

Consolidated financial statements of

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

March 31, 2019

The Algonquin College of Applied Arts and Technology

March 31, 2019

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Independent Auditor's Report

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, 2019, and the consolidated statements of operations, the consolidated changes in net assets, the consolidated cash flows and the consolidated remeasurement 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, 2019, and its consolidated results of operations, its consolidated cash flows, and its consolidated remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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.

Other Matter

The consolidated financial statements of The Algonquin College of Applied Arts and Technology for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on June 11, 2018.

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.

Independent Auditor's Report (Continued)

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.

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.



Independent Auditor's Report (Continued)

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

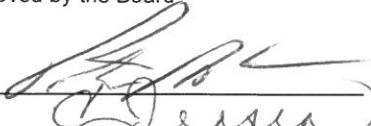
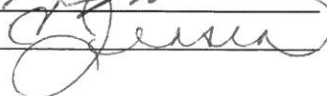
BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
June 17, 2019

**The Algonquin College of
Applied Arts and Technology**
Consolidated statement of financial position
as at March 31, 2019

	2019	2018
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	82,237,781	55,203,492
Short-term investments (Note 3)	25,275,967	33,128,280
Accounts receivable (Note 4)	22,979,043	25,803,450
Inventory (Note 5)	1,547,807	1,543,971
Prepaid expenses	2,463,197	2,806,656
	134,503,795	118,485,849
Investments (Note 3)	36,489,999	33,376,750
Endowment assets (Note 7a)	27,469,921	26,020,415
Capital assets (Note 8)	304,412,969	288,608,412
	502,876,684	466,491,426
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	37,075,026	29,030,427
Accrued salaries and employee deductions payable	9,766,716	10,008,613
Algonquin College - Saudi Arabia (Note 6a)	257,032	514,063
Deferred revenue (Note 9)	50,433,479	39,709,456
Current portion of long-term debt (Note 10a)	3,298,244	3,106,940
	100,830,496	82,369,499
Long-term debt (Note 10a)	41,869,559	45,167,804
Interest rate swaps (Note 10b)	5,279,707	5,731,931
Vacation, sick leave and post-employment benefits (Note 11)	19,237,801	18,978,843
Deferred capital contributions (Note 12)	165,222,307	161,727,635
	332,439,871	313,975,712
Commitments, guarantees and contingencies (Note 13)		
Net assets (deficiency)		
Unrestricted	1,000,000	1,000,000
Investment in capital assets (Note 14)	94,022,852	78,606,032
Vacation, sick leave and post-employment benefits (Note 11)	(19,237,801)	(18,978,843)
Internally restricted (Note 15)	72,988,225	73,185,760
Endowment fund (Note 7b)	27,469,921	26,020,415
	176,243,197	159,833,364
Accumulated remeasurement losses	(5,806,384)	(7,317,650)
	170,436,813	152,515,714
	502,876,684	466,491,426

Approved by the Board

 Chair
 Member

See accompanying notes to the consolidated financial statements.

The Algonquin College of Applied Arts and Technology

Consolidated statement of operations
year ended March 31, 2019

	2019	2018
	\$	\$
Revenue (Schedule A)		
Grants and reimbursements	116,335,685	110,472,446
Student tuition fees	143,914,193	117,551,296
Contract educational services	40,296,899	38,331,944
Campus Services operations (Schedule B)	37,188,621	34,192,308
Other	23,730,096	19,807,635
Amortization of deferred capital contributions (Note 12)	7,365,994	6,972,816
	368,831,489	327,328,445
Expenses		
Salaries and benefits	198,190,945	177,731,829
Building maintenance and utilities	24,947,086	16,360,081
Instructional supplies and equipment	6,616,353	7,328,983
Bursaries and other student aid	7,963,403	9,938,157
Investment loss - Algonquin College - Saudi Arabia	-	2,349,966
Interest	769,825	817,103
Amortization and write-down of capital assets (Notes 8, 14)	18,216,201	13,301,219
Campus Services operations (Schedule B)	28,812,847	26,905,411
Other	68,095,544	59,049,532
	353,612,205	313,782,281
Change in vacation, sick leave and post-employment benefits liabilities (Note 11)	258,958	31,301
	353,871,163	313,813,582
Excess of revenue over expenses	14,960,326	13,514,863

See accompanying notes to the consolidated financial statements.

