

## 2020 ANNUAL GENERAL MEETING OF THE BOARD OF GOVERNORS

2019 ANNUAL GENERAL MEETING OF THE BOARD OF GOVERNORS OF ALGONQUIN COLLEGE TO BE HELD  
ON MONDAY, JUNE 8, 2020, FROM 6:15 PM – 6:25 PM, BY ZOOM VIDEO/TELECONFERENCE CALL:

**Register in advance for this meeting:**

[https://algonquincollege.zoom.us/meeting/register/tJYpd-mvrzsrG9ZBunjDndibf-zw\\_1lw8y75](https://algonquincollege.zoom.us/meeting/register/tJYpd-mvrzsrG9ZBunjDndibf-zw_1lw8y75)

<b>2019 ANNUAL GENERAL MEETING AGENDA</b>		<b>Presenter</b>	<b>Time</b>
<b>1.</b>	Constitution of the Meeting and Approval of the Agenda	Jim Brockbank	1 m.
<b>2.</b>	Declarations of Conflict of Interest	Jim Brockbank	1 m.
<b>3.</b>	Minutes of the Annual General Meeting of the Board of Governors meeting of June 10, 2019	Jim Brockbank	1 m.
<b>4.</b>	2019-20 Draft Audited Financial Statements  Appendix A: 2019-20 Draft Audited Financial Statements – Algonquin College  Appendix B: 2019-20 Draft Audited Financial Statements - 2364193 Ontario Inc.	Duane McNair	1 m.
<b>5.</b>	2020-21 Board of Governors Officers and Committee Membership Appointments  Appendix A: 2020-21 Board of Governors Officer Position - Committee Memberships	Gail Beck	1 m.
<b>6.</b>	Appointment of the Auditors for 2020-21	Kelly Sample	1 m.
<b>7.</b>	Banking Officers Resolution  Appendix A: Banking Officers Resolution	Duane McNair	1 m.
<b>8.</b>	<b>ANNUAL GENERAL MEETING ADJOURNMENT</b>		

**DRAFT**

**ANNUAL GENERAL MEETING OF THE BOARD OF GOVERNORS MEETING MINUTES**

MINUTES OF THE ANNUAL GENERAL MEETING OF THE BOARD OF GOVERNORS OF ALGONQUIN COLLEGE,  
HELD ON MONDAY, JUNE 10, 2019, AT 6:00 PM, IN ROOM T102 A&B, OTTAWA CAMPUS.

**Present:**

Peter Nadeau, Board Chair  
Jim Brockbank, Board Vice Chair  
Cheryl Jensen, President  
Audrey Claire Lawrence  
Cyril McKelvie  
Enrico DeFrancesco  
Jay McLaren  
Jeff Darwin  
Jim Robblee  
Krisha Stanton  
Michael Waters  
Shubham Paudel  
Steve Barkhouse  
Valerie Sayah  
Wayne Johnson

**Regrets:**

Gail Beck  
Kelly Sample

**Recorder:**

Victoria Tiqui-Sanford, Board Assistant

**Governor Observers:**

Ikram Zouari, Incoming Governor, Sept. 1, 2019  
James McCracken, Incoming Governor, Sept. 1,  
2019  
Yadwinder Singh, Incoming Student Governor,  
Sept. 1, 2019  
Rodney Wilson, Governor in Waiting, Sept. 1, 2020  
John Weerdenburg, Governor in Waiting, Sept. 1,  
2020  
Yusuf Khan, Governor in Waiting, Sept. 1, 2020

**Algonquin College Executive Team:**

Claude Brulé, Senior Vice President, Academic  
Diane McCutcheon, Vice President, Human  
Resources  
Doug Wotherspoon, Vice President, Innovation  
& Strategy  
Duane McNair, Vice President, Finance &  
Administration  
Laura Stanbra, Vice President, Student Services  
Ron Deganadus McLester, Executive Director,  
Truth, Reconciliation, Indigenization  
Tracy McDougall, Director, President's Office

**Presenters:**

Chris Hahn, Dean, Perth Campus and the  
Algonquin Centre for Construction Excellence  
Grant Perry, Director, Finance and  
Administrative Services  
Paul Gardner, Senior Manager, Special Projects

**Changemaker Awards:**

Shaun Barr, Chair, Construction Trades and  
Building Systems

**Students:**

Baking Silver medalist – Krystal Wiles-Horscroft  
Hairstyling Bronze medalist – Jasmine Ebery  
Auto Body Repairer Bronze medalist – Tom  
Kearney (Bronze)  
Carpentry (individual) Bronze medalist – Chris  
Naranowicz

**External Guests**

Darren Karn, Senior Research Associate Rotman  
School of Management, University of Toronto

**1. CONSTITUTION OF THE MEETING & APPROVAL OF THE AGENDA**

Board Chair P. Nadeau constituted the meeting at 6:00 p.m. and asked whether any Governors wished to remove or add an item to the agenda. No items were removed or added.

**RESOLUTION**

**MOVED & SECONDED: S. Paudel & K. Stanton**

**THAT** the Board of Governors approves the Annual General meeting agenda of June 10, 2019.

**CARRIED.**

**2. Declarations of Conflict of Interest**

Board Chair P. Nadeau asked members to declare any conflicts of interest with items on the agenda. There were no conflicts of interest declared.

**3. Minutes of the Annual General Meeting of the Board of Governors meeting of June 11, 2018**

Approval of the Board of Governors Meeting minutes of June 11, 2018.

**RESOLUTION**

**MOVED & SECONDED: A. Lawrence & V. Sayah**

**THAT** the Board of Governors approves the meeting minutes of June 11, 2018.

**CARRIED.**

**4. 2018-2019 Draft Audited Financial Statements**

Members were referred to the recommendations for the 2018-2019 Draft Audited Financial Statements for approvals.

**RESOLUTION**

**MOVED & SECONDED: S. Barkhouse & J. Darwin**

a. **THAT** the Board of Governors approves the 2018-2019 Draft Audited Financial Statements of Algonquin College (Appendix A: 2018-2019 Draft Audited Financial Statements – Algonquin College),

AND

b. **THAT** the Board of Governors approves the transfer of \$197,538 from internally restricted net assets to unrestricted net assets,

AND

c. **THAT** the Board of Governors accepts for information the 2018-2019 Audited Financial Statements of The Algonquin College Foundation (Appendix B: 2018-2019 Audited Financial Statements – Algonquin College Foundation),

AND

d. **THAT** the Board of Governors accepts for information the 2018-2019 Audited Financial Statements for 2364193 Ontario Inc. (Appendix C: 2018-2019 Audited Financial Statements – 2364193 Ontario Inc.),

AND

e. **THAT** the Board of Governors accepts for information the 2018-2019 Management Discussion and Analysis Report (Appendix D: 2018-2019 Management Discussion and Analysis Report).

**CARRIED.**

**5. 2018-2019 Board of Governors Officers and Committee Membership Appointments**

Governor J. Robblee, Chair, Governance Committee referred members to the 2019-2020 Board of Governors Officers and Committee Membership Appointments.

## OFFICERS OF THE BOARD 2019-2020

EXECUTIVE COMMITTEE	
Board Chair	Jim Brockbank
Board Vice Chair	Jim Robblee
President	Vacant
Chair, Governance Committee	Gail Beck
Chair, Academic & Student Affairs Committee	Jay McLaren
Chair, Audit & Risk Management Committee	Kelly Sample
Vice Chair, Audit & Risk Management Committee	Steve Barkhouse
GOVERNANCE COMMITTEE	
<b>Committee Chair</b>	<b>Gail Beck</b>
Board Chair	Jim Brockbank
President	Vacant
External Governor	Audrey Lawrence
External Governor	Jamie McCracken
External Governor	Jim Robblee
Internal Governor	Valerie Sayah
External Governor	Wayne Johnson
ACADEMIC & STUDENT AFFAIRS COMMITTEE	
<b>Committee Chair</b>	Jay McLaren
Board Chair	Jim Brockbank
President	Vacant
External Governor	Cyril McKelvie
Internal Governor	Enrico DeFrancesco
Internal Governor	Krishna Stanton
Student Governor	Yadwinder Singh
Internal Resource, VP Academic	Claude Brulé
Internal Resource, VP Student Services	Laura Stanbra
AUDIT & RISK MANAGEMENT COMMITTEE	
<b>Committee Chair</b>	Kelly Sample
<b>Committee Vice Chair</b>	Steve Barkhouse
Board Chair	Jim Brockbank
President	Vacant
External Governor	Cyril McKelvie
External Governor	Jeff Darwin
External Governor	Ikram Zouari
Internal Resource, VP Finance and Administration	Duane McNair

### RESOLUTION

#### **MOVED & SECONDED: J. Robblee & K. Stanton**

**THAT** the Board of Governors approves the appointment of Officers of the Board and membership on Board Committees with terms beginning September 1, 2019 to August 31, 2020.

