

SHERIDAN ANNUAL REPORT 2019-2020

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A message from Janet Morrison, President and Vice Chancellor and John Fleming, Chair of the Board of Governors

The 2019-20 academic year presented unforeseen challenges and we're proud of the Sheridan community's ingenuity and resilience. In the face of an unprecedented emergency, we effectively and efficiently pivoted to fulfill our promise of an exceptional educational experience.

This report outlines our integrated planning approach to achieving the goals documented in our Strategic Plan, and details our progress on the priorities and Year One objectives outlined therein. We are proud of our accomplishments, including the establishment of the Galvanizing Education Hub, which is focused on building capacity and incubating ideas to drive our mission forward. Last September, we launched our new Bachelor of Mechanical Engineering, with innovative curriculum designed to meet current and evolving industry needs.

We also launched a partnership with the Institute of Art, Design and Technology (IADT), the only institute of its kind in Ireland, to offer graduates of two of Sheridan's post-graduate certificate programs advanced entry into IADT's Master of Arts in 3D Animation. And, we hosted our second annual Skills Sheridan Competition, which saw the participation of over 150 students. Sheridan was also well represented at the annual Skills Ontario event, with six of our competitors earning medals for their performance in five different categories. One of our students from the Industrial Mechanic Millwright program (having won silver at Skills Canada 2018) represented Sheridan at the World Skills competition in Russia in August 2019.

Across all of our diverse program offerings, Sheridan has an unwavering commitment to quality and accountability, and you will find many exemplars of that commitment in this report. We hope it inspires your continued interest in our exceptional learning community and thank you for your invaluable support.

Sincerely,



Janet K. Morrison, PhD
President and Vice Chancellor



John E. Fleming, Chair
Sheridan Board of Governors

Sheridan's Integrated Planning Context

In 2019, the Sheridan community proudly released its new strategic plan, *Sheridan 2024: Galvanizing Education for a Complex World*. The plan was developed through unprecedented dialogue and debate and captured our shared vision for the future of post-secondary education. The strategic plan codifies what people value about Sheridan and what students will need to thrive in an ever-changing world. It articulates a new vision and mission for Sheridan- -- one that cares less about what we're called, and more about what we can help people achieve. A detailed overview of the plan is available in Appendix A, while the key priorities are outlined below:

Sheridan 2024's Priority Areas of Impact & Empowering Enablers

| Priorities | Enablers |
|--|--|
| 1. Exceptional teaching, research and creativity | 1. Inclusion and Equity |
| 2. Boundless Opportunities | 2. People-centric Technology |
| 3. Agility and Potential | 3. Flourishing Workforce |
| 4. Reciprocal Work-Learn Relationships | 4. Healthy and Creative Communities |
| | 5. Fiscal and Environmental Sustainability |

Integrated planning is the means by which we will advance our progress on the goals and objectives of *Sheridan 2024*. It provides a comprehensive approach to institution-wide planning that is grounded in evidence-informed decision making and organizational performance measurement and is aligned with college-wide budgeting to achieve resource optimization. A core component of Sheridan's integrated planning process is the setting of ambitious yearly objectives that are realized through the development and implementation of divisional business plans.

To support this work, the integrated planning process provides in-depth consultation, tools, and resources that guide our Academic and Administrative areas from the pre-planning stage through to performance monitoring and reporting. It also includes advisory services for Sheridan's executive leadership in areas of priority setting and strategy development.

The results of Sheridan's concerted planning efforts are shared in this report, which provides an update on our programming and enrolment, and highlights the achievements that were made possible by the collective ingenuity of the Sheridan community over the past year.

