,297,857)
Long term debt	**(48,274,744)**	(51,201,799)
	78,606,030	64,959,723

14. Investment in capital assets (continued)

The net change in investment in capital assets is calculated as follows:

	2018	2017
	$	$
Capital asset additions		
Total additions	**38,450,249**	20,618,096
Less		
Donated equipment	**(331,035)**	(322,254)
Additions net of donated equipment	**38,119,214**	20,295,842
Less		
Building/construction in progress financed with donations	**(146,330)**	(255,464)
Building/construction in progress financed with contributions from the Students' Association	**(200,000)**	—
Other capital assets financed with capital contribu	**(21,066,992)**	(7,891,251)
Capital assets purchased with College funds	**16,705,892**	12,149,127
External financing and other		
Decrease in long-term debt	**2,927,055**	2,757,888
Amortization of defered capital contributions	**6,972,816**	7,294,947
Amortization of capital assets	**(13,287,769)**	(13,810,533)
Write-off of capital assets	**(13,450)**	(147,116)
Amounts relating to a decrease in deferred capital Contributions over contribution related to Algonquin Centre for Construction Excellence	**341,763**	—
Net change in investment in capital assets	**13,646,307**	8,244,313

15. Capital disclosures

Capital

The College considers its operating capital to consist of long-term debt including the interest rate swaps, net assets invested in capital assets, internally restricted net assets, and unrestricted net assets. The College's overall objective for its capital is to fund capital assets, future projects, and ongoing operations. The College manages its capital by appropriating amounts to internally restricted net assets for anticipated future projects, contingencies, and other capital requirements as disclosed below.

The College also considers its endowments, as disclosed in Note 7 as part of its capital. The College's objective with regard to endowments is to grow the endowment principal and maximize investment income to increase funding for student aid.

The College may not incur an accumulated deficit without the approval of the Minister of Advanced Education and Skills Development of Ontario. The College would be required to eliminate any accumulated deficit within a prescribed period of time.

The College is not subject to any other externally imposed capital requirements and its approach to capital management remains unchanged from the prior year.

15. Capital disclosures (continued)

Internally restricted net assets

Internally restricted net assets are funds restricted by the College for future projects to improve and invest in the College's campus facilities, information systems, equipment, programs, student aid, and employee retraining.

Internally restricted net assets consist of the following:

	2018	2017
	$	$
Appropriations	**100,000**	100,000
Specific reserves		
Other projects and initiatives	**27,215,092**	25,524,645
Ancillary services reserve fund	**5,208,589**	4,872,917
Contingency reserve fund	**8,890,000**	8,471,000
Employment stabilization funds	**569,893**	551,842
Reserve fund		
Future capital expansion	**31,202,189**	33,765,502
Balance, end of year	**73,185,763**	73,285,906

16. Financial instruments

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The College is exposed to interest rate risk with respect to its interest-bearing investments, long-term debt and interest rate swaps.

As at March 31, 2018, a 1% increase in nominal interest rates would result in a decline of investments of approximately $970,843 ($1,108,612 in 2017) and an appreciation of the interest rate swap's fair value of approximately $1,510,759 ($1,923,279 in 2017). Conversely, a 1% decrease in nominal interest rates would result in an increase of investments of approximately $1,004,018 ($1,123,356 in 2017), and a decrease of the interest rate swap's fair value of approximately $1,613,622 ($2,068,459 in 2017). These amounts do not include other variables such as convexity.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The College is exposed to price risk with respect to its equity investments.

As at March 31, 2018, a 5% increase in price would result in an increase of endowment assets of approximately $791,000 ($816,295 in 2017).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The College believes that it is not exposed to significant currency risks arising from its financial instruments.

16. Financial instruments (continued)

Credit risk

Credit risk arises from the potential that a counterparty to an investment will fail to perform its obligations. The College is exposed to credit risk on its accounts receivable and its investments. The maximum exposure to credit risk is the carrying value reported in the consolidated statement of financial position. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as government agencies and public companies. The College also enforces approved collection policies for student accounts.

Concentrations of accounts receivable are described in Note 4. Credit risk on endowment investments is also mitigated by the College's investment policy as described in Note 7. Primary credit portfolio concentrations on investments are detailed in Notes 3 and 7.

Liquidity risk

Liquidity risk is the risk that the College will not be able to meet all cash flow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and cash flow analysis. The College has the following financial liabilities as at March 31, 2018:

	Net book value	2019	2020	2021 and after
	$	$	$	$
Accounts payable and accrued liabilities	29,030,424	29,030,424	—	—
Accrued salaries and employee deduction payable	10,008,613	10,008,613	—	—
Long-term debt	48,274,744	3,106,940	3,298,244	41,869,559
Interest rate swaps	5,731,931	—	—	5,731,931
	93,045,712	42,145,977	3,298,244	47,601,490

Fair values

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, accrued salaries and employee deductions payable, approximate their fair value due to the relatively short periods to maturity of the instruments.

The carrying value of long-term debt including the interest rate swaps approximates fair value.

Fair value hierarchy

Financial instruments are grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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).

16. Financial instruments (continued)

Fair value hierarchy (continued)

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the consolidated statement of financial position, classified using the fair value hierarchy described above:

				2018
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash	**55,203,492**	**—**	**—**	**55,203,492**
Short-term investments	**—**	**33,128,280**	**—**	**33,128,280**
Long-term investments	**1,433,527**	**31,943,223**	**—**	**33,376,750**
Endowment assets	**18,561,488**	**7,458,927**	**—**	**26,020,415**
Interest rate swaps	**—**	**5,731,931**	**—**	**5,731,931**
	75,198,507	**78,262,361**	**—**	**153,460,868**

				2017
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash	52,732,635	—	—	52,732,635
Short-term investments	—	29,905,672	—	29,905,672
Long-term investments	1,367,518	35,555,506	—	36,923,024
Endowment assets	17,874,213	6,521,153	—	24,395,366
Interest rate swaps	—	8,471,685	—	8,471,685
	71,974,366	80,454,016	—	152,428,382

17. Changes in non-cash operating working capital items

	2018	2017
	$	$
Decrease (increase) in accounts receivable	**(7,886,781)**	5,065,683
Decrease (increase) in inventory	**(16,582)**	224,124
Decrease (increase) in prepaid expenses	**(653,836)**	846,852
Increase in accounts payable and accrued liabilities	**4,118,369**	5,349,255
Increase in accrued salaries and employee deduction payable	**717,192**	1,322,741
Increase in deferred revenue	**7,453,192**	4,521,989
	3,731,554	17,330,644

18. Comparative figures

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

The Algonquin College of Applied Arts and Technology

Schedule A – Supplementary information - Revenue

Year ended March 31, 2018

	Notes	2018	2017
		$	$
Grants and reimbursements			
Post secondary activity		**104,061,145**	103,789,301
Apprentice programs		**4,677,139**	5,464,063
Special bursaries		**1,734,162**	1,355,639
		110,472,446	110,609,003
Student tuition fees			
Full-time post secondary		**95,946,275**	89,928,299
Full-time non-funded		**1,801,425**	1,397,109
Part-time		**12,010,021**	12,022,464
Adult training		**890,707**	1,203,050
Student information technology fees		**6,902,868**	8,216,601
		117,551,296	112,767,523
Contract educational services			
Provincially funded programs		**19,975,766**	17,498,662
International programs		**1,767,199**	1,032,784
Corporate and other programs		**16,588,979**	13,846,785
		38,331,944	32,378,231
Ancillary operations (Schedule B)		**34,192,309**	35,118,208
Other			
Early Learning Centre		**1,009,719**	997,681
Student ancillary fees		**5,647,688**	6,281,475
Investment income		**759,832**	2,267,896
Foreign currency translation adjustment		**—**	36,120
Miscellaneous		**12,390,396**	9,417,684
		19,807,635	19,000,856
Amortization of deferred capital contributions	12	**6,972,816**	7,294,947
Total revenue		**327,328,446**	317,168,768

The accompanying notes are an integral part of the consolidated financial statements.

