

# **CONSOLIDATED FINANCIAL STATEMENTS**

**The Humber College Institute of Technology and Advanced Learning**

March 31, 2021

# The Humber College Institute of Technology and Advanced Learning

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For the year ended March 31, 2021

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## MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Humber College Institute of Technology and Advanced Learning (the “College”) are the responsibility of management and have been approved by the Board of Governors (the “Board”).

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 series of standards applicable to government notfor-profit organizations. Where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The College maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the College’s assets are appropriately accounted for and adequately safeguarded.

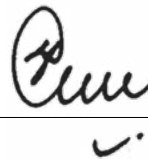
The College’s insurance liabilities have been reviewed by management in consultation with its broker. There are no material liabilities in either fact or contingency as at the date of this report. The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee (the “Committee”).

The Committee is appointed by the Board, and includes within its ranks five Board members. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditor’s report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors. The consolidated financial statements have been audited by BDO Canada LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. BDO Canada LLP has full and free access to the Committee.



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Chris Whitaker  
President & CEO



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Sanjay Puri  
Vice President, Administration & CFO

May 26th, 2021

## Independent Auditor's Report

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

### Opinion

We have audited the consolidated financial statements of The Humber College Institute of Technology and Advanced Learning (the "College"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statement of operations, consolidated statement of net assets, consolidated statement of cash flows and consolidated statement of remeasurement gains and losses for the year ended March 31, 2021, 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, 2021, and its consolidated results of its 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 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.

### Emphasis of Matter – Restated Comparative Information

We draw attention to Note 22 to the consolidated financial statements, which explains that certain comparative information presented as at March 31, 2020 and April 1, 2019 has been restated. Our opinion is not modified in respect of this matter.

### 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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## Independent Auditor's Report (Continued)

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 College 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

Oakville, Ontario

May 26, 2021

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

**Statement 1 Consolidated Statement of Financial Position**

Restated (Note 22)

	March 31, 2021	March 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$1 17,701,987	\$175,629,529
Investments	\$283,405,874	\$194,656,963
Grants receivable (Note 4)	\$1,123,386	\$3,532,860
Accounts receivable (Note 5)	\$7,595,845	\$8,891,750
Loan receivable (Note 7)	\$87,132	\$83,555
Prepaid expenses	\$3,219,318	\$4,076,284
<b>Total current assets</b>	<b>\$413,133,542</b>	<b>\$386,870,941</b>
INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER (Note 6)	\$11,738,450	\$10,936,829
LONG-TERM LOAN RECEIVABLE (Note 7)	\$3,159,921	\$3,247,054
PREPAID LAND LEASE (Note 8)	\$2,850,361	\$2,882,690
CAPITAL ASSETS (Note 9)	\$517,499,814	\$516,911,500
<b>TOTAL ASSETS</b>	<b>\$948,382,088</b>	<b>\$920,849,014</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$24,658,841	\$29,367,953
Accrued payroll and employee benefits	\$12,516,425	\$11,950,399
Accrued vacation pay	\$19,976,533	\$18,770,043
Deferred revenue	\$91,746,516	\$68,632,279
Due to University of Guelph-Humber (Note 6)	\$27,262,744	\$29,612,197
Due to IGNITE Student Union (Note 10)	\$8,475,622	\$5,367,513
Bank loan (Note 11)	\$21,574,386	\$23,639,911
<b>Total current liabilities</b>	<b>\$206,211,067</b>	<b>\$187,340,295</b>
POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 12)	\$8,768,000	\$8,535,000
DEFERRED CONTRIBUTIONS (Note 13)	\$16,846,366	\$6,632,377
DEFERRED CAPITAL CONTRIBUTIONS (Note 14)	\$194,679,156	\$202,525,167
INTEREST RATE SWAP (Note 11)	\$3,690,818	\$5,124,904
<b>TOTAL LIABILITIES</b>	<b>\$430,195,407</b>	<b>\$410,157,743</b>
<b>NET ASSETS</b>		
<b>Unrestricted</b>		
Operating	\$32,435,351	\$32,367,717
Post-employment benefits and compensated absences (Note 12)	(\$8,768,000)	(\$8,535,000)
Vacation pay	(\$19,976,533)	(\$18,770,043)
<b>Total unrestricted net assets</b>	<b>\$3,690,818</b>	<b>\$5,062,674</b>
INVESTED IN CAPITAL ASSETS (Note 15)	\$301,911,275	\$291,044,419
INTERNALLY RESTRICTED (Note 16)	\$199,903,092	\$197,704,440
EXTERNALLY RESTRICTED (Note 17) 16,058,756 15,846,655	\$16,058,756	\$15,846,655
<b>TOTAL LIABILITIES</b>	<b>\$521,563,941</b>	<b>\$509,658,188</b>
ACCUMULATED REMEASUREMENT LOSSES	(\$3,377,260)	\$1,033,083
<b>TOTAL NET ASSETS</b>	<b>\$518,186,681</b>	<b>\$510,691,271</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$948,382,088</b>	<b>\$920,849,014</b>

See accompanying notes to the consolidated financial statements

On behalf of the Board of Governors:



Robert Hull  
Chair, Board of Governors



Chris Whitaker  
President & CEO

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

**Statement 2 Consolidated Statement of Operations**

Restated (Note 22)

<b>For the year ended</b>	<b>March 31, 2021</b>	March 31, 2020
<b>REVENUE</b>		
Grants and reimbursements	<b>\$151,998,581</b>	\$153,236,521
Tuition and other fees	<b>\$249,462,712</b>	\$244,496,682
Interest and investment income	<b>\$14,975,119</b>	\$9,690,169
Other (Note 18)	<b>\$39,875,541</b>	\$63,779,839
Amortization of deferred capital contributions (Note 14)	<b>\$10,193,315</b>	\$10,710,973
<b>TOTAL REVENUE</b>	<b>\$466,505,268</b>	\$481,914,184
<b>EXPENSES</b>		
Salaries and benefits	<b>\$276,821,486</b>	\$283,333,114
Contract services	<b>\$68,771,221</b>	\$55,136,629
Maintenance, utilities and municipal taxes	<b>\$12,918,168</b>	\$14,286,110
Advertising and marketing	<b>\$6,621,382</b>	\$8,250,328
Supplies, equipment and other expenses	<b>\$30,794,390</b>	\$39,477,907
Information technology, software and licenses	<b>\$10,341,805</b>	\$10,648,329
Student assistance	<b>\$11,917,069</b>	\$8,139,625
Amortization of capital assets	<b>\$36,626,095</b>	\$37,139,496
<b>TOTAL EXPENSES</b>	<b>\$454,811,616</b>	\$456,411,538
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>11,693,652</b>	25,502,646