Sheridan Programs and Enrolment Plan 2019 – 2020

120 Programs

| | | | | | |
|----|---|----|-----------------------------|----|---|
| 13 | Ontario College Certificates | 41 | Ontario College Diplomas | 19 | Ontario College Advanced Diplomas |
| 22 | Ontario College Graduate Certificates | 25 | Bachelor's Degrees | 05 | Collaborative Degrees |

Students

24,384

FULL-TIME

3,491

PART-TIME

632

APPRENTICE SEATS

12,642

CONTINUING AND PROFESSIONAL
STUDIES REGISTRATIONS

Of the full-time students:

Residency

15,356

DOMESTIC

9,028

INTERNATIONAL

Campus Location

10,493

DAVIS CAMPUS

5,722

HMC CAMPUS

8,170

TRAFALGAR CAMPUS

Faculty

5,743

FACULTY OF ANIMATION,
ARTS AND DESIGN

5,323

FACULTY OF APPLIED HEALTH
AND COMMUNITY STUDIES

5,362

PILON SCHOOL OF BUSINESS

1,178

FACULTY OF HUMANITIES
AND SOCIAL SCIENCES

6,780

FACULTY OF APPLIED
SCIENCE AND TECHNOLOGY

Report on 2019 - 2020 Strategic Priorities and Year 1 Objectives

Priority 1: Exceptional teaching, research and creativity:

Strengthen Sheridan's unique blend of teaching excellence, hands-on learning, research, innovation and exceptional creativity to prepare students, faculty and staff to shape and navigate the future.

To advance exceptional teaching, research and creativity across Sheridan in 2019-2020, the community focused on the following strategic opportunities:

- Exploring approaches and opportunities that supported faculty in continuing to foster Sheridan's unique blend of teaching excellence;
- Increasing our share of research funding by developing tools/resources for applicants and continuing to promote our research;
- Creating a "galvanize" fund and hub for innovation, creativity and entrepreneurship that advances our vision; and
- Asserting and branding Sheridan's unique role as a trailblazer that defines and galvanizes higher education for the evolving world.

Examples of our accomplishments this past year include:

- Establishing the Galvanizing Education Hub to help chart a path for the radical transformation of education. The hub leverages Sheridan's expertise in creativity, innovation and entrepreneurship and will support the development of our people and their ideas by focusing on two key actions to catalyze change: building capacity and incubating ideas.
- Evolving our Graduating Student Art Award, initiated a few years ago, to become the very successful Art Lending Library. This initiative was developed to provide members of the Sheridan community with an opportunity to borrow work to install in spaces across our three campuses.
- Creating a Student Showcase that exhibits student artwork which can also be sold. This initiative recognizes emerging talent and connects students directly with the public, providing the opportunity for the art to be acquired.
- Developing faculty modules through a Research Mentor Pilot that build further capacity in the context of Scholarship of Teaching and Learning (SoTL).
- Launching a cross-disciplinary Graduate Certificate for Creative Industries Management in Fall 2019. Through program is a joint endeavour of our Pilon School of Business and our Faculty of Animation, Arts and Design, who will continue to collaborate to further develop industry partnerships and connections.
- Hosting our inaugural "Philanthropitch" competition, organized as a collaboration between Sheridan's Entrepreneurship, Discovery and Growth Engine (EDGE) and the Oakville Community Foundation. The competition saw changemakers take to the stage and pitch for a chance to secure one of three cash prizes totalling \$25,000.

Priority 2: Boundless opportunities:

Establish Sheridan as the epicentre for a new kind of education that enables the most flexible opportunities for open-ended, lifelong learning and success in an emerging economy. A Sheridan degree, diploma, apprenticeship program or certificate will open up diverse options for work and enable a seamless transition to ongoing education.

To support boundless opportunities for students, Sheridan worked towards:

- Developing an innovative pathways strategy with recommendations for greater flexibility for students to open up opportunities;
- Creating a comprehensive plan to support skilling and re-skilling needs in Brampton; and
- Creating new and deeper relationships with government partners and increasing our profile as a key voice on the future of work and innovative approaches to driving future skills.