**CARRIED.**

**6. Appointment of the Auditors for 2019-2020**

Governor S. Barkhouse, referred members to the Appointment of the Auditors for 2019-2020 on behalf of Kelly Sample, Chair, Audit and Risk Management Committee. The report requested for approval for the appointment of the auditors for 2019-2020.

**RESOLUTION**

**MOVED & SECONDED: S. Barkhouse & J. Brockbank**

**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 2019-2020 fiscal year.

**CARRIED.**

**7. Banking Officers Resolution**

D. McNair referred members to the Banking Officers Resolution. 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.

**RESOLUTION**

**MOVED & SECONDED: S. Paudel & J. Darwin**

**THAT** the Board of Governors approves the Banking Officers Resolution effective September 1, 2019.

**CARRIED.**

**8. ANNUAL GENERAL MEETING ADJOURNMENT**

There being no further business, the Annual General Meeting of the Board of Governors adjourned at 6:06 p.m.

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James Brockbank, Chair

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Victoria Tiqui-Sanford, Recorder

## **APPENDIX A: Observers:**

Brent Brownlee, Director, Campus Services  
Chris Carroll, Communications  
Chris Hahn, Dean, Perth Campus  
Chris Janzen, Dean, Dean, Faculty of Technology and Trades  
Dave Donaldson, Dean, School of Business  
Elizabeth Tyrie, Business Improvement Coach, Business Improvement Office  
Emily Woods, Associate Director, Finance and Administrative Services  
Erin Langevin, Director, Labour Relations  
Greg Jeffreys, Contractor, Algonquin College  
Ilya Golub, Principal Investigator - OptiWave, Applied Engineering Research Centre  
Jeff Agate, Associate Director, Student Support Services, Student Support Services  
Jennifer Thurston, Conference & Banquet Manager  
Jessica House, Manager Continuous Improvement, AC Way  
Krista Pearson, Registrar  
Lynn Schumann, Project Manager, Learner Driven Plan  
Manon Levesque, Manager, Physical Resources  
Mara Lowrey, Marketing Manager, Campus Services  
Marina Spivak, Financial Analyst, Finance and Administrative Services  
Mark Leduc, Executive Director, Academic Operations and Planning  
Michael Qaqish, Support Services Officer, President's Office  
Patrick Devey, Dean, Centre For Online and Continuing Learning  
Peggy Austen, Acting Director, Foundation  
Richard Hagemeyer, Part-Time Professor, Information and Communications Technology  
Ruth Dunley, Communications Officer, Public Relations  
Sandra Larwill, Academic Manager, Centre For Online and Continuing Learning  
Sherri Levine, Communications Officer  
Stephanie Walker, Executive Assistant, President's Office  
Terri Kinnunen, Manager, Financial Services  
Valerie Hall, Professor, School of Business  
Wahab Almuhtadi, Full-time Professor, Applied Science & Environmental Technology

Report title:	2019-20 Draft Audited Financial Statements
Report to:	Board of Governors
Date:	June 8, 2020
Author/Presenter:	Duane McNair, Vice President, Finance and Administration Grant Perry, Chief Financial Officer

1. RECOMMENDATION:

- a. **THAT** the Board of Governors approves the 2019-20 Draft Audited Financial Statements of Algonquin College (Appendix A: 2019-20 Draft Audited Financial Statements – Algonquin College),  
AND
- b. **THAT** the Board of Governors approves the transfer of \$15,832,871 from unrestricted net assets to internally restricted net assets,  
AND
- c. **THAT** the Board of Governors accepts for information, the 2019-20 Audited Financial Statements for 2364193 Ontario Inc. (Appendix B: 2019-20 Audited Financial Statements – 2364193 Ontario Inc.).

2. PURPOSE / EXECUTIVE SUMMARY:

The purpose of this report is:

- a. To present the 2019-20 Draft Audited Financial Statements of Algonquin College to the Board of Governors,  
AND
- b. To request approval for the transfer of \$15,832,871 from unrestricted net assets to internally restricted net assets,  
AND
- c. To present, for information, the 2019-20 Audited Financial Statements of 2364193 Ontario Inc.

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 Colleges and Universities no later than July 2, 2020. Typically the deadline for submission is May 15<sup>th</sup>. This year an extension has been granted due to the challenges posed by the COVID-19 pandemic.

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

The College's audit firm, BDO, LLP, has substantially completed the audit of Algonquin College's financial statements for the fiscal year ending March 31, 2020. 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 will remain "draft" until formally approved by the Board of Governors on June 8, 2020.

The Draft Audited Financial Statements of 2364193 Ontario Inc. will be presented for approval by its Board of Directors on May 27, 2020. The Draft Audited Financial Statements for 2364193 Ontario Inc. are being presented to the Audit and Risk Management Committee 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: 2019-20 Draft Audited Financial Statements – Algonquin College.

**Statement of Financial Position**

Current assets have decreased by \$9 million primarily due to a decrease in cash holdings offset by moderate increases to short-term investments and accounts receivable. The decrease in cash is related to a reduction of accounts payable and accrued liabilities of \$16.5 million as compared to the previous year-end. At March 31, 2019, a substantial backlog of payables had existed due to processing delays in relation to the introduction of the College's new financial information system, Workday. These processing delays were remedied in the past fiscal year.

Long-term assets have decreased by \$7.2 million primarily due to minimal capital asset additions in 2019-20, offset by \$8.9 million in annual depreciation expenditures.

The College has also recorded a long-term prepaid expense balance associated with the Algonquin Students' Association. This \$5.5 million represents the College's contribution to the Athletics and Recreation Centre. This asset will be amortized as an expense over the 50-year term of the lease agreement with the Algonquin Students' Association.

Current liabilities have decreased by \$23 million. As detailed above, accounts payable and accrued liabilities have decreased by \$16.5 million over fiscal year 2018-19. This decrease is a



result of addressing a temporary accounts payable processing backlog. In addition, fewer large-scale construction projects were ongoing at year-end, and this has added to the reduction in year-end payables. Deferred revenue has decreased because of a transition to a 14-week term model. This change resulted in approximately \$3.3 million in additional revenue recognition for the 2019-20 fiscal year.

Long-term liabilities have decreased by \$8M over the prior fiscal year. Most notably, long-term debt has decreased by \$3.5 million reflecting scheduled repayments on loans. The College has assumed no additional new debt in the past year. A reduction in external capital funding received during the past year has decreased deferred capital contributions by \$5.5 million over the prior year.

The net assets of the College has increased by \$14.2 million over the previous fiscal year, reflecting the flow-through of the current year surplus to reserves.

These cumulative changes to the Statement of Financial Position have resulted in a quick ratio of 1.66 compared to 1.33 for the prior year. 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). Our quick ratio benchmark is 1.00 or above; therefore our quick ratio remains strong and has increased over the prior year.

### **Statement of Operations**

The College has realized an excess of revenue over expenses of \$14.7 million for the year ended March 31, 2020. 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 Campus 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 \$176.2 million to \$190.4 million. Note 15 (Capital Disclosures) Internally Restricted Net Assets provides a detailed listing of the balances within this account.

#### **2364193 Ontario Inc.**

2364193 Ontario Inc. was incorporated in 2013 and is a wholly owned subsidiary corporation of Algonquin College. Its purpose is to hold a 5% interest in the Algonquin College – Saudi Arabia Corporation. The Draft Audited Financial Statements for 2364193 Ontario Inc. for the year ended March 31, 2020 are included in Appendix B: 2019-20 Audited Financial Statements – 2364193 Ontario Inc. The Audited Financial Statements were approved by its Board of

Directors on May 27, 2020. The only remaining holding of the corporation is \$100 of share capital.

5. LINK TO STRATEGIC PLAN:

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

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.

The surplus of \$14.7 million earned in the fiscal year will support the College as it responds to the numerous demands arising from the COVID-19 pandemic.

7. FINANCIAL IMPACT:

The College is assessed as being in good financial health with an increase of over \$14 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 Colleges and Universities, this year the College is required to submit Final Audited Financial Statements, approved by the Board of Governors to the Ministry by July 2, 2020.

10. COMMUNICATIONS:

The audited statements will be posted to the College's website once formally approved by the Board of Governors on June 8, 2020.

11. CONCLUSION:

The College has concluded the 2019-20 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 respond to the impacts of the COVID-19 pandemic while making important investments of capital in strategic and student-focused initiatives.