The Algonquin College of Applied Arts and Technology

Consolidated statement of changes in net assets year ended March 31, 2019

	Unrestricted	Investment in capital assets	Vacation, sick leave and post-employment benefits	Internally restricted	Endowment fund	2019	2018
	\$	\$ (Note 14)	\$ (Note 11)	\$ (Note 15)	\$ (Note 7)	\$	\$
Net assets (deficiency), beginning of year	1,000,000	78,606,030	(18,978,843)	73,185,763	26,020,415	159,833,365	144,693,453
Excess of revenue over expenses	14,960,326	-	-	-	-	14,960,326	13,514,863
Change in vacation, sick leave and post-employment benefits liabilities (Note 11)	258,958	-	(258,958)	-	-	-	-
Internally imposed restrictions	197,538	-	-	(197,538)	-	-	-
Net change in investment in capital assets (Note 14)	(15,416,822)	15,416,822	-	-	-	-	-
Endowment contributions and investment income (Note 7)	-	-	-	-	1,449,506	1,449,506	1,625,049
Net assets (deficiency), end of year	1,000,000	94,022,852	(19,237,801)	72,988,225	27,469,921	176,243,197	159,833,365

See accompanying notes to the consolidated financial statements.

The Algonquin College of Applied Arts and Technology

Consolidated statement of remeasurement gains and losses
year ended March 31, 2019

	2019	2018
	\$	\$
Accumulated remeasurement losses, beginning of year	(7,317,650)	(10,126,018)
Unrealized gains (losses) attributable to:		
Fair value decline in investments	(526,676)	(1,585,719)
Realization of prior year unrealized losses	1,585,719	1,654,333
Interest rate swaps	452,224	2,739,754
	1,511,266	2,808,368
Accumulated remeasurement losses, end of year	(5,806,384)	(7,317,650)

The Algonquin College of Applied Arts and Technology

Consolidated statement of cash flow year ended March 31, 2019

	2019	2018
	\$	\$
Operating activities		
Excess of revenue over expenses	14,960,326	13,514,864
Items not affecting cash		
Amortization of capital assets	14,723,321	13,287,769
Write-down of capital assets	3,492,880	13,450
Amortization and adjustment of deferred capital contributions	(7,365,994)	(7,314,579)
Investment loss Algonquin College Saudi Arabia	-	2,349,966
Change in vacation, sick leave and post-employment benefits liabilities (Note 11)	258,958	31,301
	26,069,491	21,882,771
Changes in non-cash operating working capital items (Note 17)	21,690,747	3,731,551
	47,760,238	25,614,322
Financing activities		
Principal repayments of long-term debt	(3,106,940)	(2,927,055)
Net Contributions to Endowment Fund	(129,182)	1,761,273
	(3,236,122)	(1,165,782)
Capital activities		
Capital asset additions (Note 14)	(33,904,324)	(38,119,215)
Capital contributions received (Note 12)	10,744,234	20,451,322
	(23,160,090)	(17,667,893)
Investing activities		
Liability in Algonquin College - Saudi Arabia	(257,031)	(2,940,800)
Disposal of investments	45,216,596	41,491,959
Purchases of investments	(39,418,482)	(41,099,681)
Disposal of endowment investments	19,539,201	17,786,208
Purchases of endowment investments	(19,410,019)	(19,547,481)
	5,670,265	(4,309,795)
Increase in cash and cash equivalents	27,034,291	2,470,852
Cash and cash equivalents, beginning of year	55,203,490	52,732,635
Cash and cash equivalents, end of year	82,237,781	55,203,487
Interest paid in the year	2,768,728	2,967,754

See accompanying notes to the consolidated financial statements.