See accompanying notes to the consolidated financial statements

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

**Statement 3 Consolidated Statement of Changes in Net Assets**

<b>March 31, 2021</b>	<b>Restated (Note 22) Unrestricted</b>	<b>Internally restricted (Note 16)</b>	<b>Invested in capital assets (Note 15)</b>	<b>Externally restricted (Note 17)</b>	<b>Total</b>
<b>Balance, beginning of year</b>	<b>\$5,062,674</b>	<b>\$197,704,440</b>	<b>\$291,044,419</b>	<b>\$5,846,655</b>	<b>\$509,658,188</b>
Excess of revenue over expenses for the year	<b>\$11,693,652</b>	-	-	-	<b>\$11,693,652</b>
Change in internally restricted net assets	<b>(\$2,198,652)</b>	<b>\$2,198,652</b>	-	-	-
Net change in invested in capital assets (Note 15)	<b>(\$10,866,856)</b>	-	<b>\$10,866,856</b>	-	-
Endowment contributions	-	-	-	<b>\$212,101</b>	<b>\$212,101</b>
<b>Balance, end of year</b>	<b>\$3,690,818</b>	<b>\$199,903,092</b>	<b>\$301,911,275</b>	<b>\$6,058,756</b>	<b>\$521,563,941</b>

<b>March 31, 2020</b>	<b>Restated (Note 22) Unrestricted</b>	<b>Internally restricted (Note 16)</b>	<b>Invested in capital assets (Note 15)</b>	<b>Externally restricted (Note 17)</b>	<b>Total</b>
<b>Balance, beginning of year</b>	\$4,687,213	\$168,917,504	\$294,704,170	\$15,997,613	\$484,306,500
Excess of revenue over expenses for the year	\$25,502,646	-	-	-	\$25,502,646
Change in internally restricted net assets	(\$28,786,936)	\$28,786,936	-	-	-
Net change in invested in capital assets (Note 15)	\$3,659,751	-	(\$3,659,751)	-	-
Endowment contributions	-	-	-	(\$150,958)	(\$150,958)
<b>Balance, end of year</b>	<b>\$5,062,674</b>	<b>\$197,704,440</b>	<b>\$291,044,419</b>	<b>\$15,846,655</b>	<b>\$509,658,188</b>

See accompanying notes to the consolidated financial statements



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

**Statement 4 Consolidated Statement of Cash Flows**

Restated (Note 22)

<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>OPERATING</b>		
Excess of revenue over expenses for the year	<b>\$11,693,652</b>	\$25,502,646
Non-cash items:		
Amortization of capital assets	<b>\$36,626,095</b>	\$37,139,496
Amortization of deferred capital contributions	<b>(\$10,193,315)</b>	(\$10,710,973)
Gain on sale of capital assets	<b>(\$1,040,349)</b>	(\$382,115)
Share of excess of revenue over expenses for the year from University of Guelph-Humber (Note 6)	<b>(\$10,039,211)</b>	(\$9,017,402)
<b>Total operating</b>	<b>\$27,046,872</b>	\$42,531,652
Change in post-employment benefits and compensated absences	<b>\$233,000</b>	(\$249,000)
Endowment contributions	<b>\$212,101</b>	(\$150,958)
Net change in non-cash working capital items (Note 20)	<b>\$25,530,973</b>	(\$8,091,060)
<b>Cash provided by operating activities</b>	<b>\$53,022,946</b>	\$34,040,634
<b>INVESTING</b>		
Distribution from University of Guelph-Humber (Note 6)	<b>\$9,237,589</b>	\$11,820,720
Net (increase) decrease in investments (net of fair market value adjustment)	<b>(\$88,748,911)</b>	\$13,584,120
Change in investment accumulated remeasurement gains (losses)	<b>(\$5,844,429)</b>	\$1,155,496
<b>Cash provided by (used in) investing activities</b>	<b>(\$85,355,751)</b>	\$26,560,336
<b>FINANCING</b>		
Deferred contributions (net of fair market value adjustment)	<b>\$10,213,989</b>	(\$868,636)
Repayment of loan receivable (Note 7)	<b>\$83,555</b>	\$80,124
Repayment of bank loan (Note 11)	<b>(\$2,065,525)</b>	(\$1,955,625)
<b>Cash used in financing activities</b>	<b>\$8,232,019</b>	(\$2,744,137)
<b>CAPITAL</b>		
Purchase of capital assets and construction in progress	<b>(\$39,127,060)</b>	(\$37,542,092)
Proceeds on sale of capital assets	<b>\$2,953,000</b>	\$698,411
Contributions received for capital purposes	<b>\$2,347,304</b>	\$3,370,630
<b>Cash used in capital activities</b>	<b>(\$33,826,756)</b>	(\$33,473,051)
<b>Net (decrease) increase in cash during the year</b>	<b>(\$57,927,542)</b>	\$24,383,782
Cash, beginning of year	<b>\$175,629,529</b>	\$151,245,747
Cash, end of year	<b>\$117,701,987</b>	\$175,629,529

See accompanying notes to the consolidated financial statements

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

**Statement 5 Consolidated Statement of Remeasurement Gains and Losses**

Restated (Note 22)

	<b>March 31, 2021</b>	March 31, 2020
Accumulated remeasurement gains at the beginning of year	<b>\$1,033,083</b>	\$315,278
Unrealized (losses) gains attributable to:		
Derivative - interest rate swap	<b>\$1,434,086</b>	(\$437,691)
Investments - operating fund	<b>(\$2,963,379)</b>	\$1,878,345
Realized gain on investments, reclassified to the statement of operations	<b>(\$2,881,050)</b>	(\$722,849)
<b>Net remeasurement (losses) gains for the year</b>	<b>(\$4,410,343)</b>	\$717,805
<b>Accumulated remeasurement (losses) gains at end of year</b>	<b>(\$4,410,343)</b>	\$1,033,083