Respectfully submitted:



\_\_\_\_\_  
Duane McNair  
Vice President, Finance and Administration

Approved for submission:



\_\_\_\_\_  
Claude Brulé  
President and CEO

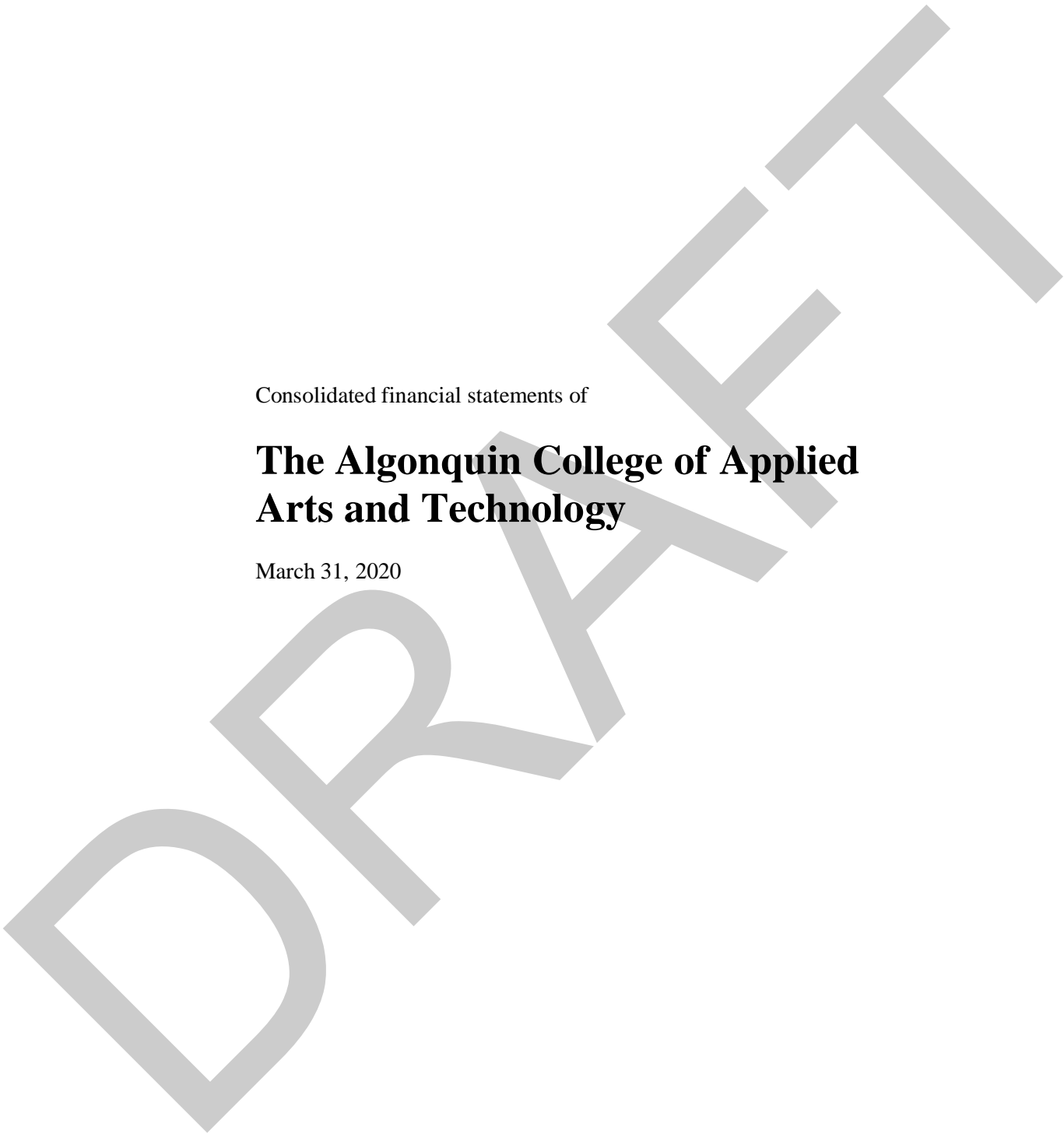
**Appendices:**

Appendix A: 2019-20 Draft Audited Financial Statements – Algonquin College Appendix B: 2019-20 Draft Audited Financial Statements - 2364193 Ontario Inc
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Consolidated financial statements of

**The Algonquin College of Applied  
Arts and Technology**

March 31, 2020

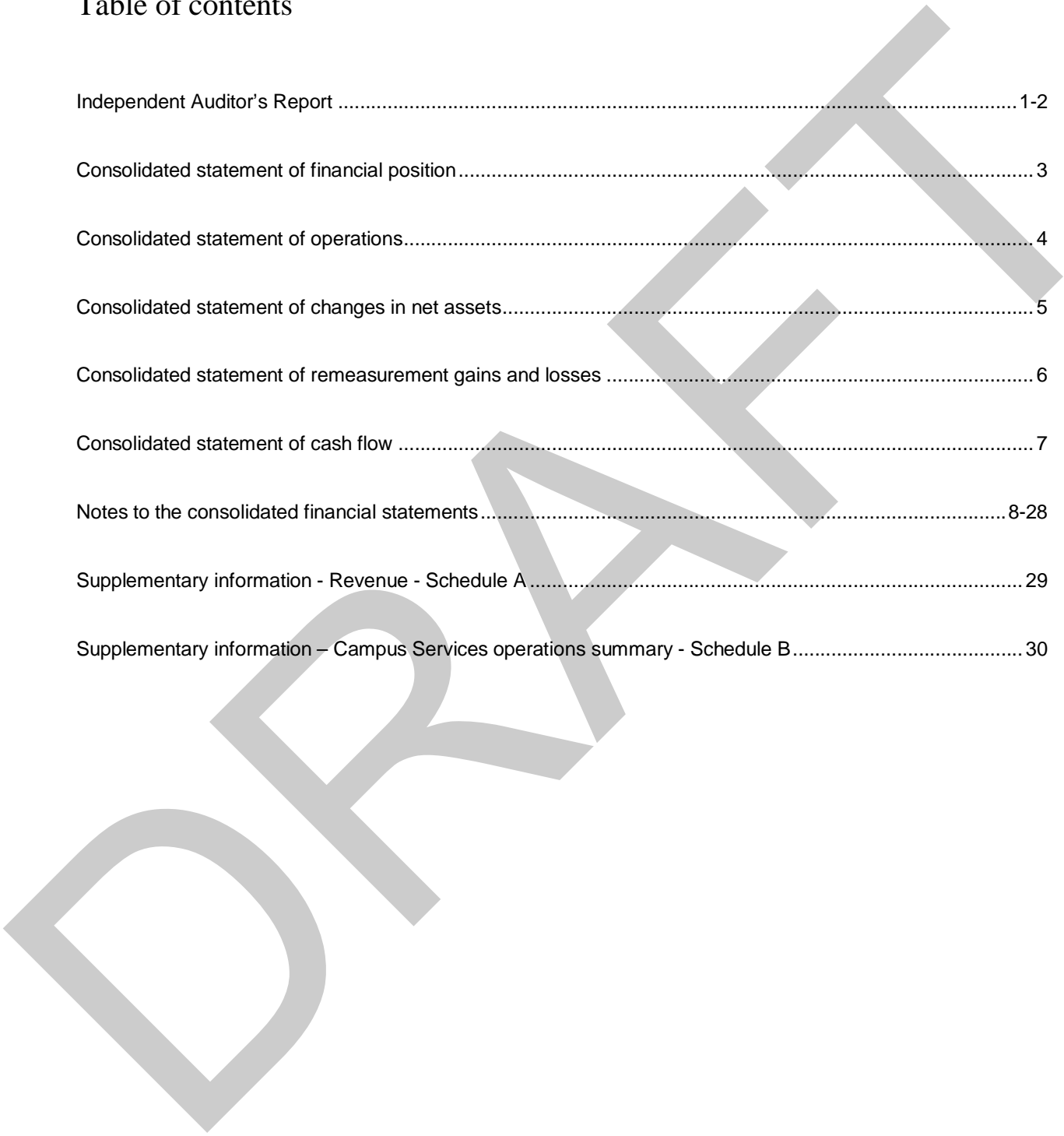


# The Algonquin College of Applied Arts and Technology

March 31, 2020

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## Independent Auditor's Report

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

### Opinion

We have audited the 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, 2020, and the consolidated statements of operations, the consolidated statement of changes in net assets, the consolidated statement of cash flows and the consolidated statement of rereasurement gains and losses for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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## Independent Auditor's Report (Continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP  
Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario  
May XX, 2020