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

1. Description of the College

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

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

2. Significant accounting policies

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

a) *Basis of presentation*

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

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

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

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

b) *Revenue*

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

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

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

- ii. Contributions received for capital assets are deferred and amortized into revenue over the same term and on the same basis as the related capital asset. Contributions of land are recognized as direct increases in investment in capital assets in the period received.
- iii. Student tuition fees are recorded in the accounts based on the academic period of the specific courses. Tuition fees are deferred to the extent that the courses extend beyond the fiscal year of the College.
- 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, 2019

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 College has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles.

d) Financial instruments

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

Cash and cash equivalents	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 and cash equivalents

Cash and cash equivalents 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 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.

iii. Endowed investments

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

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2019

2. Significant accounting policies (continued)

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. Transaction costs are added to the carrying value of the instrument.

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

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2019

2. Significant accounting policies (continued)

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
Computers and equipment	5 years
Automotive equipment	5 years
Software	3-10 years

When a capital asset no longer contributes to the College's ability to provide services its carry amount is written-down to its residual value.

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 and impairment 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, 2019

3. Investments

Short-term investments of \$25,275,967 (2018 - \$33,128,280) consist entirely of fixed income securities that will be maturing within a year. Long-term investments consist of the following:

	2019	2018
	\$	\$
Fixed income securities	35,091,015	31,985,303
Equity	1,398,984	1,391,447
	36,489,999	33,376,750

The College's fixed income securities have effective interest rates ranging from 0.75% to 5.68% and maturity dates ranging from April 2019 to December 2021 (2018 - 0.75% to 5.68% and maturity dates ranging from April 2018 to December 2021).

4. Accounts receivable

	2019	2018
	\$	\$
Government of Ontario	5,027,668	9,351,097
Harmonized Sales Tax receivable	1,574,831	1,304,558
Trade	3,239,343	4,418,478
Students	8,202,178	6,397,090
Other	7,534,724	6,161,845
Allowance for doubtful accounts	(2,599,701)	(1,829,618)
	22,979,043	25,803,450

Details on due dates for receivables are as follows:

	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)
	16,708,296	4,408,447	100,353	1,761,947	22,979,043

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

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

5. Inventory

	2019	2018
	\$	\$
Bookstore	1,219,535	1,221,525
Food services	286,228	281,620
Publishing centre	20,498	21,649
Hospitality	21,546	19,177
	1,547,807	1,543,971

The amount of inventory expensed during the year is \$14,381,114 (2018 - \$13,597,598).

6. Controlled entities

a) *Investment in Algonquin College - Saudi Arabia*

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

	2019	2018
	\$	\$
Investment, beginning of year	-	(1,104,896)
Net loss for the year	-	(2,342,397)
Contribution of capital	-	3,447,293
Investment (liability) before the undemoted	-	-
Due to Algonquin College - Saudi Arabia as at March 31	(257,032)	(514,063)
Net investment (liability), end of year	(257,032)	(514,063)

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, 2019

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, 2019 is as follows:

	2019	2018
	\$	\$
Financial position		
Assets	257,032	514,063
Liabilities	257,032	514,063
Deficit		
Foreign currency translation adjustment	-	-
Shareholders' equity (deficiency)	-	-
	257,032	514,063
Results of operations		
Revenue	-	-
Expenses	257,031	2,342,397
Net loss	(257,031)	(2,342,397)
Cash flows		
Operating activities	-	(3,021,003)
Capital activities	-	-
Financing activities	-	2,933,230
Net cash outflow	-	(87,773)

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

6. Controlled entities (continued)

b) Algonquin College Foundation

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

The College provides administrative services to the Foundation which includes: financial accounting, human resources, and information systems services. In addition, the College funds the direct operating costs of the Foundation. The total value of these expenses (before offsetting the 1% and 5% fees noted in 7 b)) is \$715,642 (2018 - \$762,214), which includes salaries and benefits of \$525,177 (2018 - \$585,476) and operating costs of \$190,465 (2018 - \$176,739). These expenses are recorded in the College's consolidated financial statements, and are not recorded as expenses in the Foundation's financial statements.