The Algonquin College of Applied Arts and Technology

Schedule B – Supplementary information - Ancillary operations summary

As at March 31, 2018

								2018
	Gross revenue	**Internal revenue**	**Net revenue**	**Expenses**	**Internal expenses**	**Net expenses**	**Contribution including internal transactions**	**Contribution net of internal transactions**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Food services	**9,218,559**	**(533,136)**	**8,685,423**	**9,470,800**	**(533,136)**	**8,937,664**	**(252,241)**	**(252,241)**
Bookstore	**14,347,373**	**(3,814,433)**	**10,532,940**	**13,774,973**	**(3,814,433)**	**9,960,540**	**572,400**	**572,400**
Parking and lockers	**4,796,805**	**(462,390)**	**4,334,415**	**1,379,587**	**(132,986)**	**1,246,601**	**3,417,218**	**3,087,814**
Publishing centre	**1,698,248**	**(1,609,301)**	**88,947**	**1,468,452**	**(1,391,541)**	**76,911**	**229,796**	**12,036**
Residence	**10,382,807**	**—**	**10,382,807**	**7,786,937**	**—**	**7,786,937**	**2,595,870**	**2,595,870**
Director's office	**167,777**	**—**	**167,777**	**612,658**	**—**	**612,658**	**(444,881)**	**(444,881)**
Overhead allocation	**—**	**—**	**—**	**—**	**(1,715,900)**	**(1,715,900)**	**—**	**1,715,900**
Total	**40,611,569**	**(6,419,260)**	**34,192,309**	**34,493,407**	**(7,587,996)**	**26,905,411**	**6,118,162**	**7,286,898**

								2017
	Gross revenue	Internal revenue	Net revenue	Expenses	Internal expenses	Net expenses	Contribution including internal transactions	Contribution net of internal transactions
	$	$	$	$	$	$	$	$
Food services	10,137,355	(493,538)	9,643,817	9,510,554	(493,538)	9,017,016	626,801	626,801
Bookstore	15,473,958	(4,138,670)	11,335,288	14,864,086	(3,975,553)	10,888,533	609,872	446,755
Parking and lockers	4,752,550	(459,243)	4,293,307	1,329,414	(128,462)	1,200,952	3,423,136	3,092,355
Publishing centre	1,746,363	(1,606,248)	140,115	1,597,085	(1,468,947)	128,138	149,278	11,977
Residence	9,525,526	—	9,525,526	7,892,208	—	7,892,208	1,633,318	1,633,318
Director's office	180,155	—	180,155	(328,592)	—	(328,592)	508,747	508,747
Overhead allocation	—	—	—	—	(1,645,760)	(1,645,760)	—	1,645,760
Total	41,815,907	(6,697,699)	35,118,208	34,864,755	(7,712,261)	27,152,494	6,951,152	7,965,714

The accompanying notes are an integral part of the consolidated financial statements.

Financial statements of
The Algonquin College Foundation

March 31, 2018

Deloitte LLP
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Independent Auditor's Report

To the Members of
The Algonquin College Foundation

We have audited the accompanying financial statements of The Algonquin College Foundation, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in fund balances and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Algonquin College Foundation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants
[DATE]

The Algonquin College Foundation

Statement of financial position

As at March 31, 2018

	Notes	2018	2017
		$	$
Assets			
Cash		**407,542**	338,241
Prepaid expenses		**1,320**	1,818
		408,862	340,059
Liabilities			
Due to Algonquin College		**150,985**	14,380
Deferred revenue		**23,935**	—
		174,920	14,380
Fund balances			
Restricted	5	**233,942**	325,679
		408,862	340,059

The accompanying notes are an integral part of the financial statements.

On behalf of the Board

_________________________________, Director

_________________________________, Director

The Algonquin College Foundation

Statement of operations and changes in fund balances

Year ended March 31, 2018

	Notes	Restricted fund 2018	Restricted fund 2017	Endowment fund 2018	Endowment fund 2017	Capital fund 2018	Capital fund 2017	Total 2018	Total 2017
		$	$	**$**	$	**$**	$	**$**	$
Revenue									
Donations		**619,077**	586,809	**1,026,150**	535,313	**142,434**	227,815	**1,787,661**	1,349,937
Lotteries		**26,950**	35,176	**—**	—	**—**	—	**26,950**	35,176
Alumni		**110,306**	80,136	**—**	—	**—**	—	**110,306**	80,136
Bursary Golf Tournament		**77,635**	88,498	**—**	—	**—**	—	**77,635**	88,498
Girls' Night Out		**31,415**	—	**—**	—	**—**	37,050	**31,415**	37,050
Donations-in-kind		**418,742**	400,864	**—**	—	**—**	—	**418,742**	400,864
Special projects		**320,456**	245,851	**—**	—	**—**	—	**320,456**	245,851
		1,604,581	1,437,334	**1,026,150**	535,313	**142,434**	264,865	**2,773,165**	2,237,512
Direct fundraising expenses									
Lotteries		**15,050**	18,107	**—**	—	**—**	—	**15,050**	18,107
Alumni		**201,225**	59,301	**—**	—	**—**	—	**201,225**	59,301
Bursary Golf Tournament		**41,568**	40,131	**—**	—	**—**	—	**41,568**	40,131
Girls' Night Out		**10,569**	—	**—**	—	**—**	9,604	**10,569**	9,604
		268,412	117,539	**—**	—	**—**	9,604	**268,412**	127,143
Excess of revenue over expenses, before disbursements		**1,336,169**	1,319,795	**1,026,150**	535,313	**142,434**	255,261	**2,504,753**	2,110,369
Disbursements to The Algonquin College of Applied Arts and Technology	3	**1,427,906**	1,298,132	**1,026,150**	535,313	**142,434**	255,261	**— — 2,596,490**	2,088,706
Excess (deficiency) of revenue over expenses and disbursements		**(91,737)**	21,663	**—**	—	**—**	—	**(91,737)**	21,663
Balance, beginning of year		**325,679**	304,016	**—**	—	**—**	—	**325,679**	304,016
Balance, end of year		**233,942**	325,679	**—**	—	**—**	—	**233,942**	325,679

The accompanying notes are an integral part of the financial statements.

The Algonquin College Foundation

Statement of cash flows

Year ended March 31, 2018

	2018	2017
	$	$
Operations		
Excess (deficiency) of revenue over expenses and disbursements	**(91,737)**	21,663
Changes in non-cash working capital		
Increase (decrease) in deferred revenue	**23,935**	(18,100)
Increase in due to Algonquin College	**136,605**	13,461
Decrease (increase) in prepaid expenses	**498**	(576)
	69,301	16,448
Cash, beginning of year	**338,241**	321,793
Cash, end of year	**407,542**	338,241

The accompanying notes are an integral part of the financial statements.

1. Description of the Foundation

The Algonquin College Foundation (the "Foundation") was incorporated without share capital on December 4, 1995 under the Ontario Corporations Act. The Foundation was established to receive and maintain a fund or funds and to apply all or part of the income and capital there from, from time to time, to the benefit of The Algonquin College of Applied Arts and Technology (the "College").

The Foundation is a registered charity under the Income Tax Act and as such is exempt from income taxes and may issue charitable donation receipts.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Resources received and expended are classified for accounting and reporting purposes into funds according to objectives specified externally by donors or internally by the Board.

(i) Restricted fund

The restricted fund includes those resources to be used for identified purposes as specified externally by donors or internally by the Board.

(ii) Endowment fund

The endowment fund includes those resources for which the donor has stipulated that the funds be maintained permanently and funds designated internally to be for endowment purposes by the Board.

(iii) Capital fund

The capital fund includes those resources to be used for funding of the expansion of The Algonquin College of Applied Arts and Technology.

The College administers the restricted, endowment and capital funds on behalf of the Foundation.

(b) Revenue recognition

The Foundation follows the restricted fund method of accounting for revenue.

Donations are recorded as revenue when cash is received.

Designated donations are recorded as revenue of the restricted fund, the endowment fund or the capital fund.

Investment income is recognized as revenue of the fund in which the investment is held when earned.

Other sources of revenue are recorded on the accrual basis of accounting.

(c) Donations-in-kind

Donations of materials and services are recorded at fair value when received.

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organization requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. The most significant estimate used in the preparation of these financial statements is the fair value of donations in-kind. Actual results could differ from these estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in revenues in the year in which they become known.

Expenses

Expenses are recorded on the accrual basis of accounting.

Cash

Cash is recorded at fair value and is a Level 1 hierarchy.

3. Related party transactions

The Foundation is controlled by The Algonquin College of Applied Arts and Technology (the "College") by virtue of a Memorandum of agreement between the two parties.