*See accompanying notes to the consolidated financial statements*

# **The Humber College Institute of Technology and Advanced Learning**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended March 31, 2021

### **1. DESCRIPTION OF THE ORGANIZATION**

The College system was created by an Act of the Ontario Legislature on December 30, 1966. Regulation 771 empowered the Ministry of Education (now named Ministry of Colleges and Universities, “MCU”) to establish individual colleges. On February 23, 1967, Humber College of Applied Arts and Technology became a reality. By Ontario Regulation 34/03 filed on February 11, 2003, the name of the College was changed to The Humber College Institute of Technology and Advanced Learning (the “College”).

The College’s mission statement is as follows:

“Humber develops global citizens with the knowledge and skills to lead and innovate.” The College’s consolidated financial statements include the accounts of the Humber College Educational Foundation, which is controlled by the College, and the College’s 50% interest in the University of Guelph-Humber joint venture (the “Joint Venture”). These consolidated financial statements do not reflect the assets, liabilities and results of operations of IGNITE Student Union (“IGNITE”) or the various other student organizations and clubs of the College.

The College is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of presentation**

The consolidated financial statements of the College have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by Public Sector Accounting Board (“PSAB for Government NPOs”). The significant accounting policies are as follows:

#### **Revenue recognition**

The College follows the deferral method of accounting for contributions, which include donations and government grants.

Tuition fees and contract training revenues are recorded as revenue rateably over the term to which the tuition fees revenue applies to the extent that the related courses and services are provided to the student or client.

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Ancillary revenues, including corporate training, retail operations, food services, student residence, parking and other sundry revenues, are recognized when products are delivered or services are provided to the student or client where the sales price is fixed and determinable, and collection is reasonably assured.

Contributions externally restricted for purposes other than endowments are recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for the purchase or construction of depreciable capital assets are deferred and amortized over the life of the related capital asset.

Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

### Capital assets

Purchased capital assets are recorded at cost while contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

Buildings	25 to 40 years
Site improvements	10 to 20 years
Leasehold improvements	10 to 20 years
Furniture and equipment	3 to 10 years
Automotive equipment	5 years
Software	5 to 7 years

Construction in progress costs are capitalized as incurred and are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are placed in service. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its net realizable value.

### Vacation pay

The College recognizes vacation pay as an expense on an accrual basis. Retirement and post-employment benefits and compensated absences The College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and nonvesting sick leave. The College has adopted the following policies with respect to accounting for these employee benefits:

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- i. The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.
- ii. The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- iii. The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumptions and/or experience are recognized over the estimated average remaining service life of the employees.
- iv. The discount rate used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

### Investment in University of Guelph-Humber

The investment in the Joint Venture is accounted for using the modified equity method. No adjustment is made for the basis of accounting of the Joint Venture being different than PSAB for Government NPOs.

### Financial instruments

The College classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred except for those instruments designated into the fair value category. The College's accounting policy for each category is as follows:

#### Fair value

This category includes cash, investments, and derivatives. The College's interest rate swap is considered to be a derivative financial instrument and is included in this category. The College invests its externally restricted funds in pooled funds with its investment management firm. These funds are considered to be equity instruments and are included in this category.

Financial instruments in this fair value category, including restatement of the current and prior years as described in Note 22, are initially recognized at cost and subsequently measured at fair value. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations. Unrealized changes in fair value related to externally restricted funds 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.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the consolidated statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is transferred and recognized in the consolidated statement of operations.

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Amortized cost

This category includes grants receivable, accounts receivable, loan receivable, long-term loan receivable, accounts payable and accrued liabilities, accrued payroll and employee benefits, accrued vacation pay, due to University of Guelph-Humber, due to IGNITE, and bank loan. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the consolidated statement of operations.

#### **Management estimates**

The preparation of consolidated financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Due to inherent uncertainty involved in making such estimates, actual results could differ from those estimates. Areas of key estimation include determination of fair value of investments, determination of fair value of derivatives, determination of percentage of completion of construction in progress, deferred tuition revenue, allowance for doubtful accounts, capital asset amortization, amortization of deferred capital contributions and actuarial estimation of post-employment benefits and compensated absences liabilities.

#### **Public sector salary disclosure act**

The Public Sector Salary Disclosure Act, 1996 (the "Act") requires the disclosure of the salaries and benefits of employees in the public sector who are paid a salary of \$100,000 or more in a year. The College complies with this Act by providing the information to Ministry of Colleges and Universities ("MCU") for disclosure on the public website.

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 3. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

2021	Fair Value	Amortized Cost	Total
Cash	\$117,701,987	-	\$117,701,987
Investments	\$283,405,874	-	\$283,405,874
Grants receivable	-	\$1,123,386	\$1,123,386
Accounts receivable	-	\$7,595,845	\$7,595,845
Loan receivable	-	\$87,132	\$87,132
Long-term loan receivable	-	\$3,159,921	\$3,159,921
Accounts payable and accrued liabilities	-	\$24,658,481	\$24,658,481
Accrued payroll and employee benefits	-	\$12,516,425	\$12,516,425
Accrued vacation pay	-	\$19,976,533	\$19,976,533
Due to University of Guelph-Humber	-	\$27,262,744	\$27,262,744
Due to IGNITE	-	\$8,475,622	\$8,475,622
Bank loan	-	\$21,574,386	\$21,574,386
Interest rate swap	\$3,690,818	-	\$3,690,818

2020	Fair Value	Amortized Cost	Total
Cash	\$175,629,529	-	\$175,629,529
Investments	\$194,656,963	-	\$194,656,963
Grants receivable	-	\$3,532,860	\$3,532,860
Accounts receivable	-	\$8,891,750	\$8,891,750
Loan receivable	-	\$83,555	\$83,555
Long-term loan receivable	-	\$3,247,054	\$3,247,054
Accounts payable and accrued liabilities	-	\$29,367,953	\$29,367,953
Accrued payroll and employee benefits	-	\$11,950,399	\$11,950,399
Accrued vacation pay	-	\$18,770,043	\$18,770,043
Due to University of Guelph-Humber	-	\$29,612,197	\$29,612,197
Due to IGNITE	-	\$5,367,513	\$5,367,513
Bank loan	-	\$23,639,911	\$23,639,911
Interest rate swap	\$5,124,904	-	\$5,124,904

Investments consist of cash, daily interest deposits, Canadian treasury bills, guaranteed investment certificates, Canadian federal bonds, Canadian provincial bonds, Canadian corporate bonds and pooled funds.