During the year, the College received \$2,381,628 (2018 - \$2,596,490) from the Foundation consisting of:

	2019	2018
	\$	\$
Endowed contributions	603,784	1,026,150
Deferred capital contributions	157,695	21,410
Other restricted contributions	1,620,149	1,548,930
	2,381,628	2,596,490

The summarized assets, liabilities and results of operations for the Foundation for the year ended March 31, 2019 is as follows:

Financial position		
Total assets	262,384	408,862
Liabilities and fund balances		
Accrued liabilities	54,737	150,985
Deferred revenue	9,500	23,935
Fund balances	198,147	233,942
Total liabilities and fund balances	262,384	408,862
Results of operations		
Revenue	2,518,582	2,773,165
Expenses	2,554,377	2,864,902
Deficiency of revenue over expenses	(35,795)	(91,737)
Cash flow		
Operating activities	(145,880)	69,301
Net cash inflow (outflow)	(145,880)	69,301

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

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

	2019	2018
	\$	\$
Endowed investments		
Cash equivalents	4,009,519	2,741,493
Fixed income securities	7,941,402	7,458,927
Equities	15,519,000	15,819,995
	27,469,921	26,020,415

Cost

	2019	2018
	\$	\$
Endowed investments		
Cash equivalents	4,007,292	2,739,600
Fixed income securities	7,701,330	7,523,892
Equities	12,386,983	13,637,881
	24,095,605	23,901,373

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 1.0% to 7.35% and maturity dates ranging from May 2019 to December 2043 (2018 - 1.80% to 7.35% and maturity dates ranging from September 2018 to December 2048).

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.

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2019

7. Endowment assets (continued)

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

	2019	2018
	\$	\$
Opening balance	26,020,415	24,395,366
Contributions	652,025	1,091,262
Realized investment income	524,964	1,602,978
Distributions	(982,630)	(932,966)
Net contribution to Endowment Fund	194,359	1,761,274
Change in unrealized gains (losses) due to changes in fair value of endowment assets	1,255,147	(136,225)
Net change in Endowment Fund	1,449,506	1,625,049
Ending balance	27,469,921	26,020,415

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.

The total value of administrative fees charged by the College, to recover a portion of the costs of fundraising expenses incurred by the College on behalf of the Foundation, for the year was \$233,774 (2018 - \$202,390), which includes:

- 1% of the Endowment Fund's book value (based on the original donation value) at the end of the previous year, which amounts to \$196,506 (2018 - \$185,596); and
- 5% of new major gifts, which amounts to \$31,613 (2018 - \$16,794).
- 8% of new capital campaign donations, which amounts to \$5,655 (2018 - \$80).

As at March 31, 2019, the Endowment Fund / Assets included a balance of \$3,755,820 (2018 - \$4,213,486) which represents the cumulative realized investment income in excess of amounts distributed. The changes during the year are as follows:

	2019	2018
	\$	\$
Amount available for future distribution, beginning of year	4,213,486	3,543,474
Realized investment income	524,964	1,602,978
Amount distributed	(982,630)	(932,966)
Amount available for future distribution, end of year	3,755,820	4,213,486

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

8. Capital assets

		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
	472,928,376	168,515,407	304,412,969

		2018	
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	6,895,284	-	6,895,284
Buildings	320,040,687	107,142,479	212,898,208
Assets under development	49,249,281	-	49,249,281
Site improvements	28,518,814	16,909,536	11,609,278
Parking lots	926,213	673,529	252,684
Computers and equipment	57,515,512	49,954,822	7,560,690
Automotive equipment	355,249	212,262	142,987
	463,501,040	174,892,628	288,608,412

Assets under development are comprised of construction in progress and software under development. During the year the College recorded a write-down to software assets of \$3,481,840 (2018 - \$nil).