Endowment contributions received by the Foundation are transferred to the College. The College is responsible for the investment of the Endowment funds and distributing the income thereon. In 2018, the Foundation collected and transferred Endowment contributions of $1,026,150 ($535,313 in 2017) to the College.

The College provides administrative services to the Foundation which includes: financial accounting, human resources, and information systems services. In addition, the College funds the direct operating costs of the Foundation. The total value of the expenses (before offsetting the 1% and 5% fee) for the year is $762,214 ($816,596 in 2017), which includes salaries and benefits of $585,476 ($672,741 in 2017) and operating costs of $176,739 ($143,855 in 2017). These expenses and the administrative fees noted below, are not recorded as revenue or expenses in the Foundation's financial statements, but are recorded in the College's financial statements.

The total value of administrative fees charged by the College, to recover a portion of the costs of fundraising expenses incurred by the College on behalf of the Foundation, for the year was $202,390 ($201,408 in 2017), which includes:

- 1% of the Endowment Fund's book value (based on the original donation value) at the end of the previous year, which amounts to $185,596 ($179,724 in 2017);
- 5% of new major gifts, which amounts to $16,714 ($21,684 in 2017); and,
- 8% of new capital campaign donations, which amounts to $80 (nil in 2017).

4. Capital campaigns

In 2008, the Foundation launched building campaigns to raise funds for various capital projects on the College’s three campuses. The following amounts have been raised by the Foundation up to March 31, 2018:

	Donations received during the year	**Donations received in prior years**	**Outstanding pledges**	**Total 2018**	Total 2017
	$	**$**	**$**	**$**	$
Constructing our Future Capital Campaign	**121,024**	**6,871,565**	**203,857**	**7,196,446**	7,361,756
Pembroke expansion	**20,360**	**2,194,005**	**213,474**	**2,427,839**	2,427,839
Perth expansion	**—**	**554,036**	**—**	**554,036**	554,036
DARE District Capital Campaign	**51,050**	**25,000**	**—**	**76,050**	25,000
	192,434	**9,644,606**	**417,331**	**10,254,371**	10,368,631

In addition, there were no donations ($2,500 in 2017) recognized in the Capital fund that relate to the Automotive Technology Trades Centre Campaign that was launched in 2005. Further, there were donations of $50,000 (nil in 2017) recognized that were allocated from the Alumni relations fund and committed to the DARE District Capital Campaign.

5. Restricted fund balance

Funds restricted by the Foundation for future initiatives.

	2018	2017
	$	$
Alumni relations	**232,178**	323,097
Other	**1,764**	2,582
	233,942	325,679

6. Comparative figures

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

Financial statements of
2364193 Ontario Inc.

March 31, 2018

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Independent Auditor's Report

To the Board of Directors of
2364193 Ontario Inc.

We have audited the accompanying financial statements of 2364193 Ontario Inc., which comprise the statement of financial position as at March 31, 2018, and the statements of operations and accumulated deficit and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 2364193 Ontario Inc. as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants
June 11, 2018

2364193 Ontario Inc.

Statement of financial position

As at March 31, 2018

	Notes	2018	2017
		$	$
Assets			
Current assets			
Due from Algonquin College		**100**	—
Liabilities			
Current liabilities			
Due to Algonquin College		**—**	31,114
Net debt and accumulated deficit		**100**	(31,114)
Consists of			
Unrestricted (deficiency)		**—**	(31,214)
Share capital	3	**100**	100
		100	(31,114)

The accompanying notes are an integral part of the financial statements.

Approved by the Board

________________________________, Director

________________________________, Director

2364193 Ontario Inc.

Statement of operations and accumulated surplus

Year ended March 31, 2018

	Budget	2018	2017
	$	$	$
Expenses			
Professional fees	—	3,300	2,100
Miscellaneous expenses	—	—	100
	—	3,300	2,200
Operating deficit	—	(3,300)	(2,200)
Forgiveness of debt due to Algonquin College	—	34,514	—
Surplus (deficit)	—	31,214	(2,200)
Accumulated deficit, beginning of year	—	(31,214)	(29,014)
Accumulated deficit, end of year	—	—	(31,214)

The accompanying notes are an integral part of the financial statements.

2364193 Ontario Inc.

Statement of cash flows

Year ended March 31, 2018

	2018	2017
	$	$
Operating activities		
Surplus (deficit)	**31,214**	(2,200)
Variations in statement of financial position		
Increase in due from Algonquin College	**(100)**	—
Increase (decrease) in due to Algonquin College	**(31,114)**	2,200
Increase in cash	**—**	—
Cash, beginning of year	**—**	—
Cash, end of year	**—**	—

The accompanying notes are an integral part of the financial statements.

1. Description of the organization

Authorities

2364193 Ontario Inc. (the "Company") was incorporated in March 2013 under the laws of the Province of Ontario. Its purpose is to hold a 5% interest in Algonquin College - Saudi Arabia, which provides post-secondary education in the Kingdom of Saudi Arabia; the remaining interest in Algonquin College Saudi - Arabia is held by the Algonquin College of Applied Arts and Technology (the "College").

The Company is subject to income taxes under the provisions of the *Income Tax Act*.

The Company's ability to continue as a going concern is dependent upon the continued financial support of the College.

2. Significant accounting policies

Basis of presentation

The Company's share capital is controlled by the College. The Company is deemed another government organization per the Introduction to Public Sector Accounting Standards ("PSAS") and has elected to prepare these financial statements in accordance with Canadian PSAS. The Company's significant accounting policies are as follows:

Revenue

Investment revenue is recorded on the accrual basis of accounting.

Expenses

Expenses are recorded on the accrual basis of accounting.

Investment in Algonquin College Saudi Arabia

As management cannot determine the fair value of the investment, the investment is recorded at cost.

Financial instruments

The Company's financial instruments consist of the investment in
Algonquin College-Saudi Arabia and accounts payable and accrued liabilities.
All financial instruments are carried at amortized cost except for cash which is measured at fair value.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial statements. Unless otherwise disclosed in these financial statements, management estimates that the carrying values of the financial instruments approximate their fair value due to their short-term maturity.

Cash is a Level 1 hierarchy.

2. Significant accounting policies (continued)

Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these financial statements, management believes that its estimates and assumptions, as well as those provided by others, to be reasonable. However, actual results may differ from these estimates. Therefore, estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known. Significant estimates include the amount of accrued liabilities.

3. Share capital

The Company is authorized to issue an unlimited number of common shares.
As at March 31, 2018, 100 shares were issued at a nominal value of $1 each.

Management Discussion and Analysis

2017-2018

Management Discussion and Analysis Overview

The following Management Discussion and Analysis report is intended to give context to the results of operations and the financial conditions of Algonquin College. The report is provided as a supplement to the College's financial statements and accompanying notes.

The report is an overview of the financial results achieved in the fiscal year ending March 31, 2018, and offers a detailed discussion and analysis of the following:

1. Operating Environment
2. Financial Results
3. Net Assets
4. Capital Planning
5. Areas of Financial Risk

Operating Environment

Algonquin College marked its 50th anniversary in 2017, as well as the implementation of a new strategic plan, 50+5. Over the past decade, Algonquin has continued to carefully manage operations and to build restricted net assets to invest in the continued success of students.

In 2017, the Ministry of Advanced Education and Skills Development announced a new funding formula for the college sector. The new corridor funding formula provides stability in terms of budgeting and forecasting, and is not driven by enrolment growth. The results of this change have yet to be fully realized. However, government grant revenue is expected to remain relatively flat while expenditures will continue to increase with inflation. Therefore, the college sector will continue to experience financial pressures.

On January 1, 2018, the first amendments to the Employment Standards Act in Ontario came into effect. The impacts of the increase to the provincial minimum wage and some initial changes to part-time compensation for statutory holidays affected the 2017-2018 financial results. The major impact of the legislation amendments will be realized in the 2018-2019 fiscal year as the equal pay for equal work component is implemented.

As at March 31, 2018, Algonquin has restricted net assets of $73.2 million. College management is able to achieve the goals set out in the strategic plan and annual business plans by careful budgeting and through the prudent use of these funds.