Maturity profile of investments held at fair value is as follows:

2021	Within 1 year	1 to 5 year	5 to 10 years	Over 10 years	Total
Fair value	\$72,698,703	\$73,736,623	\$136,970,548	-	\$283,405,874
Percent of Total	25.7%	26.0%	48.3%	0	

2020	Within 1 year	1 to 5 year	5 to 10 years	Over 10 years	Total
Fair value	\$19,063,603	\$69,946,614	\$105,646,746	-	\$194,656,963
Percent of Total	9.8%	35.9%	54.3%	0.0%	

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 3. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

The following table provides an analysis of investments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>
Cash	<b>\$117,701,987</b>	-	-	<b>\$117,701,987</b>
Investments	<b>\$283,405,874</b>	-	-	<b>\$283,405,874</b>
Interest rate swap	-	-	<b>\$3,690,818</b>	<b>\$3,690,818</b>
<b>Total</b>	<b>\$401,107,861</b>	-	<b>\$3,690,818</b>	<b>\$404,798,679</b>

2020	Level 1	Level 2	Level 3	Level 4
Cash	\$175,629,529	-	-	\$175,629,529
Investments	\$194,656,963	-	-	\$194,656,963
Interest rate swap	-	-	\$5,124,904	\$5,124,904
Total	\$370,286,492	-	\$5,124,904	\$375,411,396

There were no other transfers between levels for the years ended March 31, 2021 and 2020. For a sensitivity analysis of financial instruments recognized in Level 3, see Note 21.

### 4. GRANTS RECEIVABLE

Grants receivable represent amounts receivable from the MCU and other agencies to fund programs delivered by the College.



# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 5. ACCOUNTS RECEIVABLE

	2021	2020
Investment interest receivable	\$2,402,862	\$1,062,510
Commodity taxes receivable	\$1,932,002	\$4,256,411
Other accounts receivable	\$1,848,728	\$2,662,464
Student accounts receivable	\$5,745,430	\$3,640,465
Allowance for doubtful accounts	(\$4,333,177)	(\$2,730,100)
<b>Total current accounts receivable</b>	<b>\$7,595,845</b>	<b>\$8,891,750</b>

Other accounts receivable represent sundry receivables such as revenues earned by faculties, for corporate training or teaching sessions and commissions earned on ancillary businesses.

### 6. INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER

In 1999, the College entered into a Memorandum of Understanding with the University of Guelph, known as the University of Guelph-Humber joint venture. The purpose of the Joint Venture is to provide students with a four-year collaborative learning opportunity which results in the conferment of both a university degree and a college diploma.

The following is the College's combined 50% share of the components of the financial statements of the Joint Venture:

	2021	2020
Total assets	\$17,091,595	\$18,137,735
Total liabilities	\$5,352,693	\$7,200,455
<b>Net assets</b>	<b>\$11,738,902</b>	<b>\$10,937,280</b>
Revenue	\$34,154,559	\$33,628,443
Expenses	\$24,115,348	\$24,611,041
<b>Excess of revenue over expenses for the year</b>	<b>\$10,039,211</b>	<b>\$9,017,402</b>
Cash provided by operating activities	\$9,857,246	\$11,839,636
Cash used in investing activities	(\$619,657)	(\$18,916)
Cash used in financing activities	(\$9,237,589)	(\$11,820,720)
<b>Net cash flows</b>	<b>-</b>	<b>-</b>

Excess of revenue over expenses for the year has been included in other revenue (see Note 18).

During the year, the College earned \$13,264,033 (2020 - \$13,637,410) of fees from the Joint Venture for services provided which has been included in other revenue (Note 18).

The amount due to the Joint Venture is unsecured, non-interest bearing and due on demand.

During the year, the Joint Venture distributed \$9,237,589 (2020 - \$11,820,720) to the College which was applied against the investment.

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 6. INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER (continued)

The Joint Venture is a not-for-profit organization, and follows the recommendations of CPA Canada Handbook Part III – Accounting Standards for Not-for-Profit Organizations. As such, there may be differences between the accounting policies of the College under PSAB and the Joint Venture under Part III of the CPA Handbook. Under the modified equity approach, the College makes no adjustment to the amounts disclosed or recognized in its consolidated financial statements for these differences. For the year ended March 31, 2021, there were no accounting policy differences that would have resulted in an adjustment to amounts or disclosures in these consolidated financial statements.

### 7. LONG-TERM LOAN RECEIVABLE

On October 23, 2018, the College entered into a mortgage agreement with Colleges Ontario to provide a mortgage supporting the purchase of Colleges Ontario's new office facility. The original loan amount of \$3,430,245 is amortized over 25 years, bearing interest at 4.20% fixed rate per annum, receivable in monthly payments of \$18,487 on the first day of each month. The initial term of the mortgage is 5 years, maturing on December 3, 2023.

	2021	2020
Loan receivable	\$3,247,053	\$3,330,609
Less: Current portion included in loan receivable	\$87,132	\$83,555
<b>Total long-term loan receivable</b>	<b>\$3,159,921</b>	<b>\$3,247,054</b>

### 8. PREPAID LAND LEASE

In 2014, the College negotiated a land lease with the City of Toronto. This amount, recorded as a prepaid land lease, includes the original payment made to the City of Toronto for a ninety-five year lease upon which the College has constructed an administrative building. The amount is being expensed over the term of the lease.