Examples of our accomplishments this past year include:

- Launching Sheridan's new Bachelor of Mechanical Engineering degree in September 2019. The innovative curriculum is unlike any other in Canada, designed to meet current industry needs and anticipate the demands of an evolving field. The Faculty of Applied Science and Technology has been working with the Canadian Engineering and Accreditation Board to pursue accreditation for all engineering degree programs, and this work will guide the project through to 2024.
- Announcing plans of a partnership with Ryerson University and Algoma University to expand health programming and create new skills training programs in Brampton, which will include a new school of medicine. A proposal was presented to Brampton City Council detailing preliminary plans for a new Brampton Centre for Health and Innovation as well as an Institute for the Prevention and Treatment of Mental Illness and Addictions.
- Partnering with the Institute of Art, Design and Technology (IADT), the only institute of its kind in Ireland, to offer graduates of two of Sheridan's post-graduate certificate programs advanced entry into IADT's Master of Arts in 3D Animation. Five individuals have begun their studies in Ireland this year and are eligible to complete the 12-month program in just four months as a result of the credit they've received for prior learning at Sheridan. This new partnership will enable our graduates to advance their education by developing new skills, honing existing competencies, undertaking advanced research and gaining a graduate credential.

Priority 3: Agility and Potential

Sheridan will be known for a signature palette of capabilities designed to foster lifelong learning, critical thinking, initiative, agility, collaboration, equity and creativity. This palette will guide truly unique, learner-centric experiences that position everyone to navigate an unpredictable, possibility-filled world with confidence.

Sheridan is advancing this strategic priority through the development of a unique set of skills and abilities that will be the hallmark of all future Sheridan. These competencies will give our faculty, staff and learners the agility, ability and confidence to flourish in an innovation economy. Ultimately, they will be a key element of our outstanding academic programs, signature student experience and employee development initiatives.

Examples of our accomplishments this past year include:

- Creating a strategic lead for the development of our hallmark competencies, under the guidance of our Provost and Vice President Academic and the Vice President, Student Experience and Enrolment Management and identifying the initial skills and abilities.
- Creating a pilot program in the Faculty of Applied Science and Technology (FAST) to embed foundational skills into first-year curriculum to support students' transition into postsecondary education.
- Hosting events that focus on building awareness and recruiting women into science, technology, engineering and math (STEM) careers. The Women in Science (WISE) Club held its second speaker series this past year, and for the first time, an all-female dual-credit class ('Introduction to Industrial Trades') was made available in the School of Skilled Trades and Apprenticeship in February 2020.
- Hosting our second annual Skills Sheridan Competition, which saw the participation of over 150 students. Sheridan was also well represented at the annual Skills Ontario event, with six of our competitors earning medals for their performance in five different categories. One of our students from the Industrial Mechanic Millwright program (having won silver at Skills Canada 2018) also represented Sheridan at the World Skills competition in Russia in August 2019.
- Having a team of 11 Honours Bachelor of Animation students win a prestigious Annie Award for Best Student Film for their third-year group project, *The Fox & The Pigeon*. Presented by the Hollywood chapter of the International Animated Film Society (ASIFA), this year's awards attracted 1,900 entries from across the world. Other nominees for Best Student Film came from schools in the United States, Germany and France. The category is typically won by graduating students, not current students, like this talented group of emerging professionals.

Priority 4: Reciprocal work-learn relationships

Engage with communities and employers to strengthen learning-integrated work, locally and globally, co-creating new approaches for hands-on learning, continual development and interdisciplinary innovation. Everyone at Sheridan – learners, faculty and staff – will continually build expertise, knowledge and experience through innovative work-learn possibilities.

Sheridan is committed to strengthening community/industry engagement to enable easy access to Sheridan and the development of reciprocal relationships and strategic partnerships. In support of this work, the Sheridan community focused on the following areas in 2019-2020:

- Creating a road map for building ground-breaking learning-integrated work at Sheridan;
- Developing a model and resourcing plan for incorporating reciprocal, work integrated learning with community and industry partners across all of our programming; and
- Developing a continuing and professional studies business plan based on emerging opportunities/needs across our communities.