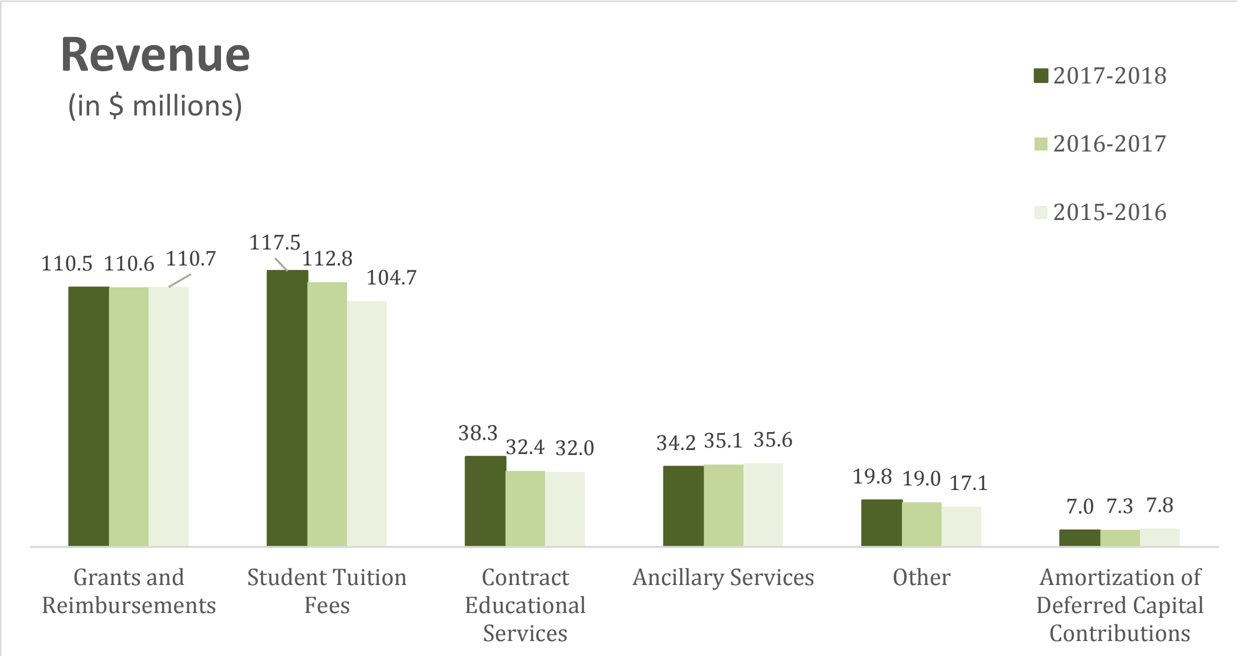
Financial Results

In the fiscal year ended March 31, 2018, the College realized an operating surplus of $13.5 million compared to a budgeted $5.5 million surplus. The $8 million positive variance is primarily due to operating cost savings and International student enrolment exceeding projected enrolment, as well as increased activity from both onshore and offshore contracts through the International Education Centre. A portion of this surplus will be used to fund some of the College's Strategic Investment Priorities. The balance has been added to the College's restricted net assets to fund future investments. These reserves will be instrumental in addressing the risks and challenges facing the College. More information on these challenges can be found on page 12 under the section Areas of Financial Risk.

Included in the financial results, are the impacts of the five week work stoppage. Overall, the work stoppage resulted in a $2.7 million loss to the College's operations. Though the College realized full-time salary savings during the 5 week work stoppage equal to $8.2 million, lost tuition and student ancillary fees through student attrition totaled $6.6 million. Additional losses were seen in College Ancillary Services, with a $1.4 million net loss. Every effort was made to ensure that students would not lose the fall semester, as a result the fall semester was extended by three weeks, resulting in $2.3 million of additional teaching and support costs.

Revenues

For the year ended March 31, 2018, the College recorded $327.3 million in revenues representing an increase of $10.2 million (3.2%) over the prior year. Detailed explanations of this increase follow in this report.



Grants and Reimbursements

Revenues from the Ontario Ministry of Advanced Education and Skills Development have remained relatively stable for the past three years. This trend is expected to continue as the college sector has moved to a corridor funding model. The slight decrease in funding for 2017-2018 is the result of the five week work stoppage, which negatively affected Apprenticeship funding revenues by $787,000 because of the cancellation of eleven classes. This decrease was offset by small increases in Special Apprenticeship Enhancement Funding of $272,000 caused by the timing of the construction of the Welding Lab Project at the College's Transportation Centre, and $379,000 in bursaries.

Student Tuition Fees

Student tuition fees increased by $4.8 million in 2017-2018 over 2016-2017. This increase was driven primarily by a $5.1 million increase in international student premiums over the prior year. This increase was offset by a deliberate decrease in the technology fee charged to students as part of overall student ancillary fees, resulting in a $1.3 million decrease from 2016-2017. Other smaller variances included increases in English as a Second Language revenues of $452,000 and English for Academic Purposes of $381,000.

Contract Educational Services

Contract educational services experienced a significant increase in revenues in 2017-2018. The largest contributors to this increase included a $1.7 million increase in the School College Work Initiative contract, a longstanding initiative to integrate secondary school students into the College and provide exposure to career opportunities. In addition, there was a $1.5 million increase in Corporate Training programs, and a $734,000 increase in international offshore contract revenue. Other small increases included $690,000 increase in collaborative University – College programs, and a $417,000 increase in Literacy and Basic Skill training contracts.

Ancillary Services

The five week Academic work stoppage had a considerable impact on Ancillary Services revenues. Overall revenues declined by $926,000 over 2016-2017. Food services and the bookstore experienced the greatest impact with revenue reductions of $958,000 and $802,000 respectively. The Algonquin College Residence increased their revenue by $857,000 due to increased summer rental sales bolstered by the Canada 150 celebrations in the Ottawa region.

Other

Other revenues consists of a variety of revenue sources such as student application fees, international student insurance premiums, distance education hosting fees, HST and other tax adjustments and rebates from the College's corporate credit card program. These revenues increased by $807,000 in 2017-2018.

The number of International students at Algonquin surpassed fiscal year targets. International student activity accounted for $1.7 million of the revenue increase because of a $1.2 million increase in international insurance premiums (a new process in 2017-2018), and an additional $559,000 of revenue due to forfeited student fees and other revenues. This was offset by a year over year decrease in investment income of $1.6 million. Other minor increases were realized because of an increase in distance education hosting fees of $186,000, $157,000 in increased Alumni Affinity Sponsorship revenues, and a $200,000 contribution from the Students' Association for indigenous initiatives. This contribution is the first installment of a $1.0 million investment by the Algonquin Student's Association.

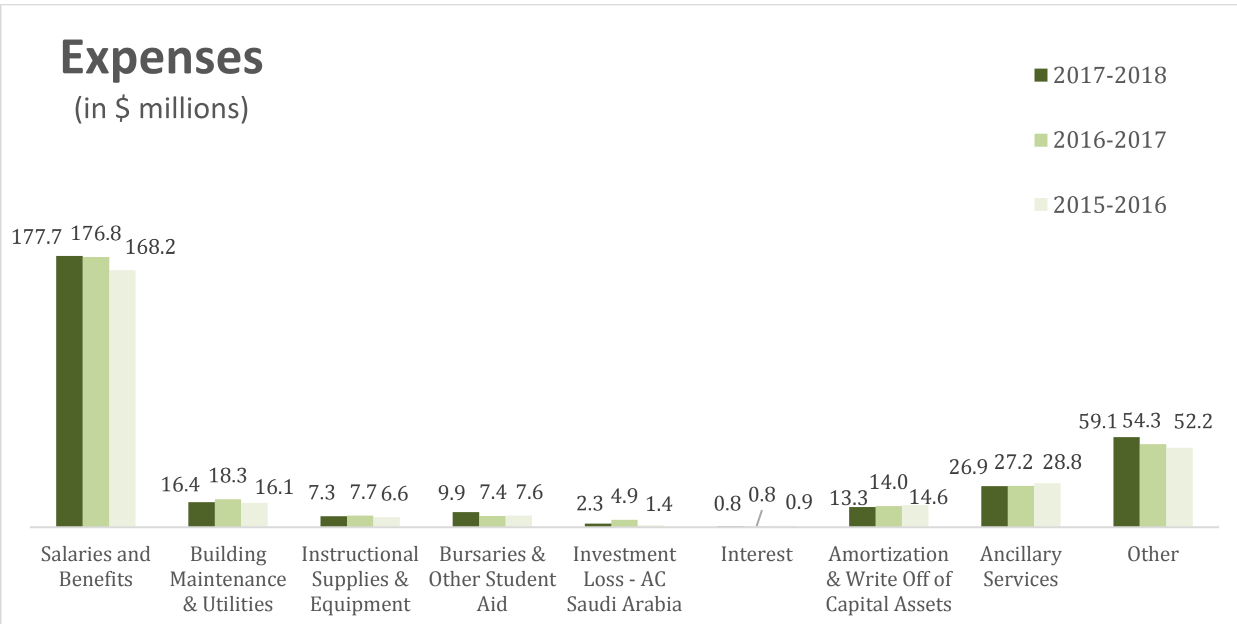
Amortization of Deferred Capital Contributions

There was minor change in the amortization of deferred capital contributions from 2016-2017, decreasing by $322,000. This decrease was the result of some deferred capital contributions for equipment and historical site improvements reaching full amortization levels.