# The Algonquin College of Applied Arts and Technology

Consolidated statement of financial position  
as at March 31, 2020

	2020	2019
	\$	\$
<b>Assets</b>		
Current assets		
Cash	59,675,325	82,237,781
Short-term investments (Note 3)	30,058,132	25,275,967
Accounts receivable (Note 4)	28,955,553	22,979,043
Inventory (Note 5)	2,044,066	1,547,807
Prepaid expenses	4,588,422	2,463,197
	<b>125,321,498</b>	<b>134,503,795</b>
Investments (Note 3)	33,104,861	36,489,999
Long Term Prepaid - Students' Association	5,500,000	-
Endowment assets (Note 7a)	26,943,483	27,469,921
Capital assets (Note 8)	295,526,547	304,412,969
	<b>486,396,389</b>	<b>502,876,684</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	20,622,040	37,075,026
Accrued salaries and employee deductions payable	8,342,754	9,766,716
Algonquin College - Saudi Arabia (Note 6a)	257,032	257,032
Deferred revenue (Note 9)	45,091,799	50,433,479
Current portion of long-term debt (Note 10a)	3,501,708	3,298,244
	<b>77,815,333</b>	<b>100,830,497</b>
Long-term debt (Note 10a)	38,367,852	41,869,559
Interest rate swaps (Note 10b)	5,199,705	5,279,707
Vacation, sick leave and post-employment benefits (Note 11)	20,247,712	19,237,801
Deferred capital contributions (Note 12)	159,717,061	165,222,307
	<b>301,347,662</b>	<b>332,439,871</b>
Commitments and guarantees and contingencies (Note 13)		
<b>Net assets (deficiency)</b>		
Unrestricted	1,000,000	1,000,000
Investment in capital assets (Note 14)	93,939,926	94,022,852
Vacation, sick leave and post-employment benefits (Note 11)	(20,247,712)	(19,237,801)
Internally restricted (Note 15)	88,821,096	72,988,225
Endowment fund (Note 7b)	26,943,484	27,469,921
	<b>190,456,795</b>	<b>176,243,197</b>
<b>Accumulated remeasurement losses</b>	<b>(5,408,068)</b>	<b>(5,806,384)</b>
	<b>185,048,726</b>	<b>170,436,813</b>
	<b>486,396,389</b>	<b>502,876,684</b>

Approved by the Board

\_\_\_\_\_ Chair

\_\_\_\_\_ Member

See accompanying notes to the financial statements.



# The Algonquin College of Applied Arts and Technology

Consolidated statement of operations  
as at March 31, 2020

	2020	2019
	\$	\$
<b>Revenue</b> (Schedule A)		
Grants and reimbursements	108,410,486	116,335,685
Student tuition fees	160,690,254	143,914,193
Contract educational services	42,995,124	40,296,899
Campus Services (Schedule B)	33,175,277	37,188,621
Other	26,004,512	23,730,096
Amortization of deferred capital contributions (Note 12)	7,720,677	7,365,994
	<b>378,996,330</b>	<b>368,831,489</b>
<b>Expenses</b>		
Salaries and benefits	205,575,759	198,190,945
Building maintenance and utilities	23,521,785	24,947,086
Instructional supplies and equipment	6,064,986	6,616,353
Bursaries and other student aid	7,909,629	7,963,403
Interest	724,278	769,825
Amortization and write off of capital assets (Note 14)	15,975,181	18,216,201
Campus Services (Schedule B)	26,443,277	28,812,847
Other	79,434,861	68,095,544
	<b>365,649,756</b>	<b>353,612,205</b>
Change in vacation, sick leave and post-employment benefits liabilities (Note 11)	1,009,911	258,958
<b>Total Expenses</b>	<b>366,659,667</b>	<b>353,871,163</b>
Excess of revenue over expenses from operations before the undernoted item	12,336,663	14,960,326
Gain on sale of March Road land in Kanata	2,403,372	-
<b>Excess of revenue over expenses</b>	<b>14,740,035</b>	<b>14,960,326</b>

See accompanying notes to the financial statements.

# The Algonquin College of Applied Arts and Technology

Consolidated statement of changes in net assets  
as at March 31, 2020

	Unrestricted	Investment in capital assets	Vacation, sick leave and post-employment benefits	Internally restricted	Endowment fund	2020	2019
	\$	\$	\$	\$	\$	\$	\$
		(Note 14)	(Note 11)	(Note 15)	(Note 7)		
<b>Net assets (deficiency), beginning of year</b>	<b>1,000,000</b>	<b>94,022,852</b>	<b>(19,237,801)</b>	<b>72,988,225</b>	<b>27,469,921</b>	<b>176,243,197</b>	159,833,365
Excess of revenue over expenses	14,740,035	-	-	-	-	14,740,035	14,960,326
Change in vacation, sick leave and post-employment benefits liabilities (Note 11)	1,009,911	-	(1,009,911)	-	-	-	-
Internally imposed restrictions	(15,832,871)	-	-	15,832,871	-	-	-
Net change in investment in capital assets (Note 14)	82,925	(82,925)	-	-	-	-	-
Endowment contributions and investment income (Note 7)	-	-	-	-	(526,437)	(526,437)	1,449,506
<b>Net assets (deficiency), end of year</b>	<b>1,000,000</b>	<b>93,939,927</b>	<b>(20,247,712)</b>	<b>88,821,096</b>	<b>26,943,484</b>	<b>190,456,795</b>	176,243,197

See accompanying notes to the financial statements.

# The Algonquin College of Applied Arts and Technology

## Consolidated statement of remeasurement gains and losses as at March 31, 2020

	2020	2019
	\$	\$
<b>Accumulated remeasurement losses, beginning of year</b>	<b>(5,806,384)</b>	<b>(7,317,650)</b>
Unrealized gains attributable to:		
Fair value decline in investments	<b>(208,363)</b>	(526,676)
Interest rate swaps	<b>80,002</b>	452,224
	<b>(128,361)</b>	<b>(74,453)</b>
Realization of prior year (gains) / losses	<b>526,676</b>	1,585,719
	<b>398,315</b>	1,511,266
<b>Accumulated remeasurement losses, end of year</b>	<b>(5,408,068)</b>	<b>(5,806,384)</b>

See accompanying notes to the financial statements.

# The Algonquin College of Applied Arts and Technology

Consolidated statement of cash flow  
as at March 31, 2020

	2020	2019
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	14,740,035	14,960,326
Items not affecting cash		
Amortization of capital assets	15,975,181	14,723,321
Write off of capital assets	1,524,659	3,492,880
Amortization and adjustment of deferred capital contributions	(7,720,677)	(7,365,994)
Change in vacation, sick leave and post-employment benefits liabilities (Note 11)	1,009,911	258,958
	<b>25,529,109</b>	<b>26,069,491</b>
Changes in non-cash operating working capital items (Note 17)	<b>(31,816,623)</b>	21,690,747
	<b>(6,287,514)</b>	<b>47,760,238</b>
<b>Financing activities</b>		
Principal repayments of long-term debt	<b>(3,298,244)</b>	(3,106,940)
Net withdrawals from endowment fund	<b>(164,693)</b>	(129,182)
Long Term Prepaid with Students' Association	<b>(5,500,000)</b>	-
	<b>(8,962,937)</b>	<b>(3,236,122)</b>
<b>Capital activities</b>		
Capital asset additions (Note 14)	<b>(8,518,031)</b>	(33,904,324)
Capital contributions received (Note 12)	<b>2,120,038</b>	10,744,234
	<b>(6,397,993)</b>	<b>(23,160,090)</b>
<b>Investing activities</b>		
Investment (liability) in Algonquin College - Saudi Arabia	-	(257,031)
Disposal of investments	<b>37,843,057</b>	45,216,596
Purchases of investments	<b>(39,137,529)</b>	(39,418,482)
Disposal of endowed assets	<b>22,986,412</b>	19,539,201
Purchases of endowed assets	<b>(22,605,952)</b>	(19,410,019)
	(914,012)	5,670,265
Increase in cash and cash equivalents	<b>(22,562,456)</b>	27,034,291
Cash and cash equivalents, beginning of year	<b>82,237,781</b>	55,203,490
<b>Cash and cash equivalents, end of year</b>	<b>59,675,325</b>	<b>82,237,781</b>
<b>Interest paid in the year</b>	<b>2,576,665</b>	<b>2,768,728</b>

See accompanying notes to the financial statements.

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

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## 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 of the College have been prepared by management in accordance with Canadian public sector accounting standards for Government Not-for-Profit Organizations (NPOs), including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs") 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.

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.
- 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.

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

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## 2. Significant accounting policies (continued)

### b) Revenue (continued)

- 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 costs of this pension plan are the employers contributions due to the plan in the period.

### 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. The College has designated its fixed income securities that would otherwise be classified into the amortized cost category at fair value as the College manages and reports the performance on a fair value basis.

#### 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.

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

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## 2. Significant accounting policies (continued)

### iii. Endowed investments

Realized investment income and unrealized gains or losses from the change in fair value are recognized in deferred contributions until the criterion attached to the restrictions has been met, when they are transferred to the consolidated statement of operations. 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.

### d) Financial instruments (continued)

#### 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.

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 Ottawa campus is recorded at a nominal value of \$1 with subsequent additions recorded at cost. Land is not amortized due to its infinite life.

iii. Works of Art are recorded at a fair market value appraisal. These capital assets are not subject to amortization as it is assumed that they will retain their value over time.

iv. 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.

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

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

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## 2. Significant accounting policies (continued)

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

### g) Capital assets (continued)

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
Equipment, and computers	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 Campus 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 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.



# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements  
March 31, 2020

### 3. Investments

Short-term investments of \$30,058,132 (2019 - \$25,275,967) consist entirely of fixed income securities that will be maturing within a year. Long-term investments consist of the following:

	2020	2019
	\$	\$
Fixed income securities	32,068,604	35,091,015
Equity instruments	1,036,257	1,398,984
	<b>33,104,861</b>	<b>36,489,999</b>

The College's fixed income securities have effective interest rates ranging from 0.75% to 4.25% and maturity dates ranging from April 2020 to June 2027 (2019 - 0.75% to 5.68% and maturity dates ranging from April 2019 to December 2021).

### 4. Accounts receivable

	2020	2019
	\$	\$
Government of Ontario	4,038,008	5,027,668
Harmonized Sales Tax receivable	1,112,129	1,574,831
Trade	5,647,867	3,239,343
Students	8,735,125	8,202,178
Other	12,397,593	7,534,724
Allowance for doubtful accounts	(2,975,169)	(2,599,701)
	<b>28,955,553</b>	<b>22,979,043</b>

Details on due dates for receivables are as follows:

	2020				
	0-30 days	31-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
Government of Ontario	4,038,008	-	-	-	4,038,008
Harmonized Sales Tax receivable	1,112,129	-	-	-	1,112,129
Trade	2,708,504	2,538,506	39,604	361,253	5,647,867
Students	76,147	5,715,144	-	2,943,834	8,735,125
Other	12,386,844	3,561	1,247	5,941	12,397,593
Allowance for doubtful accounts	-	(1,143,029)	-	(1,832,140)	(2,975,169)
	<b>20,321,633</b>	<b>7,114,181</b>	<b>40,851</b>	<b>1,478,888</b>	<b>28,955,553</b>
					2019
	0-30 days	31-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
Government of Ontario	5,027,668	-	-	-	5,027,668
Harmonized Sales Tax receivable	1,574,831	-	-	-	1,574,831
Trade	2,491,028	150,220	99,700	498,395	3,239,343
Students	104,487	5,129,214	-	2,968,477	8,202,178
Other	7,528,045	979	653	5,047	7,534,724
Allowance for doubtful accounts	(17,763)	(871,966)	-	(1,709,972)	(2,599,701)
	<b>16,708,296</b>	<b>4,408,447</b>	<b>100,353</b>	<b>1,761,947</b>	<b>22,979,043</b>

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

## 5. Inventory

	2020	2019
	\$	\$
Bookstore	1,747,295	1,219,535
Food services	253,119	286,228
Publishing centre	22,106	20,498
Hospitality	21,546	21,546
	<b>2,044,066</b>	<b>1,547,807</b>

The amount of inventory expensed during the year is \$12,840,579 (2019 - \$14,381,114).

## 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 from Algonquin College - Saudi Arabia is without defined terms of repayment and is non-interest bearing.

	2020	2019
	\$	\$
Due to Algonquin College - Saudi Arabia as at March 31	<b>(257,032)</b>	(257,032)
Net liability, end of year	<b>(257,032)</b>	(257,032)

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.

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

## 6. Controlled entities (continued)

The financial position of Algonquin College - Saudi Arabia and the results of its operations and its cash flows as at and for the year ended March 31, 2020 is as follows:

	2020	2019
	\$	\$
Financial position		
Assets	<b>257,032</b>	257,032
Liabilities	<b>257,032</b>	257,032
Equity (Deficit)		
Shareholders' equity (deficiency)	-	-
	<b>257,032</b>	257,032
Results of operations		
Revenue	-	-
Expenses	-	<b>257,031</b>
Net loss	-	<b>(257,031)</b>

### 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.

On March 7, 2019, the Foundation's Board of Directors unanimously approved a motion to voluntarily dissolve the Foundation, effective June 6, 2019. The Foundation's net assets were subsequently transferred to the College at their carrying amounts on June 26, 2019 of \$192,162. On September 17, 2019 the Government of Canada ("the Government") issued a Notice of Intention to revoke the Foundation's registration as a charity, officially dissolving the Foundation. On October 12, 2019, the Government formally revoked the Foundation's charitable status.

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

## 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*

	2020	2019
	\$	\$
Endowed investments		
Cash equivalents	2,127,426	4,009,519
Fixed income securities	8,851,991	7,941,402
Equities	15,964,066	15,519,000
	<b>26,943,483</b>	<b>27,469,921</b>

*Cost*

	2020	2019
	\$	\$
Endowed investments		
Cash equivalents	2,126,451	4,007,292
Fixed income securities	8,525,201	7,701,330
Equities	14,500,782	12,386,983
	<b>25,152,434</b>	<b>24,095,605</b>

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 credit rating of BBB, and cash equivalents.

The fixed income securities have effective interest rates of 0.75% to 7.35% and maturity dates ranging from June 2021 to December 2043 (2019 - 1.00% to 7.35% and maturity dates ranging from May 2019 to December 2043).

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.

- 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:

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements  
March 31, 2020

## 7. Endowment assets (continued)

	2020	2019
	\$	\$
Opening balance	27,469,921	26,020,415
Contributions	1,225,007	652,025
Realized investment income	1,665,864	524,964
Distributions	(1,833,977)	(982,630)
Net contribution to Endowment Fund	1,056,893	194,359
Change in unrealized gains (losses) due to changes in fair value of endowment assets	(1,583,331)	1,255,147
Net change in Endowment Fund	(526,438)	1,449,506
Ending balance	26,943,483	27,469,921

The College's endowment policy is to annually distribute investment income equal to 5% of the Endowment Fund's book value at the end of the preceding fiscal year. The policy requires 4% to be distributed as student financial aid and 1% to cover a portion of fundraising expenses. 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.

As at March 31, 2020, the Endowment Fund / Assets included a balance of \$3,587,707 (2019 - \$3,755,820) which represents the cumulative realized investment income in excess of amounts distributed. The changes during the year are as follows:

	2020	2019
	\$	\$
Amount available for future distribution, beginning of year	3,755,820	4,213,486
Realized investment income	1,665,864	524,964
Amount distributed	(1,833,977)	(982,630)
Amount available for future distribution, end of year	3,587,707	3,755,820

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

**8. Capital assets**

			2020
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	5,370,626	-	5,370,626
Buildings	365,398,526	124,240,914	241,157,612
Assets under development	1,946,357	-	1,946,357
Site improvements	50,564,053	22,633,161	27,930,892
Parking lots	926,213	858,773	67,440
Computers and equipment	39,674,750	32,956,288	6,718,462
Automotive equipment	364,511	260,999	103,512
Software	14,115,847	1,947,701	12,168,146
Works of Art	63,500	-	63,500
	<b>478,424,383</b>	<b>182,897,836</b>	<b>295,526,547</b>

			2019
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	6,895,284	-	6,895,284
Buildings	365,333,010	115,643,657	249,689,353
Assets under development	5,980,374	-	5,980,374
Site improvements	40,118,924	19,639,314	20,479,610
Parking lots	926,213	766,152	160,061
Computers and equipment	39,142,884	31,792,282	7,350,602
Automotive equipment	410,476	242,523	167,953
Software	14,057,711	431,479	13,626,232
Works of Art	63,500	-	63,500
	<b>472,928,376</b>	<b>168,515,407</b>	<b>304,412,969</b>

Assets under development are comprised of construction in progress and software under development. During the year the College did not record any asset write-down (2019 - \$3,481,840).

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements  
March 31, 2020

## 9. Deferred revenue

Details of the year-end balance are as follows:

	2020	2019
	\$	\$
Student tuition fees	34,530,286	40,458,810
Grant and reimbursements	1,839,615	1,861,636
Contract education services	974,340	2,426,089
Student aid	1,734,728	1,188,183
Miscellaneous projects	6,012,830	4,498,761
	<b>45,091,799</b>	<b>50,433,479</b>

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

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, 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:

	2020	2019
	\$	\$
Residence I building loan, bearing interest at prime plus 1.00% maturing in 2025, with average monthly payments of \$96,153	5,112,654	5,825,595
Residence II building loan, bearing interest at prime plus 0.25% maturing in 2027, with average monthly payments of \$122,050	8,073,576	8,952,339
Residence III building loan, bearing interest at prime plus 0.25% maturing in 2029, with monthly payment of \$123,894	9,508,666	10,302,816
Police and Public Safety Institute loan, bearing interest at prime plus 1.00%, maturing in 2025, with average monthly payments of \$35,151	1,896,662	2,164,394
Student Commons loan, bearing interest at 4.008%, maturing in 2037, with semi-annual payments of \$678,301	17,278,002	17,922,659
	<b>41,869,560</b>	<b>45,167,803</b>
Less: current portion	<b>(3,501,708)</b>	<b>(3,298,244)</b>
	<b>38,367,852</b>	<b>41,869,559</b>

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements  
March 31, 2020

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

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

	\$
2021	3,501,708
2022	3,718,123
2023	3,948,332
2024	4,193,234
2025	4,453,786
Thereafter	22,054,376
	41,869,560

### b) Interest rate swaps

The College has interest rate swap agreements to manage the volatility of interest rates. The College converted a net notional \$59.0 million of floating rate long-term debt relating to the three phases of the Residence and the Police and Public Safety Institute. The fixed rates received 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 at March 31, 2020 is \$5,199,705 (2019 - \$5,279,707).