Examples of our accomplishments this past year include:

- Launching two Continuing and Professional Studies programs that created new opportunities for industrial reskilling and access to courses through the Brampton Library.
- Placing a renewed focus on employer engagement to co-create curriculum and enhance opportunities for Work Integrated Learning (WIL) and career connections.
- Creating placements for an additional 50 students in our General Machinist and Industrial Mechanic Millwright pre-apprenticeship programs at the Davis Campus, thanks to an investment of \$560,000 by the Ontario government.
- Engaging over 100 WIL practitioners through a new Virtual Community and hosting a number of employer/community partner appreciation events as part a newly established, Sheridan-wide employer and community partner strategy for WIL.
- Having a Sheridan student from the Bachelor of Interaction Design program earn the Co-op student of the year award from Education at Work Ontario. The student worked at a North American technology giant based in Vancouver to enhance the awareness and user-experience of an application that has since seen a significant increase in usage.
- Realizing the 50th anniversary of Sheridan's renowned glass-blowing program. In July, Sheridan's glassblowing community stepped into the international spotlight with the premiere of *Blown Away*, a new Netflix reality series closely connected to the program. Students and alumni helped to build the hot shop. A Sheridan Glass alumnus was a contestant on the show and 14 students and alumni were featured as assistants in the episodes. The show provided a tremendous opportunity for our learners to test their mettle in a high-pressure environment.

Enabler 1: Inclusion and Equity

Every individual at Sheridan will work to actively embed inclusion and equity into their spheres of influence. Together, we will create a community where everyone is bringing their full potential and experiences, knowing their unique contributions are valued.

Sheridan's commitment to equity, diversity, and inclusion is at the core of everything we do and how we do it. To this end, over 2019-20 Sheridan committed to:

- Completing foundational work to embed equity, diversity and inclusion in everything we do at Sheridan;
- Building capacity for service quality and EDI training for all staff; and
- Creating connections with diverse communities within and around our three campuses.

Examples of our accomplishments this past year include:

- Being selected as one of 17 postsecondary institutions to participate in the Government of Canada's nation-wide Dimensions pilot program, which aims to increase equity, diversity and inclusion (EDI) in postsecondary research. Sheridan also endorsed the Dimensions Charter – a voluntary, symbolic commitment to prioritizing research EDI initiatives.
- Earning a \$400K federal grant under the Dimensions Pilot program to foster transformational change and advance inclusive practices within Sheridan's research enterprise. Through programs such as unconscious bias training and a faculty mentorship program, our goal is to change our research culture to improve its quality, social relevance, outcomes and impacts.
- Capturing baseline data about who our employees are in order to pave the way for evidence-based programs. To support this work, Sheridan launched its first Employee Diversity Self Identification Census that will lead to more informed decision-making to lower barriers and optimize processes.
- Launching the Social Change Ambassador Pilot Program, with over 150 applications from passionate individuals across Sheridan's Davis Campus. This pilot program will feature seven student ambassadors who will help in the development of this program.
- Conducting a ten-week Listening Tour for all employees to develop a shared understanding of what an Inclusive Community means to different stakeholders at Sheridan. The intent of this engagement was to gather perspectives, opinions and stories from a cross-section of our community members.

Enabler 2: People-centric Technology

Invest in a range of interactive and intelligent technologies that enhance the student experience and faculty and staff capacity to effectively carry out their work.

In 2019-20, Sheridan demonstrated its commitment to advancing people-centric technologies through a significant allocation of strategic, human, and financial resources to:

- Advance the IT operational strategy and technology framework to enable productive and effective work, with well-scoped and prioritized projects and a project management framework;
- Make significant progress toward implementing transformative technologies and tools that simplify work, promote learning and support boundless collaboration; and
- Develop and implement training and change management requirements to ready everyone to adapt to new technology.

Examples of our accomplishments this past year include:

- Launching Project Springboard, Sheridan's digital transformation initiative that strives to enhance the student and employee experience. Project Springboard is grounded in a robust project and portfolio management approach. Sheridan has aligned its key digital transformation projects under four portfolio areas: Academics, Administration, Human Resources and Student Experience. Early successes in 2019-2020 include:
 - **Queue Management:** In an academic year, approximately 30,000 post secondary students access the Office of the Registrar (OTR) for various services. This process used to involve many hand-offs and lengthy wait times for students. Our new, mobile friendly, 24/7 solution has enabled students to avoid lineups and book appointments online by joining a virtual queue. The app keeps users informed about their queue status and provides prompts and updates ahead of appointments. The efficiencies captured through reduced wait times has improved the student experience.
 - **Student Timetable Assistant:** To solve inefficiencies in the course registration process, particularly for students arriving later in the enrollment cycle, a solution was developed that streamlines the process by accessing all course schedules and instantly generating a timetable based on students' selections. It also enables staff to review different schedule options with the student prior to finalizing their timetable. The solution improves the student experience and shortens booking times for staff.
 - **Mandatory Training:** Sheridan employees (~4700 faculty and staff) complete mandatory training courses to satisfy both HR policies and Provincial requirements, which are audited. To support both initiatives, employee records in our database have now been linked to our Learning Management System, thus providing us with the capability to generate management and compliance reports, and ensure Sheridan is meeting its training expectations.