No new material deferred capital contributions were amortized in 2017-2018. However, amortization of deferred capital contributions are expected to increase in 2018-2019 with the completion of the DARE District.

Expenses

For the fiscal year ending March 31, 2018, the College recorded $313.8 million in expenses, representing an increase of $2.4 million (0.7%) over the prior year.



Salaries and Benefits

Salaries and benefits represent the largest expense category for the College. In 2017-2018 the College spent $177.7 million on salaries and benefits.

College management had budgeted an $8.4 million increase in salary expenditures for 2017-2018 over the 2016-2017 actual expenditures. This increase was to account for required collective agreement adjustments, and other benefit increases. The five week academic work stoppage resulted in a net reduction of full-time academic and regular partial load academic salaries of $7.5 million. This resulted in an increase of $945,000 from 2016-2017 expenditures.

Building Maintenance and Utilities

Building maintenance and utilities expenditures decreased by $2.0 million in 2017-2018. The most significant impact was due to the Energy Service Company Project (ESCO 2). Construction delays in phase four of the project resulted in a $1.1 million reduction in energy savings expenditures, as the first co-generator was offline for most of the year. The timing of the phase four construction was also a factor. Construction costs borne by the College for phase four decreased by $1.3 million from 2016-2017. Construction costs to complete the ESCO 2 project are expected to increase in 2018-2019 with the completion of the thermal network.

Instructional Supplies and Equipment

Instructional supplies and equipment expenditures decreased by $349,000 from the prior year. Though regular operations saw an increase in instructional supplies of $355,000, the Perth and Pembroke campuses experienced reductions in training support expenditures in Employment Services and Job Connect contracts of $233,000. An additional $456,000 of reductions were realized in small equipment purchases.

Bursaries and Other Student Aid

Bursaries and other student aid disbursements increased by $2.5 million in 2017-2018, because of the five week Academic work stoppage in fall 2017, College management issued an additional $154,000 as part of the provincially mandated Student Strike Relief Fund. To further aid students who experienced hardship because of the work stoppage, the College increased the disbursement of other bursaries by $1.0 million.

As part of regular operations, the College increased disbursements of student aid by $800,000 over 2016-2017 to align with tuition and enrolment increases.

Investment Loss – AC Saudi Arabia

As of August 31, 2016, Algonquin College-Saudi Arabia terminated its agreement with Colleges of Excellence Saudi Arabia. In February 2018, a final settlement agreement was reached. The total loss realized by Algonquin College in 2017-2018 is $2.3 million.

Interest

Interest expenses continues to remain constant. College management continues to make regular payments on long term debt and did not assume any additional debt in 2017-2018.

Ancillary Services

Ancillary Services expenses decreased by $247,000 over the prior year. Two areas within Ancillary Services experienced notable changes from 2016-2017. The Director’s Office realized an increase in expenditures of $941,000 because of a one-time electricity rebate that was realized in 2016-2017. The Bookstore experienced the largest impact with a $927,000 reduction in expenditures due to impacts of the work stoppage. Cost of goods sold related to computer hardware decreased by $496,000 and combined textbook/e-text cost of goods sold decreased by $492,000. Most departments experienced minor decreases in expenses due to decreased cost of goods sold, because of lower sales due to the five week work stoppage.

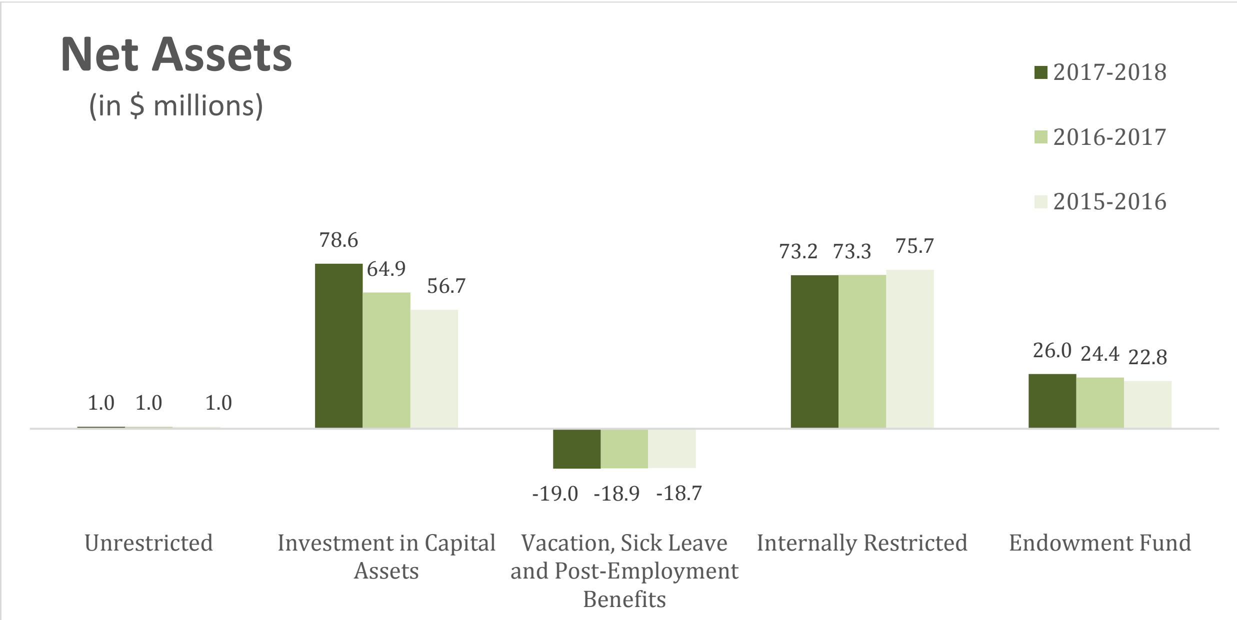
Other Expenses

Other expenses increased by $4.7 million in 2017-2018. These expenses are all because of major contracts and activities that brought significant revenue to the College.

Significant changes include a $963,000 increase in referral fee payments for the recruitment of international students and a $554,000 increase in International Student insurance expenses. Software licenses increased by $969,000 due to new Workday™ licensing fees and increases in other licenses such as Adobe. Increases in College contract activity resulted in $540,000 in increased contract teaching costs for the Corporate Training Centre, and a $508,000 increase in contract services related to the delivery of the AZ Truck Driving Training contract.

Net Assets

The College's net asset balance is an important indicator of financial health. The College's net assets increased by $15.1 million in 2017-2018.



Major changes to net assets in 2017-2018 were the result of the College's investment in capital assets:

- Ongoing construction of the DARE District,
- The development of Workday™, and
- The Student One Stop Space.

All of these contributed to the College's increase in investment in capital assets in fiscal year 2017-2018.

Capital Planning

The College continues to invest significantly in major capital projects to increase the capacity of the College, enhance the learning experience for students, and to continually improve internal processes. College management spent $36.4 million on major capital projects in 2017-2018. The following outlines the progress made on major capital projects during the fiscal year:

Energy Service Company Project (ESCO2)

During 2017-2018, work on phase four of this project continued with a focus on the College Energy Centre and the installation of the second co-generator. $9.7 million of construction was completed during the fiscal year of which $251,000 was contributed from College reserves. The project is expected to be completed in 2018-2019 with the completion of the thermal pipeline network. Once completed, the project is expected to save the College approximately $3.8 million annually in energy savings.

Enterprise Resource Planning – Project Workday

Development and implementation of the Workday™ Enterprise Resource Planning system continued in 2017-2018 with expenditures of $3.2 million. In the late fall, due to implementation challenges, the project timeline was recalibrated. A new implementation partner was announced in winter 2018. Due to the delay in implementation, College management requested approval from the Board of Governors for additional funding. The additional funding was approved, bringing the total value of the project to $18.8 million. This platform will result in operational efficiencies once fully implemented.