## 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. Since the Plan is a multi-employer plan, the College's contributions are accounted for as if the plan were a defined contribution plan with the College's contributions being expensed in the period they come due.

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, 2020 indicated an actuarial surplus of \$2.86 billion (2019 - \$2.6 billion).

Contributions to the Plan and its associated retirement compensation arrangement made during the year by the College on behalf of its employees amounted to \$16,384,622 (2019 - \$16,792,398) 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, 2020.



# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements  
March 31, 2020

## 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:

	2020	2019
	%	%
Discount rate	1.6%	2.2%
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 2020 decreasing to 4.0% by 2040	8.0% in 2019 decreasing to 4.0% by 2040
Medical premium escalation	6.55% in 2020 decreasing to 4.0% by 2040	6.8% in 2019 decreasing to 4.0% by 2040
Expected return on assets	2.2% per annum	2.2% per annum

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

	2020	2019
	\$	\$
Post-employment benefits	2,624,806	2,762,170
Vacation	12,270,906	10,970,631
Sick leave	5,352,000	5,505,000
	<b>20,247,712</b>	<b>19,237,801</b>

The employee future benefit liability change for the year ended March 31, 2020 is an increase of \$1,009,911 (2019 - increase of \$258,958). This amount is comprised of:

	2020	2019
	\$	\$
Current year service cost	364,000	433,000
Interest expense on accrued benefit obligation	149,000	178,000
Amortization of actuarial (gain) loss	(51,000)	(38,000)
Benefit payments made by the College during the year	547,911	(314,042)
	<b>1,009,911</b>	<b>258,958</b>

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

## 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.

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

Balance, beginning of year	<b>165,222,307</b>	161,727,635
Less amortization of deferred capital contributions	<b>(7,720,677)</b>	(7,365,994)
	<b>157,501,630</b>	154,361,641

Add capital contributions received:

### Industry and Individual contributions:

Pembroke campus relocation	-	10,978
DARE District	<b>47,441</b>	141,162

### Government contributions:

Other capital projects	<b>1,555,335</b>	6,082,614
Apprenticeship Enhancement Fund	<b>217,265</b>	317,102
Post Secondary Institutions Strategic Investment Fund	-	4,092,378

### Contributions from the Students' Association

	<b>300,000</b>	100,000
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Contributions received before donated equipment	<b>2,120,041</b>	10,744,234
Donated equipment	<b>95,390</b>	116,432
	<b>2,215,431</b>	10,860,666
Balance, end of year	<b>159,717,061</b>	165,222,307

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

## 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:

	\$
2021	1,324,571
2022	749,576
2023	704,240
	<u>2,778,387</u>

### *Letters of credit*

The College is contingently liable under letters of credit amounting to \$2,155,107 (2019 - \$653,506), 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. Please refer to Note 6 a) for additional information regarding Algonquin College - Saudi Arabia.

## 14. Investment in capital assets

The investment in capital assets consists of the following:

	2020	2019
	\$	\$
Capital assets	295,526,547	304,412,965
Less amounts financed by		
Deferred capital contributions - used (Note 12)	(159,717,061)	(165,222,308)
Long term debt	(41,869,560)	(45,167,805)
	<u>93,939,926</u>	<u>94,022,852</u>

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements  
March 31, 2020

## 14. Investment in capital assets (continued)

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

	2020	2019
	\$	\$
Capital asset additions		
Total additions	8,613,421	34,020,756
Less		
Donated equipment	(95,390)	(116,432)
Additions net of donated equipment	8,518,031	33,904,324
Less		
Building/construction in progress financed with donations	(47,441)	(152,140)
Building/construction in progress financed with contributions from the Students' Association	(300,000)	(100,000)
Other capital assets financed with capital contributions	(1,772,596)	(10,492,094)
Capital assets purchased with College funds	6,397,994	23,160,090
External financing and other		
Decrease in long-term debt	3,298,243	3,106,939
Amortization of deferred capital contributions	7,720,677	7,365,994
Amortization of capital assets	(15,975,181)	(14,734,361)
Write-off of capital assets	-	(3,481,840)
Net book value of March Road Land in Kanata sold in 2019-20	(1,524,659)	-
<b>Net change in investment in capital assets</b>	<b>(82,926)</b>	<b>15,416,822</b>

## 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.

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

## 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:

	2020	2019
	\$	\$
<b>Appropriations</b>	-	100,000
<b>Specific reserves</b>		
Other projects and initiatives	46,580,549	28,736,411
Campus Services reserve fund	4,459,891	4,960,500
Contingency reserve fund	10,383,118	9,760,000
Employment stabilization funds	588,915	575,566
<b>Reserve fund</b>		
Future capital expansion	24,405,251	28,855,748
Gain on sale of March Road land	2,403,372	-
<b>Balance, end of year</b>	<b>88,821,096</b>	<b>72,988,225</b>

## 16. Financial instruments

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) pandemic resulting in economic uncertainties impacting the College's financial instrument risks as outlined below. At this time, the full potential impact of COVID-19 on the College is not known (Note 18).

### *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, 2020, a 1% increase in nominal interest rates would result in a decline of investments of approximately \$1,043,692 (2019 - \$924,539) and an appreciation of the interest rate swap's fair value of approximately \$1,039,402 (2019 - \$1,253,862). Conversely, a 1% decrease in nominal interest rates would result in an increase of investments of approximately \$1,021,663 (2019 - \$969,273), and a decrease of the interest rate swap's fair value of approximately \$1,097,654 (2019 - \$1,331,573). These amounts do not include other variables such as convexity.

# The Algonquin College of Applied Arts and Technology

## Notes to the consolidated financial statements

March 31, 2020

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### 16. Financial instruments (continued)

#### *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.

Subsequent to year-end, the financial markets experienced a significant increase in volatility as a result of the uncertainty related to the COVID-19 pandemic which could have a negative effect on the investment portfolio of the College. This risk specifically relates to the College's externally restricted pooled fund investments, which are measured at their fair values as at March 31, 2020. Any related decline in fair value of these investments may impact the amount of scholarships and bursaries that the College is able to provide in the future. The extent of any future impact on the College's investments or operations as a result of COVID-19 is unknown.

As at March 31, 2020, a 5% increase in price would result in an increase of endowment assets of approximately \$1,472,000 (2019 - \$775,950).

#### *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.

#### *Credit risk*

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

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.

Credit risk on accounts receivables and long-term receivables are mitigated by financial and system controls on past due accounts. The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections. Subsequent to year-end, the credit risk related to the College's accounts receivable for tuition revenue has increased due to the impact of COVID-19, which could lead to potential losses.

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.

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements  
March 31, 2020

## 16. Financial instruments (continued)

### *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, 2020:

	Net book value	2021	2022	2023 and after
	\$	\$	\$	\$
Accounts payable and accrued liabilities	20,622,044	20,622,044		
Accrued salaries and employee deductions payable	8,342,754	8,342,754		
Long-term debt	41,869,560	3,501,708	4,042,522	34,325,330
Interest rate swaps	5,199,705			5,199,705
	<u>76,034,063</u>	<u>32,466,506</u>	<u>4,042,522</u>	<u>39,525,035</u>

### *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).

# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements  
March 31, 2020

## 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:

	2020			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	59,675,325	-	-	59,675,325
Short-term investments	-	30,058,132	-	30,058,132
Long-term investments	1,036,257	32,068,604	-	33,104,861
Endowment assets	22,571,261	4,372,222	-	26,943,483
Interest rate swaps	-	5,199,705	-	5,199,705
	<b>83,282,843</b>	<b>71,698,663</b>	<b>-</b>	<b>154,981,506</b>
	2019			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	82,237,781	-	-	82,237,781
Short-term investments	-	25,275,967	-	25,275,967
Long-term investments	1,398,984	35,091,015	-	36,489,999
Endowment assets	19,528,519	7,941,402	-	27,469,921
Interest rate swaps	-	5,279,707	-	5,279,707
	<b>103,165,284</b>	<b>73,588,091</b>	<b>-</b>	<b>176,753,375</b>

## 17. Changes in non-cash operating working capital items

	2020	2019
	\$	\$
Decrease (increase) in accounts receivable	(5,976,510)	2,824,406
Increase in inventory	(496,259)	(3,836)
Decrease (increase) in prepaid expenses	(2,125,225)	343,459
Increase (decrease) in accounts payable and accrued liabilities	(16,452,982)	8,044,610
Decrease (increase) in accrued salaries and employee deduction payable	(1,423,962)	(241,897)
Increase (decrease) in deferred revenue	(5,341,680)	10,724,023
	<b>(31,816,619)</b>	<b>21,690,765</b>



# The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2020

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## 18. Subsequent event

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

On March 24, 2020, the College closed its campuses and learning sites and they remain closed to the date of the auditor’s report. The plan for continuing education throughout the summer and fall semesters offered by the College will be through online curriculum which could have implications on number of course offerings and enrollment. Additionally, the continued closure of the College’s campuses will have a negative impact on campus service revenues.