Enabler 3: Flourishing Workforce

Foster wellness, creativity and personal and professional fulfilment among staff and faculty through a culture of innovative risk taking, interdisciplinary collaboration, lifelong learning and flexible work environments.

Sheridan's most valuable resource is its people. Over 2019-20, Sheridan's priorities for supporting its employees and providing them with the tools they need to be successful were realized by:

- Creating a purposeful and integrated approach to celebrate Sheridan and its employees;
- Advancing a talent management and recruitment strategy that will support Sheridan as an employer of choice in higher education; and
- Implementing employee engagement action plans and reporting as part of a continuous improvement process embedded in the organization.

Examples of our accomplishments this past year include:

- Developing an institutional Action Plan in response to our first-ever employee engagement survey (launched in 2018) which addresses five key areas for improvement. The development of these focus areas was informed by the participation of 1,532 employees who completed the survey. Each academic Faculty and administrative department have also developed a local level action plan that recognizes that enhancing people's experience is a shared responsibility. Through these efforts we aim to remedy areas for improvement and prioritize meaningful action.
- Implementing flexible work hours in various departments, with part-time and ad-hoc remote work options available for employees. Full-cycle remote-hiring has also been implemented to further integrate flexible work options into our recruitment cycle.
- Embedding practices into our recruitment process that further support equity and inclusion principles throughout the employee lifecycle.

Enabler 4: Healthy and Creative Communities

Create healthy and vibrant communities on each campus and across Sheridan through design, wellness practices and physical spaces that bolster our community members and their ideas, and nurture diverse approaches to creativity and innovation.

Over 2019-20, Sheridan focused its efforts on creating supportive environments that optimize the health promoting potential of its spaces and all members of its community.

Examples of our accomplishments this past year include:

- **Creating our Campus Master Plan.** Following extensive scoping, analysis and visioning exercises, completed with deep engagement by our community (including over 2500 staff and 1700 student touchpoints), our first-ever Campus Master Plan has been drafted and approved by Sheridan's Board of Governors. The Campus Master Plan focuses on the quality of place each campus offers, and on creating more attractive, user-friendly and inclusive built and natural environments with an emphasis on sustainability and wellness. The plan will ensure that Sheridan's physical resources and campus settings support the institution's vision, mission and goals as expressed in the Sheridan 2024 Strategic Plan.
- **Drafting a Campus Health and Wellness Strategy.** Spearheaded in partnership between Human Resources and Student Affairs, this document is designed to propel vibrant campuses across Sheridan. The strategy is grounded in the key principles outlined in the Okanagan Charter for health promoting universities. Its tenets will be systematically embedded into Sheridan's policies and procedures, the built environment, campus culture, learning opportunities and services. The strategy was created with the assistance of over 1,100 student consultations and the feedback of approximately 350 employees.

Enabler 5: Fiscal and Environmental Sustainability

Lead, manage and innovate for long-term sustainability, seeking novel approaches to funding options and partnerships, and reinforcing our leadership in green campus initiatives.

To support the financial and environmental sustainability of Sheridan, 2019-2020 was an opportunity for the organization to focus on:

- Using an integrated planning framework that includes evidence-informed decision making, activities-based budgeting, and enterprise risk management to ensure cohesive, effective, and connected actions across Sheridan;
- Defining and launching organizational priorities for fundraising;
- Identifying the next phases of our Mission Zero plan for environmental sustainability; and
- Developing innovative strategies and tactics to advance enrolment management planning.