9. Deferred revenue

Details of the year-end balance are as follows:

	2019	2018
	\$	\$
Student tuition fees	40,458,810	28,667,604
Grant and reimbursements	1,861,636	2,849,243
Contract education services	2,426,089	3,200,231
Student aid	1,188,183	1,277,632
Miscellaneous projects	4,498,761	3,714,746
	50,433,479	39,709,456

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

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

9. Deferred revenue (continued)

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

	2019	2018
	\$	\$
Residence I building loan, bearing interest at prime plus 1.00% maturing in 2025, with average monthly payments of \$96,153	5,825,595	6,491,133
Residence II building loan, bearing interest at prime plus 0.25% maturing in 2027, with average monthly payments of \$122,219	8,952,339	9,775,126
Residence III building loan, bearing interest at prime plus 0.25% maturing in 2029, with monthly payment of \$124,496	10,302,816	11,051,055
Police and Public Safety Institute loan, bearing interest at prime plus 1.00%, maturing in 2025, with average monthly payments of \$35,359 (2018 - \$67,833)	2,164,394	2,415,196
Student Commons loan, bearing interest at 4.008%, maturing in 2037, with semi-annual payments of \$678,301	17,922,659	18,542,234
	45,167,803	48,274,744
Less: current portion	(3,298,244)	(3,106,940)
	41,869,559	45,167,804

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

	\$
2020	3,298,244
2021	3,501,708
2022	3,718,123
2023	3,948,332
2024	4,193,234
Thereafter	26,508,161
	45,167,802

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

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

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 is \$5,279,707 (2018 - \$5,731,931).

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, 2019 indicated an actuarial surplus of \$2.6 billion (2018 - \$2.3 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 \$16,792,398 (2017 - \$14,477,678) 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, 2019.

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 Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

11. Employee benefits plans (continued)

b) Post-employment benefits (continued)

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

	2019	2018
	%	%
Discount rate	2.2%	2.6%
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 2019 decreasing to 4.0% by 2040	8.0% in 2018 decreasing to 4.0% by 2034
Medical premium escalation	6.8% in 2019 decreasing to 4.0% by 2040	6.8% in 2018 decreasing to 4.0% by 2034
Expected return on assets	2.2% per annum	2.0% per annum

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

	2019	2018
	\$	\$
Post-employment benefits	2,762,170	2,812,535
Vacation	10,970,631	10,488,308
Sick leave	5,505,000	5,678,000
	19,237,801	18,978,843

The employee future benefit liability change for the year ended March 31, 2019 is an increase of \$258,958 (2018 - increase of \$31,301). This amount is comprised of:

	2019	2018
	\$	\$
Current year service cost	433,000	183,000
Interest expense on accrued benefit obligation	178,000	136,000
Amortization of actuarial loss (gain)	(38,000)	30,000
Benefit payments made by the College during the year	(314,042)	(317,699)
	258,958	31,301

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements

March 31, 2019

12. Deferred capital contributions

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

In 2008, the Foundation launched building campaigns to raise \$7 million for the construction of the Algonquin Centre for Construction Excellence (ACCE), \$2.5 million for the expansion of the Pembroke campus, and \$1 million for the expansion of the Perth campus. Total cumulative contributions received up to March 31, 2019 amounted to \$9,650,944 (2018 - \$9,639,966). The campaigns have concluded but collections of outstanding pledged donations are ongoing.

In 2017, the Algonquin College Foundation launched a campaign to raise \$2 million for the construction of the DARE District, for which construction began in 2017 and is scheduled to be substantially complete by April 2018. Total net cumulative contributions received up to March 31, 2019 amounted to \$217,132 (2018 - \$75,970).

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

12. Deferred capital contributions (continued)

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

	2019	2018
	\$	\$
Balance, beginning of year	161,727,635	148,259,857
Less amortization of deferred capital contributions	(7,365,994)	(6,972,816)
Amounts relating to a decrease in deferred capital contributions		
Less prior year over contribution to deferred capital relating to Algonquin Centre for Construction Excellence	-	(341,763)
	154,361,641	140,945,278
Add capital contributions received:		
Industry and Individual contributions		
Pembroke campus relocation	10,978	20,360
DARE District	141,162	50,970
Welding Lab	-	75,000
Government contributions		
Other capital projects	6,082,614	1,142,281
Apprenticeship Enhancement Fund	317,102	2,442,480
Facilities renewal	-	1,462,482
Post Secondary Institutions Strategic Investment Fund	4,092,378	15,057,749
Contributions from the Students' Association	100,000	200,000
Contributions received before donated equipment	10,744,234	20,451,322
Donated equipment	116,432	331,035
	10,860,666	20,782,357
Balance, end of year	165,222,307	161,727,635