DARE District

Construction began on the DARE District initiative in the fall of 2016 to transform existing space in the College and add an additional floor for a state of the art library. A new centre for indigenous entrepreneurship is included in the renovation. The transformed space will allow students, researchers and entrepreneurs to come together to collaborate and spark economic growth. The $44.9 million project was declared substantially complete on April 30, 2018.

Welding Lab Project at the College's Transportation Centre

In June 2016, a $2.8 million investment, funded through an application to the Ministry's Apprenticeship Enhancement Fund, began on the update to the Welding shop facilities. The shop is designed to enhance the student experience through the acquisition of state-of-the-art equipment and updated facilities. In addition, this project will create an additional 20 student welding training spaces and will open the door to opportunities for development of new welding apprenticeship training programming. The project was completed in April 2018.

Transformer Replacement Project

In early 2016, after assessing the risk for failure posed by the existing high voltage transformers at the Ottawa campus, the Board of Governors approved the replacement of the transformers at a total cost of $2.9 million. Expenditures in fiscal year 2017-2018 totaled $480,000, and a total of $2 million has been spent on the project to date. The project is expected to be completed in 2018-2019.

Student One Stop Space

This $7.2 million renovation project began in November 2017. The project will improve the accessibility and usability of student enrolment and retention services by creating a one-stop hub of services. The design of the space, on the lower level of the DARE District, was completed in February 2018 with substantial completion of the renovation planned for summer 2018. Expenditures in 2017-2018 totaled $221,000.

Indigenous Gathering Circle

Located in the inner courtyard of the Ottawa campus, the Indigenous Gathering Circle will serve as a modern and respectful interpretation of a significant Indigenous cultural icon. It will create a welcoming venue that is culturally rich, and a student experience that can benefit from Indigenous teachings, heritage and history. It will provide a culturally appropriate and inclusive space for the entire Algonquin College community.

Hard landscaping was completed in 2017-2018 and the Gathering Circle structure construction begins in June 2018. This $1.6 million investment will be completed in the fall of 2018.

Net Tuition Project

In spring 2016, the Government of Ontario announced a major redesign of the Ontario Student Assistance Program (OSAP) to be implemented in 2017-2018. The major changes to OSAP will provide students with access to financial assistance through bursaries and grants at the start of the semester to reduce the upfront costs to students. As a result, the Ministry of Advanced Education and Skills Development introduced the OSAP Transformation and Net Tuition Project, and required College staff to produce a view for students so that they can see the total cost of tuition and the potential funding options. This $0.9 million project will be completed in 2018-2019.

Future Projects

A number of additional major capital projects have been approved by the Board of Governors and are scheduled to begin in 2018-2019. These include:

- Algonquin Students' Association Athletics and Recreation Complex (ARC). This is a collaboration with the Algonquin Students' Association. A new athletics complex will be built that will increase the physical capacity of student fitness, increase athletic opportunities, and offer students unlimited access to state-of-the-art recreation facilities. The anticipated start date of this $49.9 million project is 2018-2019.
- Pedestrian Bridge to Bus Rapid Transit Station. In partnership with the City of Ottawa, this project will construct an above-grade pedestrian bridge linking the Algonquin

Centre for Construction Excellence with a new bus rapid transit station. The $3.1 million projected investment by the College will help ensure students, employees and visitors to the Ottawa campus have an efficient and safe method for crossing College Avenue. This project will begin in 2018-2019 with substantial completion expected in 2023.

- Learning Management System. The Learning Management System is a crucial online learning environment used by students and faculty as a portal for all digital materials associated with courses and programs of study. It fosters a community of learners through its communication and activity/engagement tools, provides a platform to perform assessments, and it allows faculty and management to assess the progress of learners to better serve their learning needs. BrightSpace™ has been selected as the single learning management system for all campuses, and will be implemented, and piloted during the summer 2018 term. This platform will be operational in September 2018. Implementation costs are documented at $800,000.

The College continues to look forward and plan for the future. College management maintains a five year major capital investments plan to help ensure a strong financial position, and important investments in the future. These projects are submitted to the Board of Governors for approval only when appropriate funding has been found to support the initiative. Some of the future projects currently being reviewed include the implementation of a new Student Information System, a new Healthy Living Education Initiative and enhancements to the Customer Relationship Management system.

Areas of Financial Risk

Employment Standards Act Amendments

In November 2017, the Ontario government passed Bill 148 (Fair Workplaces, Better Jobs Act) amending the Employment Standards Act effective January 2018. The amendments to the Employment Standards Act resulted in a number of required changes to the College's operating budget. Some of the amendments took effect on January 1, 2018, such as changes to part-time employee pay for statutory holidays and minimum wage increases. Other changes with greater impacts to the College took effect on April 1, 2018. One of these amendments, equal pay for equal work, mandates all employers in Ontario to ensure that part time staff are paid on an equal basis to full time employees performing substantially the same work. College management have included all College staff in sessions to determine solutions to meet the mandate and mitigate the effects on the College budget. To date, the estimated annual impact to the College is an additional $25 million in expenses. The College has made a number of assumptions and decisions on how to mitigate the additional expenses and bring the College back to a balanced budget by the fiscal year 2020-2021. As College staff works through these mitigation strategies, there is a risk that the additional revenues or expense reductions will not materialize. Tracking and reporting mechanisms are in place to help monitor the results of the College's mitigation strategies.

Deferred Maintenance

Each year the College invests millions of dollars in the maintenance of the College's physical and digital infrastructure. However, due to the age of many of the College buildings, the speed at which technology develops and inadequate funding for maintenance, the College has incurred a significant deferred maintenance liability. In 2014, the College's deferred physical maintenance liability was independently estimated at $87.3 million. Using modest inflation rates, within two years, the estimated deferred liability maintenance value increased to $93.2 million as of December 2016. Algonquin College is not alone. A report on the Fiscal Sustainability of Ontario Colleges provided to Colleges Ontario by Price Waterhouse Coopers LLP, states, "…we note that on a system wide basis, deferred maintenance is projected to increase from $1.217 billion in 2015-16 to $3.544 billion in 2024-25."[1]This situation poses significant risk to the College's annual budget as the College addresses immediate maintenance issues while balancing demand for limited funding with strategic initiatives.

Budgetary Pressures

The corridor funding model was introduced by the Ministry of Advanced Education and Skills Development for the college sector effective fiscal year 2017-2018. This model was developed to address the issue of the changing demographics in Ontario, which will see a decline across the province of the traditional pool of college-age students (typically between 18 and 24 years of age). The new funding formula aims to provide a steady level of funding to colleges. Previous funding formulas were based on domestic enrolment growth and provided additional funding for realized growth. Current domestic enrolment for Algonquin remains stable with modest projected increases over the next few years. As a result, through the current corridor funding model, the College will receive no additional operating grant funding. Additionally, the government maintains an annual tuition increase cap of 3%. Current revenues are not keeping pace with the rate of inflation. As the College struggles to rebalance the budget by 2021 in the wake of the changes to the Employment Standards Act, it will become increasingly challenging to maintain the current high level of student satisfaction, a key priority for all College employees at all campuses.

[1] Price Waterhouse Coopers, LLP, (2017). "Fiscal Sustainability of Ontario Colleges" [Online]. Available: http://collegesontario.org/policy-positions/position-papers/Fiscal%20Sustainability%20of%20Ontario%20Colleges%20Final%2004.01.16.pdf

ALGONQUIN COLLEGE

President/Board of Governors

Agenda Item No: 4.0

Report title:	2018-2019 Board of Governors Officers and Committee Membership Appointments
Report to:	Board of Governors
Date:	June 11, 2018
Author/Presenter:	Jim Robblee, Chair, Governance Committee

1. RECOMMENDATION:

THAT the Governance Committee recommends to the Board of Governors approval of the appointment of Officers of the Board and membership on Board Committees with terms beginning September 1, 2018 to August 31, 2019.