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

As the impacts of COVID-19 continue, there could be further impact on the College, its students and its funding sources. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, and its workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the College is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

# The Algonquin College of Applied Arts and Technology

Supplementary information - Revenue - Schedule A  
as at March 31, 2020

	2020	2019
	\$	\$
Grants and reimbursements:		
Post secondary activity	101,425,411	109,229,936
Apprentice programs	5,292,698	5,403,404
Special bursaries	1,692,377	1,702,345
	<b>108,410,486</b>	<b>116,335,685</b>
Student tuition fees:		
Full-time post secondary	137,959,260	121,246,677
Full-time non-funded	845,174	1,749,768
Part-time	12,357,734	12,212,232
Adult training	1,005,115	1,060,258
Student information technology fees	8,522,972	7,645,258
	<b>160,690,254</b>	<b>143,914,193</b>
Contract educational services:		
Provincially funded programs	23,455,879	20,615,705
International programs	2,246,374	2,022,152
Corporate and other programs	17,292,871	17,659,042
	<b>42,995,124</b>	<b>40,296,898</b>
Campus Services (Schedule B)	33,175,277	37,188,621
Other:		
Early Learning Centre	1,110,247	1,064,470
Student ancillary fees	6,929,582	6,447,576
Investment income	3,471,711	2,084,036
Miscellaneous	14,492,972	14,134,014
	<b>26,004,512</b>	<b>23,730,096</b>
Amortization of deferred capital contributions (Note 12)	7,720,677	7,365,994
<b>Total revenue</b>	<b>378,996,330</b>	<b>368,831,488</b>

# The Algonquin College of Applied Arts and Technology

Supplementary information - Campus services summary - Schedule B  
as at March 31, 2020

								2020
	Gross revenue	Internal revenue	Net revenue	Expenses	Internal expenses	Net expenses	Contribution including internal transactions	Contribution net of internal transactions
	\$	\$	\$	\$	\$	\$	\$	\$
Food services	9,621,855	(562,356)	9,059,499	9,749,018	(562,356)	9,186,661	(127,163)	(127,163)
Bookstore	11,845,752	(3,734,179)	8,111,573	11,486,751	(3,621,010)	7,865,741	359,001	245,832
Parking and lockers	5,313,863	(97,869)	5,215,993	1,863,977	(34,330)	1,829,646	3,449,886	3,386,347
Publishing centre	1,902,259	(1,814,635)	87,624	1,334,749	(1,273,266)	61,483	567,510	26,141
Residence	10,504,245	-	10,504,245	8,555,708	-	8,555,708	1,948,537	1,948,537
Director's office	196,343	-	196,343	806,523	-	806,523	(610,180)	(610,180)
Overhead allocation	-	-	-	-	(1,862,486)	(1,862,486)	-	1,862,486
<b>Total</b>	<b>39,384,317</b>	<b>(6,209,040)</b>	<b>33,175,277</b>	<b>33,796,725</b>	<b>(7,353,449)</b>	<b>26,443,277</b>	<b>5,587,591</b>	<b>6,732,000</b>

								2019
	Gross revenue	Internal revenue	Net revenue	Expenses	Internal expenses	Net expenses	Contribution including internal transactions	Contribution net of internal transactions
	\$	\$	\$	\$	\$	\$	\$	\$
Food services	10,309,973	(538,875)	9,771,098	10,089,096	(538,875)	9,550,221	220,877	220,877
Bookstore	15,802,006	(4,456,950)	11,345,056	14,626,067	(4,456,950)	10,169,117	1,175,939	1,175,939
Parking and lockers	5,566,801	(80,288)	5,486,514	1,835,775	(26,477)	1,809,298	3,731,027	3,677,217
Publishing centre	1,877,608	(1,787,643)	89,965	1,530,735	(1,457,391)	73,344	346,872	16,620
Residence	10,339,936	-	10,339,936	8,342,155	-	8,342,155	1,997,781	1,997,781
Director's office	156,052	-	156,052	659,788	-	659,788	(503,736)	(503,736)
Overhead allocation	-	-	-	-	(1,791,077)	(1,791,077)	-	1,791,077
<b>Total</b>	<b>44,052,376</b>	<b>(6,863,756)</b>	<b>37,188,621</b>	<b>37,083,617</b>	<b>(8,270,769)</b>	<b>28,812,847</b>	<b>6,968,760</b>	<b>8,375,774</b>

See accompanying notes to the financial statements.

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Financial statements of  
**2364193 Ontario Inc.**

March 31, 2020

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## Independent Auditor's Report

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To the Board of Directors of 2364193 Ontario Inc.

### Opinion

We have audited the financial statements of 2364193 Ontario Inc. ("the Company"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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## Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP  
Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario  
[Report Date]

**2364193 Ontario Inc.**  
Statement of financial position  
as at March 31, 2020

	2020	2019
	\$	\$
<b>Assets</b>		
Current Assets		
Due from Algonquin College	100	100
	<b>100</b>	100
<b>Liabilities</b>		
Current liabilities		
Due to Algonquin College	-	-
	-	-
<b>Net debt and accumulated deficit</b>	<b>100</b>	100
Consists of:		
Unrestricted (deficiency)	-	-
Share capital (Note 3)	100	100
	<b>100</b>	100

Approved by the Board of Directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director



## 2364193 Ontario Inc.

### Statement of operations and accumulated surplus year ended March 31, 2020

	<b>Budget</b>	<b>2020</b>	<b>2019</b>
	\$	\$	\$
<b>Revenue</b>	-	-	-
Expenses			
Professional fees	-	-	-
Miscellaneous expenses	-	-	-
	-	-	-
Operating deficit	-	-	-
Foregiveness of debt due to Algonquin College		-	-
Suplus (deficit)			-
Accumulated deficit, beginning of year	-	-	-
<b>Accumulated deficit, end of year</b>	-	-	-

## 2364193 Ontario Inc.

### Statement of cash flows year ended March 31, 2020

	2020	2019
	\$	\$
<b>Operating activities</b>		
Surplus (deficit)	-	-
Variations in statement of financial position:	-	
Increase in due from Algonquin College	-	-
Increase (decrease) in due to Algonquin College		-
Increase in cash	-	-
Cash, beginning of year	-	-
<b>Cash, end of year</b>	-	-

# 2364193 Ontario Inc.

## Notes to the financial statements

March 31, 2020

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### 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 provided 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.

### 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 income is recorded on the accrual basis of accounting.

#### *Expenses*

Expenses are recorded on the accrual basis of accounting.

#### *Investment in Algonquin College Saudi Arabia*

The Company's investment in Algonquin College - Saudi Arabia was fully written-down in a prior year.

#### *Financial instruments*

The Company's financial instruments consist of due from Algonquin College. All financial instruments are carried at amortized cost.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from this financial instrument. 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.

#### *Income taxes*

The Company has unused income tax losses of \$35,086 (2019 - loss of \$35,086) is available for future years.

# 2364193 Ontario Inc.

## Notes to the financial statements

March 31, 2020

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### *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.

### **3. Share capital**

The Company is authorized to issue an unlimited number of common shares. As at March 31, 2020, 100 shares were issued at a nominal value of \$1 each.

Report title:	2020-21 Board of Governors Officers and Committee Membership Appointments
Report to:	Board of Governors
Date:	June 8, 2020
Author/Presenter:	Gail Beck, Chair, Governance Committee Victoria Tiqui-Sanford, Executive Assistant, Board of Governors

1. RECOMMENDATION:

**THAT** the Board of Governors approves the appointment of Officers of the Board and membership on Board Committees with terms beginning September 1, 2020 to August 31, 2021.