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

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:

	\$
2020	1,338,753
2021	1,153,955
2022	618,334
	<u>3,111,042</u>

Letters of credit

The College is contingently liable under letters of credit amounting to \$653,506 (2018 - \$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:

	2019	2018
	\$	\$
Capital assets	304,412,965	288,608,411
Less amounts financed by		
Deferred capital contributions - used (Note 12)	(165,222,308)	(161,727,635)
Long term debt	(45,167,805)	(48,274,744)
	<u>94,022,852</u>	<u>78,606,032</u>

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

14. Investment in capital assets (continued)

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

	2019	2018
	\$	\$
Capital asset additions		
Total additions	34,020,756	38,450,250
Less		
Donated equipment	(116,432)	(331,035)
Additions net of donated equipment	33,904,324	38,119,215
Less		
Building/construction in progress financed with donations	(152,140)	(146,330)
Building/construction in progress financed with contributions from the Students' Association	(100,000)	(200,000)
Other capital assets financed with capital contributions	(10,492,094)	(21,066,991)
Capital assets purchased with College funds	23,160,090	16,705,894
External financing and other		
Decrease in long-term debt	3,106,939	2,927,055
Amortization of deferred capital contributions	7,365,994	6,972,816
Amortization of capital assets	(14,723,321)	(13,287,769)
Write-down of capital assets	(3,492,880)	(13,450)
Amounts relating to a decrease in deferred capital contributions		
Over contribution related to Algonquin Centre for Construction Excellence	-	341,763
Net change in investment in capital assets	15,416,822	13,646,309

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, 2019

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:

	\$	\$
Appropriations	100,000	100,000
Specific reserves		
Other projects and initiatives	28,736,411	27,215,089
Campus Services reserve fund	4,960,500	5,208,589
Contingency reserve fund	9,760,000	8,890,000
Employment stabilization funds	575,566	569,893
Reserve fund		
Future capital expansion	28,855,748	31,202,189
Balance, end of year	72,988,225	73,185,760

16. Financial instruments

Interest rate risk

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

As at March 31, 2019, a 1% increase in nominal interest rates would result in a decline of investments of approximately \$924,539 (2018 - \$970,843) and an appreciation of the interest rate swap's fair value of approximately \$1,253,862 (2018 - \$1,510,759). Conversely, a 1% decrease in nominal interest rates would result in an increase of investments of approximately \$969,273 (2018 - \$1,004,018), and a decrease of the interest rate swap's fair value of approximately \$1,331,573 (2018 - \$1,613,622). These amounts do not include other variables such as convexity.

Price risk

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

As at March 31, 2019, a 5% increase in price would result in an increase of endowment assets of approximately \$775,950 (2018 - \$791,000).

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.

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

16. Financial instruments (continued)

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the College will not be able to meet all cash flow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and cash flow analysis. The College has the following financial liabilities as at March 31, 2019:

	Net book value	2020	2021	2022 and after
	\$	\$	\$	\$
Accounts payable and accrued liabilities	37,075,033	37,075,033	-	-
Accrued salaries and employee deduction payable	9,766,716	9,766,716	-	-
Long-term debt	45,167,801	3,298,244	3,501,708	38,367,849
Interest rate swaps	5,279,707	-	-	5,279,707
	97,289,257	50,139,993	3,501,708	43,647,556

The College is also exposed to liquidity risk in relation to its commitments as disclosed in Note 13.