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 9. CAPITAL ASSETS

2021	Cost	Accumulated Amortization	Net Book Value
Land	\$18,499,352	-	\$18,499,352
Buildings	\$510,231,436	\$172,819,564	\$337,411,872
Site improvements	\$142,815,168	\$58,240,622	\$84,574,546
Leasehold improvements	\$83,726,061	\$80,743,871	\$2,982,190
Furniture and equipment	\$101,167,021	\$78,226,486	\$22,940,535
Automotive equipment	\$2,998,808	\$2,548,186	\$450,622
Software	\$41,900,841	\$20,946,052	\$20,954,789
Artwork	\$204,370	-	\$204,370
	<b>\$901,543,057</b>	<b>\$413,524,781</b>	<b>\$488,018,276</b>
Construction in progress	\$29,481,538	-	\$29,481,538
	<b>\$931,024,595</b>	<b>\$413,524,781</b>	<b>\$517,499,814</b>

2020	Cost	Accumulated Amortization	Net Book Value
Land	\$20,382,944	-	\$20,382,944
Buildings	\$510,012,839	\$160,915,919	\$349,096,920
Site improvements	\$132,000,860	\$46,261,139	\$85,739,721
Leasehold improvements	\$83,726,061	\$80,396,187	\$3,329,874
Furniture and equipment	\$95,003,696	\$69,947,371	\$25,056,325
Automotive equipment	\$3,550,320	\$3,151,459	\$398,861
Software	\$41,900,841	\$16,978,399	\$24,922,442
Artwork	\$204,370	-	\$204,370
	<b>\$886,781,931</b>	<b>\$377,650,474</b>	<b>\$509,131,457</b>
Construction in progress	\$7,780,043	-	\$7,780,043
	<b>\$894,561,974</b>	<b>\$377,650,474</b>	<b>\$516,911,500</b>

### 10. DUE TO IGNITE Student Union

The amount due to IGNITE is unsecured, bears interest at the bank's prime rate less 1.60% with an effective rate at March 31, 2021 of 0.85% (2020 - 0.85%) and is due on demand.

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 11. BANK LOAN

The College has unsecured loan facilities with the Bank of Montreal to a maximum amount of \$62,000,000 to finance the construction of two student residences, an interest rate swap arrangement and an operating line of credit. The College has utilized \$21,574,386 (2020 - \$23,639,911) under this facility as described below. The balance of the facility is available in either prime rate loans bearing interest at the bank's prime rate of 2.45% (2020 - 2.45%) per annum or Bankers' Acceptances bearing interest of 0.41% (2020 - 1.25%) plus 1.25% per annum.

The original loan of \$45,000,000 obtained on April 1, 2004 for the residences is scheduled to be repaid over twenty-five years, bears interest at prime rate per annum and is repayable monthly on the first of each month in blended payments of \$275,802 and is scheduled to be repaid by April 1, 2029.

The loan is due on demand and has therefore been classified as current. The College has fixed its interest rate at 5.98% (2020 - 5.98%) through an interest rate swap arrangement for the term of the loan. The interest rate includes a bank stamping fee of 0.50%. The interest rate swap is a derivative financial instrument. It has effectively locked in a fixed rate through 2029.

The fair value of the interest rate swap, in favour of the counterparty, of \$3,690,818 (2020 - \$5,124,904) is recorded in the consolidated statement of financial position with the fluctuations in fair value being recorded in the consolidated statement of remeasurement gains and losses.

The scheduled principal amounts payable within the next five years and thereafter are as follows:

<b>Year</b>	<b>Bank loan</b>
2022	\$2,181,603
2023	\$2,304,204
2024	\$2,433,695
2025	\$2,570,462
2026	\$2,714,916
Thereafter	\$9,369,506
<b>Total long-term loan receivable</b>	<b>\$21,574,386</b>

Interest and bank fees on the demand loan amounted to \$1,347,117 (2020 - \$1,468,076) and is included in supplies, equipment and other expenses.

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 12. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

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

<b>2021</b>	<b>Post-employment Benefits</b>	<b>Non-vesting sick leave</b>	<b>Vesting sick leave</b>	<b>Total liability</b>
Accrued employee future benefits obligations	<b>\$2,420,000</b>	<b>\$9,823,000</b>	<b>\$338,000</b>	<b>\$12,581,000</b>
Value of plan assets	<b>(\$575,000)</b>	-	-	<b>(\$575,000)</b>
Unamortized actuarial gains (losses)	<b>\$96,000</b>	<b>(\$3,325,000)</b>	<b>(\$9,000)</b>	<b>(\$3,238,000)</b>
<b>Total liability</b>	<b>\$1,941,000</b>	<b>\$6,498,000</b>	<b>\$329,000</b>	<b>\$8,768,000</b>

2020	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$2,290,000	\$10,169,000	\$482,000	\$12,941,000
Value of plan assets	(\$524,000)	-	-	(\$524,000)
Unamortized actuarial gains (losses)	\$114,000	(\$3,986,000)	(\$10,000)	(\$3,882,000)
Total liability	\$1,880,000	\$6,183,000	\$472,000	\$8,535,000

<b>2021</b>	<b>Post-employment Benefits</b>	<b>Non-vesting sick leave</b>	<b>Vesting sick leave</b>	<b>Total expense</b>
Current year benefit cost	<b>\$89,000</b>	<b>\$1,037,000</b>	<b>\$11,000</b>	<b>\$1,137,000</b>
Interest cost on accrued benefit obligation	<b>\$3,000</b>	<b>\$162,000</b>	<b>\$7,000</b>	<b>\$172,000</b>
Amortized actuarial (gains) losses	<b>(\$12,000)</b>	<b>\$228,000</b>	<b>(\$18,000)</b>	<b>\$198,000</b>
<b>Total expense (recovery)</b>	<b>\$80,000</b>	<b>\$1,427,000</b>	-	<b>\$1,507,000</b>

2020	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	(\$58,000)	\$464,000	\$21,000	\$427,000
Interest cost on accrued benefit obligation	\$4,000	\$174,000	\$10,000	\$188,000
Amortized actuarial (gains) losses	(\$15,000)	(\$6,000)	(\$31,000)	(\$52,000)
Total expense (recovery)	(\$69,000)	\$632,000	-	\$563,000

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 12. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

Post-employment benefits and compensated absences expense has been included in salaries and benefits expense.