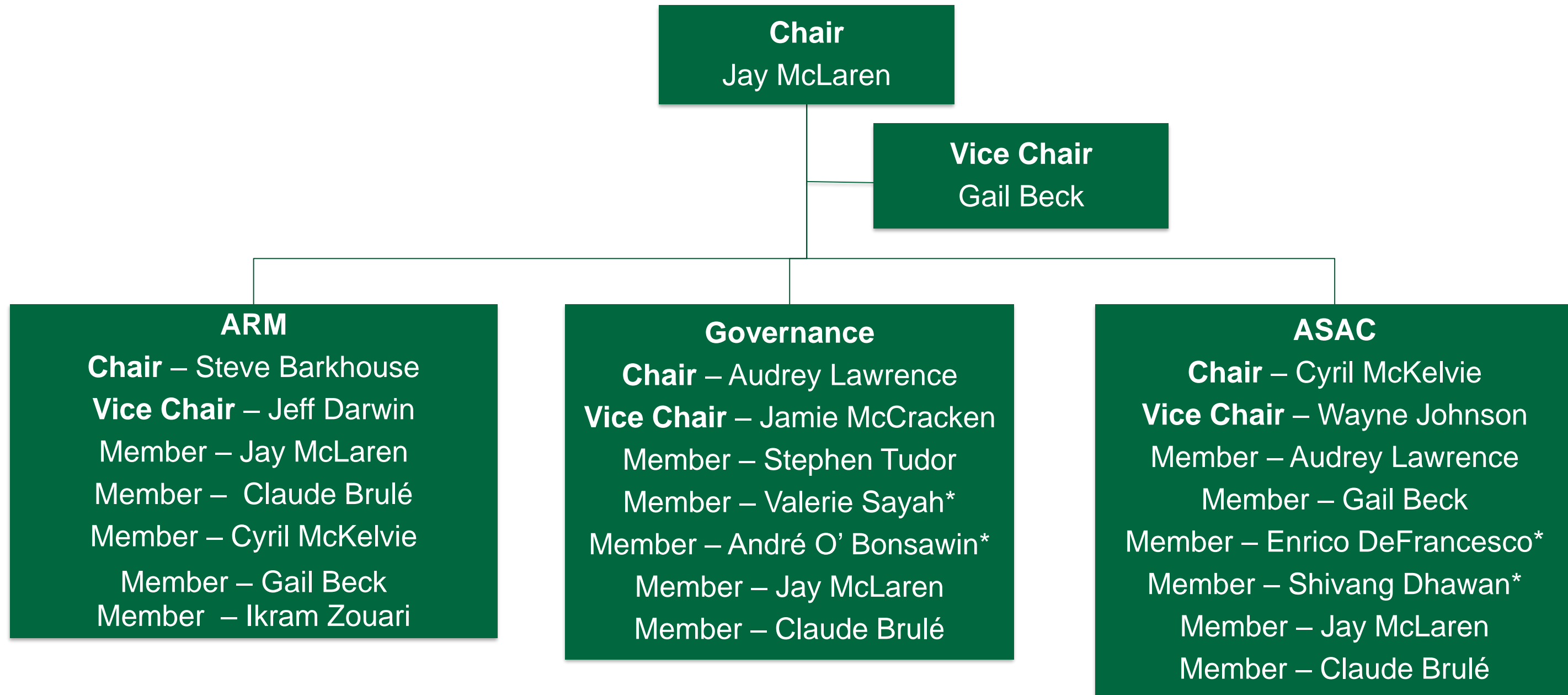
**OFFICERS OF THE BOARD 2020-21**

<b>EXECUTIVE COMMITTEE</b>	
Board Chair	Jay McLaren
Board Vice Chair	Gail Beck
President	Claude Brulé
Chair, Governance Committee	Audrey Lawrence
Chair, Academic & Student Affairs Committee	Cyril McKelvie
Chair, Audit & Risk Management Committee	Steve Barkhouse
<b>GOVERNANCE COMMITTEE</b>	
<b>Committee Chair</b>	<b>Audrey Lawrence</b>
<b>Committee Vice Chair</b>	<b>Jamie McCracken</b>
Board Chair	Jay McLaren
President	Claude Brulé
External Governor	Stephen Tudor
Internal Governor	Andre O’ Bonsawin
Internal Governor	Valerie Sayah
<b>ACADEMIC &amp; STUDENT AFFAIRS COMMITTEE</b>	
<b>Committee Chair</b>	<b>Cyril McKelvie</b>
<b>Committee Vice Chair</b>	<b>Wayne Johnson</b>
Board Chair	Jay McLaren
President	Claude Brulé
External Governor	Audrey Lawrence
External Governor	Gail Beck
Internal Governor	Enrico DeFrancesco
Student Governor	Shivang Dhawan

Internal Resource, VP Academic	Christopher Janzen
Internal Resource, VP Student Services	Laura Stanbra
<b>AUDIT &amp; RISK MANAGEMENT COMMITTEE</b>	
<b>Committee Chair</b>	<b>Steve Barkhouse</b>
<b>Committee Vice Chair</b>	<b>Jeff Darwin</b>
Board Chair	Jay McLaren
President	Claude Brulé
External Governor	Cyril McKelvie
External Governor	Gail Beck
External Governor	Ikram Zouari
Internal Resource, VP Finance and Administration	Duane McNair

**Appendix A – 2020-21 BOG Officer position - Committee Memberships**

# 2020-21 BOG Officer Position - Committee Memberships



**Internal Resource:**  
VP Finance & Administration,  
Duane McNair

**Internal Resources:**  
SVP Academic, Chris Janzen  
VP Student Services, Laura Stanbra

\*Internal

Report title:	Appointment of the Auditors for 2020-21
Report to:	Board of Governors
Date:	June 8, 2020
Author/Presenter:	Kelly Sample, 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 2020-21 fiscal year.

2. PURPOSE / EXECUTIVE SUMMARY:

The purpose of this report is to seek approval for the appointment of the auditors for the 2020-21 fiscal year.

3. BACKGROUND:

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 (OECM) 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. Through the use of this selection process, it was agreed that an audit service contract would be awarded to the audit firm providing the combined lowest three-year cost to the College. The lowest combined three-year bid for all required services was submitted by BDO Canada LLP; therefore, BDO Canada LLP was awarded the contract.

4. DISCUSSION:

Audit services for the 2020-21 fiscal year will be the third year of a three-year contract (with an option for a two-year extension).

5. LINK TO STRATEGIC PLAN:

<b>STRATEGIC PLAN 2017-2022</b>			
<b>LEARNER DRIVEN Goal One</b>	<input type="checkbox"/>	<b>CONNECTED Goal Four</b>	<input type="checkbox"/>



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

6. STUDENT IMPACT:

Students (and the organizations that represent students) are key stakeholders of the College and rely on the auditor’s opinions when reviewing the College’s financial position and operating results.

7. FINANCIAL IMPACT:

The costs associated with all the College’s financial audits are included in its annual budget which is approved by the Board of Governors. The estimated fee for the audits of 2020-21 financial statements and enrolment reports is \$66,900.

8. HUMAN RESOURCES IMPACT:

The College’s audit firm primarily relies on the work undertaken by the Finance and Administrative Services Department that is staffed with several designated professional accountants. In addition, the College’s President, Vice-President, Finance and Administration, other executive and leadership team members support the audit to varying degrees.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

The Board of Governors is required to approve the annual appointment of the auditors for the College and its controlled entities at the Annual General Meeting.

10. COMMUNICATIONS:

The appointment of the auditors is conducted during the public session of the Board of Governors Annual General Meeting. There are no further communications undertaken.

11. CONCLUSION:

The College and BDO Canada LLP have established an effective working relationship since the 2018-19 audit and management endorses the appointment of BDO Canada LLP as the College's external auditors for the fiscal year 2020-21.

Respectfully submitted:

Approved for submission:

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Duane McNair  
Vice President, Finance and Administration

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Claude Brulé  
President and CEO

Report title:	Banking Officers Resolution
Report to:	Board of Governors
Date:	June 8, 2020
Author/Presenter:	Duane McNair, Vice President, Finance and Administration

1. RECOMMENDATION:

**THAT** the Board of Governors approves the Banking Officers Resolution effective September 1, 2020.

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:

<b>STRATEGIC PLAN 2017-2022</b>			
<b>LEARNER DRIVEN Goal One</b>	<input type="checkbox"/>	<b>CONNECTED Goal Four</b>	<input type="checkbox"/>

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

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 impacts 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.

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:



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Duane McNair  
Vice President, Finance and Administration

Approved for submission:



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Claude Brulé  
President and CEO

**Appendices:**

Appendix A: Banking Officers Resolution
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**RESOLUTION  
MOVED AND SECONDED**

That for banking purposes, the following are the officers of Algonquin College of Applied Arts and Technology, effective September 1, 2020:

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

<b>POSITION</b>	<b>CURRENT INCUMBENT</b>
Chair	James Brockbank
Vice Chair	Dr. James Robblee
Secretary	Claude Brulé
Treasurer	Duane McNair

**SENIOR OFFICIALS OF THE COLLEGE**

<b>POSITION</b>	<b>CURRENT INCUMBENT</b>
President	Claude Brulé
Senior Vice President, Academic	Dr. Christopher Janzen
Vice President, Finance & Administration	Duane McNair
Vice President, Human Resources	Diane McCutcheon
Vice President, Student Services	Laura Stanbra
Vice President, Truth, Reconciliation & Innovation	Ron Deganadus McLester
Vice President, Advancement	Mark Savenkoff
Chief Financial Officer	Grant Perry
Associate Director, Finance	Emily Woods

**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 8<sup>th</sup> day of June, 2020.

DATED at Ottawa this 8<sup>th</sup> day of June, 2020

Witness by my hand and (Corporate) Seal

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SECRETARY