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, 2019

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:

	2019		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash and cash equivalents	82,237,781	-	-
Short-term investments	-	25,275,967	-
Long-term investments	1,398,984	35,091,015	-
Endowment assets	19,528,519	7,941,402	-
Interest rate swaps	-	5,279,707	-
	103,165,284	73,588,091	-

	2018		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash and cash equivalents	55,203,492	-	-
Short-term investments	-	33,128,280	-
Long-term investments	1,433,527	31,943,223	-
Endowment assets	18,561,488	7,458,927	-
Interest rate swaps	-	5,731,931	-
	75,198,507	78,262,361	-

17. Changes in non-cash operating working capital items

	2019	2018
	\$	\$
Decrease (increase) in accounts receivable	2,824,406	(7,886,781)
Increase in inventory	(3,836)	(16,582)
Decrease (increase) in prepaid expenses	343,459	(653,836)
Increase in accounts payable and accrued liabilities	8,044,610	4,118,372
Increase (decrease) in accrued salaries and employee deduction payable	(241,897)	717,192
Increase in deferred revenue	10,724,023	7,453,192
	21,690,765	3,731,557

The Algonquin College of Applied Arts and Technology

Notes to the consolidated financial statements
March 31, 2019

18. Subsequent event

Subsequent to year-end the College sold vacant land (720–740 March Road, Kanata, Ontario) with a net book value of \$1,524,658. The estimated gain on the sale of \$2,347,000 will be reflected in the College's March 31, 2020 consolidated financial statements.

19. Comparative figures

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

The Algonquin College of Applied Arts and Technology

Supplementary information - Revenue - Schedule A
year ended March 31, 2019

	2019	2018
	\$	\$
Grants and reimbursements:		
Post secondary activity	109,229,936	104,061,145
Apprentice programs	5,403,404	4,677,139
Special bursaries	1,702,345	1,734,162
	116,335,685	110,472,446
Student tuition fees:		
Full-time post secondary	121,246,677	95,946,275
Full-time non-funded	1,749,768	1,801,425
Part-time	12,212,232	12,010,021
Adult training	1,060,258	890,707
Student information technology fees	7,645,258	6,902,868
	143,914,193	117,551,296
Contract educational services:		
Provincially funded programs	20,615,705	19,975,766
International programs	2,022,152	1,767,199
Corporate and other programs	17,659,042	16,588,979
	40,296,899	38,331,944
Campus services operations (Schedule B)	37,188,621	34,192,309
Other:		
Early Learning Centre	1,064,470	1,009,719
Student ancillary fees	6,447,576	5,647,688
Investment income	2,084,036	759,832
Foreign currency translation adjustment	-	-
Miscellaneous	14,134,014	12,390,396
	23,730,096	19,807,635
Amortization of deferred capital contributions (Note 12)	7,365,994	6,972,816
Total revenue	368,831,489	327,328,446

The Algonquin College of Applied Arts and Technology

Supplementary information - Campus Services operations summary - Schedule B
as at March 31, 2019

	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
Total	44,052,376	(6,863,756)	37,188,621	37,083,617	(8,270,769)	28,812,847	6,968,760	8,375,774

	2018							
	Gross revenue	Internal revenue	Net revenue	Expenses	Internal expenses	Net expenses	Contribution including internal transactions	Contribution net of internal transactions
	\$	\$	\$	\$	\$	\$	\$	\$
Food services	9,218,559	(533,136)	8,685,423	9,470,800	(533,136)	8,937,665	(252,241)	(252,241)
Bookstore	14,347,373	(3,814,433)	10,532,940	13,774,973	(3,814,433)	9,960,540	572,400	572,400
Parking and lockers	4,796,805	(462,390)	4,334,414	1,379,587	(132,986)	1,246,601	3,417,218	3,087,814
Publishing centre	1,698,248	(1,609,301)	88,947	1,468,452	(1,391,541)	76,911	229,796	12,036
Residence	10,382,807	-	10,382,807	7,786,937	-	7,786,937	2,595,870	2,595,870
Director's office	167,777	-	167,777	612,658	-	612,658	(444,881)	(444,881)
Overhead allocation	-	-	-	-	(1,715,900)	(1,715,900)	-	1,715,900
Total	40,611,569	(6,419,260)	34,192,308	34,493,407	(7,587,995)	26,905,411	6,118,162	7,286,897

See accompanying notes to the consolidated financial statements.