Above amounts exclude pension contributions to the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), a multi-employer plan, described below:

#### *Retirement Benefits*

##### CAAT Pension Plan

All full-time employees of the College, and any part-time employees who opt to participate, are members of the Plan, a multi-employer jointly-sponsored defined benefit plan for eligible employees of public colleges and other employers in Ontario. The College makes contributions to the Plan equal to those of 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 expensed in the period they come due.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2021 indicated an actuarial surplus of \$3.3 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of \$21,987,155 in 2021 (2020 - \$21,078,292), which has been included in the consolidated statement of operations in salaries and benefits.

##### Post-Employment Benefits

The College extends post employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The College recognizes these benefits as they are earned during the employees' tenure of service. The College also provide continuation of medical and dental benefits to certain employee groups while receiving long-term disability benefits. The related benefit liabilities were determined by an actuarial valuation study commissioned by the College Employer Council.

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 12. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

The major actuarial assumptions employed for the valuations are as follows:

a. *Discount rate*

The present value as at March 31, 2021 of the future benefits was determined using a discount rate of 1.70% (2020 - 1.60%).

b. *Drug Costs*

Drug costs were assumed to increase at a 6.42% rate in 2021 and decrease proportionately thereafter to an ultimate rate of 4.00% in 2040.

c. *Hospital and other medical*

Hospital and other medical costs were assumed to increase at 4.00% per annum in 2021 (2020 - 4.00%).

Medical premium increases were assumed to increase at 6.42% per annum in 2021 and decrease proportionately thereafter to an ultimate rate of 4.00% in 2040.

d. *Dental costs*

Dental costs were assumed to increase at 4.00% per annum in 2021 (2020 - 4.00%).

### *Compensated Absences*

#### Vesting Sick Leave

The College has provided for vesting sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive 50% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

#### Non-Vesting Sick Leave

The College allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Certain employee groups are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 12. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

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

a. *Discount rate*

The present value as at March 31, 2021 of the future benefits was determined using a discount rate of 1.70% (2020 - 1.60%).

b. *Wage and salary escalation rates*

Academic full-time and academic partial load salaries were assumed to increase at a rate of 2.00% in 2020 and 1.00% per annum thereafter.

Support staff full-time salaries were assumed to increase at a rate of 1.00% per annum in 2020, 2.00% in 2021, 1.25% in 2022 and 1.00% per annum thereafter.

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0.00% to 26.2% and 0 to 51 days respectively for age groups ranging from 20 and under to 65 and over, in bands of 5 years.

### 13. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations for awards, scholarships and bursaries, and other restricted purposes. The change in the deferred contributions balance are as follows:

	2021	2020
Balance, beginning of year	\$6,632,377	\$7,501,013
Amounts received during the year	\$54,204,036	\$45,153,725
Amounts recognized as revenue during the year	(\$43,990,047)	(\$46,022,361)
<b>Balance, end of year</b>	<b>\$16,846,366</b>	<b>\$6,632,377</b>

Deferred contributions are comprised of:	2021	2020
Externally restricted funds (net of fair market value adjustments)	\$4,066,570	\$2,199,316
Joint employment stability funds	\$421,686	\$347,669
Student building levy	\$2,188,022	\$1,751,229
Other restricted grants and contributions	\$10,170,088	\$2,334,163
<b>Balance, end of year</b>	<b>\$16,846,366</b>	<b>\$6,632,377</b>



# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 14. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount and unspent amount of restricted donations and grants received for the purchase of capital assets. The change in the deferred capital contributions balance are as follows:

	2021	2020
Balance, beginning of year	<b>\$202,525,167</b>	\$209,865,510
Add: contributions received for capital purposes	<b>\$2,347,304</b>	\$3,370,630
Less: amortization of deferred capital contributions	<b>(\$10,193,315)</b>	(\$10,710,973)
<b>Balance, end of year</b>	<b>\$194,679,156</b>	\$202,525,167

### 15. INVESTED IN CAPITAL ASSETS

Invested in capital assets consists of the following:

	2021	2020
Net book value of capital assets (Note 9)	<b>\$517,499,814</b>	\$516,911,500
Less amounts financed by:		
Bank loan (Note 11)	<b>\$21,574,386</b>	\$23,639,911
Spent deferred capital contributions	<b>\$194,014,153</b>	\$202,227,170
<b>Balance, end of year</b>	<b>\$301,911,275</b>	\$291,044,419

The change in invested in capital assets is as follows:

	2021	2020
Amortization of deferred capital contributions	<b>\$10,193,315</b>	\$10,710,973
Amortization of capital assets	<b>(\$36,626,095)</b>	(\$37,139,496)
Acquisition of capital assets and construction in progress	<b>\$39,127,060</b>	\$37,542,092
Gain on sale of capital assets	<b>\$1,040,349</b>	\$382,115
Proceeds on sale of capital assets	<b>(\$2,953,000)</b>	(\$698,411)
Amounts funded by deferred capital contributions	<b>(\$1,980,298)</b>	(\$16,412,649)
Repayment of bank loan	<b>\$2,065,525</b>	\$1,955,625
<b>Total change in invested in capital assets</b>	<b>\$10,866,856</b>	(\$3,659,751)

### 16. INTERNALLY RESTRICTED NET ASSETS

The College, by resolution of the Board of Governors, internally restricts amounts from net assets as follows:

	2021	2020
Strategic investments	<b>\$173,533,092</b>	\$157,204,440
Operating contingency	<b>\$26,370,000</b>	\$40,500,000
<b>Total internally restricted net assets</b>	<b>\$199,903,092</b>	\$197,704,440

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 17. EXTERNALLY RESTRICTED NET ASSETS

Externally restricted net assets include restricted donations received by the College where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with various purposes established by the donors. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on endowments that was disbursed during the year has been recorded in the consolidated statement of operations since this income is available for disbursement as the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions.