OFFICERS OF THE BOARD 2018-2019	
Board Chair	Peter Nadeau
Board Vice Chair	Jim Brockbank
President	Cheryl Jensen
Chair, Academic & Student Affairs Committee	Jay McLaren
Chair, Audit & Risk Management Committee	Kelly Sample
Chair, Governance Committee	Jim Robblee
EXECUTIVE COMMITTEE	
Board Chair	Peter Nadeau
Board Vice Chair	Jim Brockbank
President	Cheryl Jensen
Chair, Academic & Student Affairs Committee	Jay McLaren
Chair, Audit & Risk Management Committee	Kelly Sample
Chair, Governance Committee	Jim Robblee
AUDIT & RISK MANAGEMENT COMMITTEE	
Committee Chair	Kelly Sample
Board Chair	Peter Nadeau
President	Cheryl Jensen
External Governor	Jim Brockbank
External Governor	Cyril McKelvie
External Governor	Michael Waters
External Governor	Steve Barkhouse
Internal Resource, VP Finance and Administration	Duane McNair

Agenda Item No: 4.0

GOVERNANCE COMMITTEE	
Committee Chair	**Jim Robblee**
Board Chair	Peter Nadeau
President	Cheryl Jensen
External Governor	Audrey Lawrence
External Governor	Gail Beck
Internal Governor	Valerie Sayah
ACADEMIC & STUDENT AFFAIRS COMMITTEE	
Committee Chair	Jay McLaren
Board Chair	Peter Nadeau
President	Cheryl Jensen
Internal Governor	Enrico De Francesco
Internal Governor	Krisha Stanton
Student Governor	Shubham Paudel
External Governor	Wayne Johnson
Internal Resource, VP Academic	Claude Brulé
Internal Resource, VP Student Services	Laura Stanbra
ALGONQUIN COLLEGE FOUNDATION	
President	Cheryl Jensen
Board of Governor Representative	Jeff Darwin

Appendix A - 2018-2019 BOG Officer position - Committee Memberships

ALGONQUIN COLLEGE BOARD OF GOVERNORS
2018-2019 Board Committee Memberships

	Board of Governors	ARM Chair – Kelly Sample	Governance Chair - Jim Robblee	ASAC Chair – Jay McLaren	Foundation Representative
EXECUTIVE COMMITTEE	**Peter Nadeau - Chair**	BOG Chair	Member	Member	
EXECUTIVE COMMITTEE	**Jim Brockbank – Vice Chair**	Member			
EXECUTIVE COMMITTEE	**Cheryl Jensen - President**	President	President	President	President
EXECUTIVE COMMITTEE	**Jay McLaren – ASAC Chair**			**Chair**	
EXECUTIVE COMMITTEE	**Jim Robblee – Governance Chair**		**Chair**		
EXECUTIVE COMMITTEE	**Kelly Sample – ARM Chair**	**Chair**			
	Audrey-Claire Lawrence		Member		
	Cyril McKelvie	Member			
	Enrico DeFrancesco - Academic			Member	
	Gail Beck		Member		
	Jeff Darwin				BOG Representative
	Krisha Stanton - Administrative			Member	
	Michael Waters	Member			
	Shubham Paudel - Student			Member	
	Steve Barkhouse	Member			
	Valerie Sayah-Hoareau - Support		Member		
	Wayne Johnson			Member	
Memberships based on Committee Terms of Reference		BOG Chair – P. Nadeau President – C. Jensen **+ 4 external Governors** 1. **K. Sample - Chair** 2. C. McKelvie 3. J. Brockbank 4. M. Waters 5. S. Barkhouse **Total = 7**	BOG Chair – P. Nadeau President – C. Jensen **+ Up to 5 Governors** 1. **J. Robblee – Chair** 2. A. Lawrence 3. G. Beck 4. V. Sayah-Hoareau **Total = 6**	BOG Chair – P. Nadeau President – C. Jensen **+ 3 to 5 Governors** 1. **J. McLaren - Chair** 2. K. Stanton 3. E. De Francesco 4. S. Paudel 5. W. Johnson **Total = 7**	President – C. Jensen **+ 1 Governor** 1. J. Darwin **Total = 2**
Internal Resources		Duane McNair		Laura Stanbra	
Internal Resources				Claude Brulé	

Agenda Item No: 5.0

Report title:	Appointment of the Auditors for 2018-2019
Report to:	Board of Governors
Date:	June 11, 2018
Author/Presenter:	Nancy Cheng, Chair, Audit and Risk Management Committee

1. RECOMMENDATION:

THAT the Board of Governors approves the appointment of BDO Canada LLP as the external auditors of Algonquin College and its controlled entities for the 2018-2019 fiscal year.

2. PURPOSE / EXECUTIVE SUMMARY:

The purpose of this report is to present the successful audit firm from the recent competitive procurement process for external audit services for Algonquin College and its controlled entities for the next three years, plus one two year extension, starting with fiscal year 2018-2019.

3. BACKGROUND:

The current contract with Deloitte LLP, the College's external auditors, expires after the end of the 2017-2018 fiscal year audit. Deloitte LLP has been the College's external auditors for a six year period beginning with the 2012-2013 fiscal year, and concluding with the 2017-2018 fiscal year audit.

At the October 24, 2017 meeting of the Audit and Risk Management Committee, it was agreed by the Committee that Algonquin College would utilize the agreements negotiated between the Ontario Education Collaborative Marketplace and the four chosen suppliers (BDO Canada LLP, Deloitte LLP, Ernst & Young LLP and KPMG LLP) as a basis for the selection of the next auditors for Algonquin College and its controlled entities. It was agreed that an audit service contract would be awarded to the firm providing the combined lowest three year cost to the College.

4. DISCUSSION:

The lowest combined three year bid for all required services was $345,300 as submitted by BDO Canada LLP. When considering the optional two year extension, BDO Canada LLP also submitted the lowest combined five year bid at $581,100.

At the Audit and Risk Management Committee meeting on March 8, 2018, College management presented a summary of the quotes with a recommendation for the appointment of BDO Canada LLP as external auditors of Algonquin College, and its controlled entities for the audit periods from 2018-2019 to 2020-2021, with an option to extend for one additional two year period.

5. LINK TO STRATEGIC PLAN:

STRATEGIC PLAN 2017-2022			
LEARNER DRIVEN **Goal One** **Establish Algonquin as the leader in personalized learning across all Ontario colleges.**	☐	**CONNECTED** **Goal Four** **Become an integral partner to our alumni and employers.**	☐
QUALITY AND INNOVATION **Goal Two** **Lead the college system in co-op and experiential learning.**	☐	**SUSTAINABLE** **Goal Five** **Enhance Algonquin's global impact and community social responsibility.**	☒
Goal Three **Attain national standing in quality, impact and innovation within each school and service.**	☒	**PEOPLE** **Goal Six** **Be recognized by our employees and the community as an exceptional place to work.**	☐

6. STUDENT IMPACT:

Supporting the overall health of College financial resources by minimizing the cost of external audit services helps to preserve financial assets, which in turn contributes to the efficient delivery of programs and services for students.

7. FINANCIAL IMPACT:

Algonquin College's external audit costs for 2016-17 were approximately $203,000 compared to the three year average lowest bid price of $115,100. By selecting the lowest bid price, the College would achieve a savings of approximately $88,000 per year for the first three years.

8. HUMAN RESOURCES IMPACT:

Utilization of the agreements awarded and negotiated by the Ontario Education Collaborative Marketplace, has limited the amount of time and effort required by the Finance and Procurement Departments to prepare and manage a Request for Proposal process.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

   Regular competitive procurement of audit services addresses the regulatory procurement requirements for external audit services.

10. COMMUNICATIONS:

    Upon approval by the Board of Governors, BDO Canada LLP will be notified of the award by the Procurement Department of Algonquin College.

11. CONCLUSION:

    The audit firm with the lowest combined estimated three year cost was BDO Canada LLP. Accordingly, it is recommended that BDO Canada LLP be appointed as the auditors of Algonquin College and its controlled entities for the 2018-2019 fiscal year.

Respectfully submitted:	Approved for submission:
________________________________	______________________________________
Duane McNair	Cheryl Jensen
Vice President, Finance and Administration	President

Agenda Item No: 6.0

Report title:	Banking Officers Resolution
Report to:	Board of Governors
Date:	June 11, 2018
Author/Presenter:	Duane McNair, Vice President, Finance and Administration

1. RECOMMENDATION:

   THAT the Board of Governors approves the Banking Officers Resolution effective June 11, 2018.

2. PURPOSE / EXECUTIVE SUMMARY:

   The purpose of this resolution is to formally update, approve and document the slate of banking officers of Algonquin College for the year.