Externally restricted endowment funds include grants provided by the MCU from the Ontario Student Opportunity Trust Fund 1 ("OSOTF 1") matching program, the Ontario Student Opportunity Trust Fund 2 ("OSOTF 2") matching program, and the Ontario Trust for Student Support Fund ("OTSS") matching program. Under these programs the government matched the funds raised by the College. The purpose of these programs is to assist students who, for financial reasons, would not otherwise be able to attend College.

Changes in expendable funds available for awards under the OSOTF 1, OSOTF 2 and OTSS matching programs are as follows:

2021	OSOTF 1	OSOTF 2	OTSS	2021 Total	2020 Total
Balance, beginning of year	\$102,182	\$13,811	\$403,100	\$519,092	\$574,844
Investment income, net of direct expenses	\$100,659	\$41,217	\$649,823	\$791,699	\$353,008
Bursaries awarded	(\$92,900)	(\$17,750)	(\$282,689)	(\$393,339)	(\$408,759)
<b>Balance, end of year</b>	<b>\$109,941</b>	<b>\$37,278</b>	<b>\$770,234</b>	<b>\$917,452</b>	\$519,093
Bursaries awarded (#)	63	20	187	270	222

The bursaries awarded under OTSS comprise 132 to OSAP recipients totaling \$198,933 and 55 to non-OSAP recipients totaling \$83,757.

### 18. OTHER REVENUE

Other revenue consists of the following:

	2021	2020
Excess of revenue over expenses from Joint Venture	10,039,211	9,017,402
Fees from Joint Venture	13,264,033	13,637,410
Residence fees	2,077,978	15,079,745
Parking revenue	37,066	5,641,284
Miscellaneous revenues	14,457,253	20,403,998
<b>Total other revenue</b>	<b>39,875,541</b>	63,779,839

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 19. COMMITMENTS

The College has entered into a ninety-nine (99) year lease agreement with Her Majesty the Queen in Right of Ontario for the property now known as the Robert A. Gordon Learning Centre. The base rent is one dollar (\$1) per year for the term of the lease which expires January 31, 2094.

The College has provided letters of credit to certain third parties amounting to \$1,032,194 (2020 - \$619,868) primarily related to possible defaults in agreements for certain construction projects.

The College has also entered into various other agreements to lease premises. The anticipated annual payments for the next five fiscal years under current lease arrangements are as follows:

<b>Year</b>	<b>Lease</b>
2022	\$2,734,788
2023	\$2,493,405
2024	\$2,487,426
2025	\$2,487,426
2026	\$2,520,148
<b>Total commitments</b>	<b>\$12,723,193</b>

### 20. CONSOLIDATED STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	<b>2021</b>	2020
Grants receivable	<b>\$2,409,474</b>	\$101,260
Accounts receivable	<b>\$1,295,905</b>	\$3,876,240
Prepaid expenses	<b>\$856,966</b>	(\$780,393)
Prepaid land lease	<b>\$32,329</b>	\$32,329
Accounts payable and accrued liabilities	<b>(\$4,709,110)</b>	(\$23,171,651)
Accrued payroll and employee benefits	<b>\$566,026</b>	\$3,075,432
Accrued vacation pay	<b>\$1,206,490</b>	\$1,493,709
Deferred revenue	<b>\$23,114,237</b>	\$7,577,314
Due to University of Guelph-Humber	<b>(\$2,349,453)</b>	(\$1,515,321)
Due to IGNITE Student Union	<b>\$3,108,109</b>	\$1,220,021
<b>Net change, non-cash working capital</b>	<b>\$25,530,973</b>	(\$8,091,060)

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 21. FINANCIAL INSTRUMENT RISK MANAGEMENT

#### Credit risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, bond holdings in its investment portfolio, grants receivable, accounts receivable, loan receivable, and long-term loan receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to \$100,000 at each financial institution.

The College's investment guideline operates within the constraints of the investment directive issued by the MCU. The guideline puts limits on its portfolio investments including portfolio composition limits, issuer type limits, investment quality limits, aggregate issuer limits and sector limits. All portfolios are measured for performance by the Committee on an annual basis while monitored by management on a monthly basis.

The maximum exposure to investment credit risk is outlined in Note 3. A significant portion of accounts receivable are due from students. Credit risk is mitigated by the highly diversified nature of the student population.

Grants receivable are ultimately due from the MCU, as well as other government entities. Credit risk is mitigated by the governmental nature of the funding source.

The College measures its exposure to credit risk based on how long the amounts have been outstanding or the academic term that the receivable relates to. An impairment allowance is set up based on the College's historical experience regarding collections. 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. The amounts outstanding at year end were as follows:

<b>As at March 31, 2021</b>	<b>Total</b>	<b>Winter 2021</b>	<b>Fall 2020</b>	<b>Summer 2020</b>	<b>Winter 2020 &amp; Prior</b>
Student receivable	\$5,745,430	\$3,328,085	\$936,018	\$274,628	\$1,206,699
Less: impairment allowance	(\$4,080,614)	(\$1,893,396)	(\$718,768)	(\$261,751)	(\$1,206,699)
<b>Net receivables</b>	<b>\$1,664,816</b>	<b>\$1,434,689</b>	<b>\$217,250</b>	<b>\$12,877</b>	<b>-</b>

As at March 31, 2021	Total	Winter 2020	Fall 2019	Summer 2019	Winter 2019 & Prior
Student receivable	\$3,640,465	\$1,469,006	\$674,875	\$316,122	\$1,180,462
Less: impairment allowance	(\$2,607,895)	(\$786,501)	(\$498,241)	(\$148,618)	(\$1,174,535)
Net receivables	\$1,032,570	\$682,505	\$176,634	\$167,504	\$5,927

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 21. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

#### *Government Grants and Other Receivables risk*

As at March 31, 2021:

Past Due	Total	Current	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days
Government grants receivable	\$1,123,386	\$1,123,386	-	-	-	-
Interest receivable	\$2,402,862	\$2,402,862	-	-	-	-
Commodity taxes receivable	\$1,932,002	\$1,932,002	-	-	-	-
Other accounts receivable	\$1,848,728	\$423,658	\$1,042,656	\$129,851	\$278	\$252,285
Gross receivables	\$7,306,978	\$5,881,908	\$1,042,656	\$129,851	\$278	\$252,285
Less: impairment allowances	(\$252,563)	-	-	-	(\$278)	(\$252,285)
<b>Net receivables</b>	<b>\$7,054,415</b>	<b>\$5,881,908</b>	<b>\$1,042,656</b>	<b>\$129,851</b>	-	-

As at March 31, 2020:

Past Due	Total	Current	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days
Government grants receivable	\$3,132,860	\$3,132,860	-	-	-	-
Interest receivable	\$1,062,510	\$1,062,510	-	-	-	-
Commodity taxes receivable	\$4,256,411	\$4,256,411	-	-	-	-
Other accounts receivable	\$2,662,465	\$1,678,987	\$747,408	\$113,863	\$13,247	\$108,959
Gross receivables	\$11,114,246	\$10,130,768	\$747,408	\$113,863	\$13,247	\$108,959
Less: impairment allowances	(\$122,206)	-	-	-	(\$13,247)	(\$108,959)
Net receivables	\$10,992,040	\$10,130,768	\$747,408	\$113,863	-	-

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

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The College's investment guideline operates within the constraints of the investment directive issued by the MCU. The policy's application is monitored by management, the investment managers and the board of governors. Diversification techniques are utilized to minimize risk. The guideline puts certain sector limits and individual issuer limits on the asset mix of investments.

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

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 21. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The extent of any future impact on the College's investments or operations as a result of COVID-19 is unknown.

#### Currency risk

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time at different foreign currency exchange rates when adverse changes in foreign currency College rates occur. The College does not have any material transactions or financial instruments denominated in foreign currencies.

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

#### Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The College is exposed to this risk through its interest bearing investments and bank loan.

The College mitigates interest rate risk on its term debt through a derivative financial instrument that exchanges the variable rate inherent in the term debt for a fixed rate (see Note 11). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

At March 31, 2021, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the market value of the interest rate swap of \$982,700 (2020 - \$1,256,000).

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

#### Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its externally restricted funds being held in pooled fund investments with its investment management firm. At March 31, 2021, a 10% movement in equity prices with all other variables held constant would have an estimated effect on the fair value of the College's equities of \$2,210,745 (2020 - \$1,847,999).

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

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 21. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

#### Liquidity risk

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

The following table sets out the expected maturities, representing undiscounted cash-flows of financial liabilities:

<b>2021</b>	<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
Accounts payable and accrued liabilities	\$24,658,841	-	-
Accrued payroll and employee benefits	\$12,516,425	-	-
Accrued vacation pay	\$9,988,266	\$9,988,267	-
Bank loan	\$2,181,603	\$10,023,277	\$9,369,506
Due to University of Guelph-Humber	\$27,262,744	-	-
Due to IGNITE Student Union	\$8,475,622	-	-
<b>Total</b>	<b>\$85,083,501</b>	<b>\$20,011,544</b>	<b>\$9,369,506</b>

2020	Within 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$29,367,953	-	-
Accrued payroll and employee benefits	\$11,950,399	-	-
Accrued vacation pay	\$9,385,022	\$9,385,021	-
Bank loan	\$2,065,526	\$9,489,964	\$12,084,421
Due to University of Guelph-Humber	\$29,612,197	-	-
Due to IGNITE Student Union	\$5,367,513	-	-
<b>Total</b>	<b>\$87,748,610</b>	<b>\$18,874,985</b>	<b>\$12,084,421</b>

Derivative financial liabilities mature as described in Note 11.

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

### 22. CHANGE IN ACCOUNTING POLICY

During the fiscal year, the College revised its accounting policy to recognize its unrestricted investments, consisting primarily of fixed income securities, at fair value. Under the previous policy, these investments were recognized at amortized cost. The change was made in order to provide more relevant presentation of the College's unrestricted investments to better align with its existing investment management strategy, which evaluates all portfolio investments on a fair value basis. The impact of the change in accounting policy which has been adopted on a retrospective basis and has resulted in the restatement of comparative information, including opening net assets, is as follows:

# The Humber College Institute of Technology and Advanced Learning

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 22. CHANGE IN ACCOUNTING POLICY (continued)

2020	Audited	Restated	Change
<b>Statement of Financial Position</b>			
Investments	188,561,206	194,656,693	6,095,487
Unrestricted net assets (operating)	32,429,947	32,367,717	(62,230)
Accumulated remeasurement gains (losses)	(5,124,904)	1,033,083	6,157,987
<b>Statement of Operations</b>			
Interest and investment income	9,752,399	9,690,169	(62,230)
<b>Statement of Cashflows</b>			
Change in investment accumulated remeasurement gains (losses)	-	1,155,496	1,155,496
<b>Statement of Changes in Net Assets</b>			
Unrestricted net assets	5,124,904	5,062,674	(62,230)
<b>Statement of Remeasurement Gains and Losses</b>			
Accumulated remeasurement gains (losses) at beginning of year	(4,687,213)	315,278	5,002,491
Unrealized gains (losses) attributed to investments	-	1,155,496	1,155,496

Certain note disclosures have also been restated for comparability.

### 23. COVID-19 PANDEMIC

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.

On March 17, 2020 the College closed its campuses and learning. The curriculum for the 2020-21 academic year was primarily delivered online, with a limited number of in person education and on campus activities. Due to the campus closures, significant reduction in on campus presence, change of learning modalities and travel restrictions imposed by governments during the fiscal year, the College experienced a decline in post secondary student enrolments and significant reduction in ancillary revenues including student residence, parking, retail and food services. The College implemented cost containment measures to mitigate the impact of the decline in tuition and ancillary revenues.

The College plans to deliver its educational offerings for the 2021-22 academic year through a combination of hybrid teaching models, online curriculum and limited in person learning, which may have implications on a number of course offerings and enrollment. Additionally, continued public health measures such as in person capacity limits and closures of the College’s campuses may have a negative impact on other future revenue streams.

As the impacts of COVID-19 persist, 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. The severity and length of the pandemic remains uncertain and continues to evolve and thus, the College is not able to fully estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity at this time.