3. BACKGROUND:

   Each year, the College presents to the Board of Governors an updated list of the banking officers of the College. Once approved, the resolution is supplied to the College's financial institutions as validation of those individuals with signing authority for banking purposes at Algonquin College.

4. DISCUSSION:

   The resolution identifies the positions that will be granted signing authority for banking purposes on behalf of the College. Due to operational reorganizations and position changes, the list of banking officers is reviewed and updated annually.

   The resolution is attached as Appendix A: Banking Officers Resolution.

5. LINK TO STRATEGIC PLAN:

STRATEGIC PLAN 2017-2022			
LEARNER DRIVEN **Goal One**	☐	**CONNECTED** **Goal Four**	☐

Establish Algonquin as the leader in personalized learning across all Ontario colleges.		**Become an integral partner to our alumni and employers.**	
QUALITY AND INNOVATION **Goal Two** **Lead the college system in co-op and experiential learning.**	☐	**SUSTAINABLE** **Goal Five** **Enhance Algonquin's global impact and community social responsibility.**	☒
Goal Three **Attain national standing in quality, impact and innovation within each school and service.**	☐	**PEOPLE** **Goal Six** **Be recognized by our employees and the community as an exceptional place to work.**	☐

6. STUDENT IMPACT:

Supporting the overall health of College financial resources through the mitigation of financial loss exposures helps to preserve financial assets, which in turn, contributes to the efficient delivery of programs and services for students.

7. FINANCIAL IMPACT:

The banking officers resolution forms part of the internal controls of the College. The resolution is provided to the College's financial institutions whenever a change in banking signing authority is requested. The resolution ensures that only authorized positions will be allowed signing authority for banking purposes.

8. HUMAN RESOURCES IMPACT:

The banking officers resolution will have minimal impact on the human resources of the College.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

Though the banking officers resolution is not externally regulated, the annual review and approval by the Board of Governors is a key internal control of the College.

10. COMMUNICATIONS:

The approved banking officers list is kept on file and supplied to the College's financial institutions as appropriate.

Agenda Item No: 6.0

11. CONCLUSION:

The banking officers list coupled with the College's internal controls helps to reduce risk and ensure that College assets are safeguarded.

Respectfully submitted:

Approved for submission:

Duane McNair
Vice President, Finance and Administration

Cheryl Jensen
President

Appendices:

Appendix A: Banking Officers Resolution

RESOLUTION
MOVED AND SECONDED

That for banking purposes, the following are the officers of Algonquin College of Applied Arts and Technology, effective June 11, 2018:

THE BOARD OF GOVERNORS OF ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

POSITION	CURRENT INCUMBENT
Chair	Peter Nadeau
Vice Chair	James Brockbank
Secretary	Cheryl Jensen
Treasurer	Duane McNair

SENIOR OFFICIALS OF THE COLLEGE

POSITION	CURRENT INCUMBENT
President	Cheryl Jensen
Senior Vice President, Academic	Claude Brulé
Vice President, Finance & Administration	Duane McNair
Vice President, Human Resources	Cathy Frederick
Vice President, Student Services	Laura Stanbra
Vice President, Innovation and Strategy	Doug Wotherspoon
Director, Finance and Administrative Services	Grant Perry (Acting)
Manager, Financial Services	Emily Woods (Acting)

CERTIFICATE

I hereby certify that the foregoing is a true copy of a resolution duly passed at a meeting of the Board of Governors of Algonquin College held at Ottawa, Ontario, the 11th day of June, 2018.

DATED at Ottawa this 11th day of June, 2018

Witness by my hand and (Corporate) Seal

SECRETARY

ALGONQUIN COLLEGE

President/Board of Governors

Agenda Item No: 7.0

Report title:	2018-2019 Appointments of the Algonquin College Foundation Board of Directors
Report to:	Board of Governors
Date:	June 11, 2018
Author/Presenter:	Peggy Austen, Acting Director, Algonquin College Foundation

1. RECOMMENDATION:

   THAT the Board of Governors accepts the 2018-2019 Appointments of the Algonquin College Foundation Board of Directors for information.

2. PURPOSE / EXECUTIVE SUMMARY:

   The purpose of this report is to provide information on the ongoing recruitment and selection process for the Foundation Board of Directors.

3. BACKGROUND:

   Every year, the Nominating Committee of the Foundation Board of Directors meet to review directors' terms of office and to recruit candidates to fill vacancies that occur on the Board. This year's Nominating Committee consists of: Committee Chair, Jeff Turner (Vice Chair of Board), Rodney Wilson (Board Chair) Algonquin College President, Cheryl Jensen, Foundation Directors; Cheryl Hammond, Ashley Brambles and Acting Director of the Foundation, Peggy Austen.

   Algonquin College Foundation Directors Rena Bowen, Victoria Ventura, and Board of Governor Representative on the Foundation Board, Michael Waters came to the end of their terms of office at the Annual General Meeting that was held on June 7, 2018.

   It is the Foundation Board of Directors responsibility to ensure the Board membership reflects and represents the stakeholders of the local community, the overall strategic direction of the College, and the direction and goals of the College Foundation. The Nominating Committee took into account the skills and expertise currently on the Board, and the gaps that will result from the planned vacancies.

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Four candidates are still being considered for two vacant board of director positions and will provide a response later this month following the pending selection from the Nominating Committee meeting. Provisions allow for the election of these candidates at the next meeting of the Foundation Board of Directors in October 2018.

4. DISCUSSION:

Jeff Darwin, Board of Governors designate to the Foundation Board of Directors will be replacing Michael Waters for a one year term. Richard Lee will be replacing Rena Bowen, Director and Chair of the Alumni and Friends Network for a term of three years, effective as of the Foundation Annual General Meeting on June 7, 2018.

In addition, Deijanelle Simons will represent the Students' Association on the Foundation Board of Directors for the duration of her one year term. The following is a complete listing of the Foundation Board of Directors:

2018-2019 FOUNDATION BOARD EXECUTIVE COMMITTEE	
Chair	Rodney Wilson
Vice Chair	Jeff Turner
President	Cheryl Jensen
Secretary	Rod Vanier
Treasurer	Duane McNair
2018-2019 FOUNDATION BOARD OF DIRECTORS	
Ashley Brambles	Randy Tivy
Cheryl Hammond	Deijanelle Simons (Students' Association Representative)
Denise Siele	Christina Tessier
Michael O'Byrne	John Owens
Jeff Darwin (BOG Representative)	Richard Lee

5. LINK TO STRATEGIC PLAN:

STRATEGIC PLAN 2017-2022			
LEARNER DRIVEN **Goal One**	☒	**CONNECTED** **Goal Four**	☒

Establish Algonquin as the leader in personalized learning across all Ontario colleges.		**Become an integral partner to our alumni and employers.**	
QUALITY AND INNOVATION **Goal Two** **Lead the college system in co-op and experiential learning.**	☒	**SUSTAINABLE** **Goal Five** **Enhance Algonquin's global impact and community social responsibility.**	☒
Goal Three **Attain national standing in quality, impact and innovation within each school and service.**	☒	**PEOPLE** **Goal Six** **Be recognized by our employees and the community as an exceptional place to work.**	☒

6. STUDENT IMPACT:

The appointment of the Foundation Board of Directors from local communities benefits students. Directors who are familiar with and can speak to local community needs, and who regularly network with employers and industry are highly valuable.

7. FINANCIAL IMPACT:

There are no direct financial impacts associated with the appointment of new Directors to the Algonquin College Foundation Board of Directors.

8. HUMAN RESOURCES IMPACT:

There are no direct human resources impacts associated with the appointment of new Directors to the Algonquin College Foundation Board of Directors.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

These new appointments were made in accordance with the provisions provided in the Algonquin College Foundation By-Laws.

10. COMMUNICATIONS:

These appointments will be circulated to the broader College community. In addition, the Algonquin College Foundation's webpage will be updated with the candidates' biographies.

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11. CONCLUSION:

This report provides details associated with the Algonquin College Foundation Board of Directors' ongoing recruitment campaign and selection process for 2018-2019. Final recruitment results will be provided to the Board of Governors in the Foundation's report at the October 22, 2018 Board of Governors meeting.

Respectfully submitted:	Approved for submission:
_______________________________	_____________________________________
Peggy Austen	Cheryl Jensen
Acting Director, Algonquin College Foundation	President