Examples of our accomplishments this past year include:

- Developing a White Paper that outlines the principles for an Activities Based Budgeting (ABB) model at Sheridan and launching a corresponding shadow budget to provide our community with a transparent, incentive-based approach to prioritizing resources
- Removing steam heat from our Trafalgar Campus, reaching the milestone of our first end-to-end connection of the district energy system. A Business case for district energy was also developed in December 2019, with the and next phase of work approved in March 2020.
- Achieving the 50% carbon reduction target set in 2012/2013 as part of our Integrated Energy and Climate Master Plan. Planning for the next phase of Mission Zero is underway with anticipated completion of the plan in 2021.
- Enhancing planning capacity through the newly formed Integrated Planning & Analysis (IPA) department. The consolidation of the Institutional Research and Integrated Planning teams has advanced a planning culture that uses evidence to form decisions for resource optimization, enrolment planning, budget-allocation and strategic priority setting.

Appendix A: Sheridan 2024

SHERIDAN 2024

In March 2019, the Board of Governors approved Sheridan's new Strategic Plan 2019-2024: Galvanizing Education for a Complex World.

Sheridan's Vision:

Sheridan is the epicenter for groundbreaking, standard-setting higher education that unleashes everyone's full potential and empowers people to flourish in and shape an ever-changing world.

Sheridan's Mission:

Cultivate resourceful, highly skilled, and creative people and communities through cross-pollinated, active learning and the relentless incubation of new ideas.

Sheridan's strategy

To reach this guiding vision, Sheridan will focus on four priorities, with five enablers.

Four priority areas of impact:

1. Exceptional teaching, research and creativity
2. Boundless opportunities
3. Agility and potential
4. Reciprocal work-learn relationships

Five empowering enablers:

1. Inclusion and equity
2. People-centric technology
3. Flourishing workforce
4. Healthy and creative communities
5. Fiscal and environmental sustainability

Land Acknowledgement Statement

Sheridan acknowledges that all of its campuses reside on land that for thousands of years before us was the traditional Territory of the Mississaugas of the Credit First Nation, Anishinaabe Nation, Huron-Wendat and the Haudenosaunee Confederacy.

Appendix B: Board of Governors

| Name | Status | Term Expiry Date |
|--------------------------|-------------------------|---|
| Samy Abd El-Sayed | Support Staff Governor | 1 st term ends August 31, 2022 |
| Steven Boone | | 2nd term ends August 31, 2020 |
| Tony Depascal | | 2nd term ends August 31, 2020 |
| Bunmi Dosunmu | | 1 st term ends August 31, 2023 |
| Mireille Dube | Student Governor | 1 st Term ends August 31, 2020 |
| Mary E. Hofstetter, C.M. | | 1st term ends August 31, 2021 |
| John Fleming | Chair | 1st term ends August 31, 2022 |
| Manjeet Gill | | 1st term ends August 31, 2021 |
| Daniela Hampton-Davies | Vice Chair | 1st term ends August 31, 2021 |
| Tanya Leedale | | 2nd term ends August 31, 2021 |
| Peter Palermo | Faculty Governor | 1st term ends August 31, 2021 |
| Stephen Paquette | | 1st term ends August 31, 2021 |
| Joanne Rivard | | 2nd term ends August 31, 2021 |
| Michael Rubinoff | Administrative Governor | 1st term ends August 31, 2021 |
| Vanita Varma | | 1 st term ends August 31, 2021 |

Appendix C: Summary of Advertising and Marketing Complaints

For the period of April 1, 2019 to March 31, 2020, no complaints were received regarding Sheridan's advertising and marketing activities.

| | Nature of complaint | Date received | Action taken | Date resolution communicated | Time taken to resolve |
|-----|----------------------------|----------------------|---------------------|-------------------------------------|------------------------------|
| N/A | N/A | N/A | N/A | N/A | N/A |

Appendix D: Audited Financial Statements

Sheridan

Financial Statements and Supplementary Information of

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Year ended March 31, 2020

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
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Year ended March 31, 2020

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KPMG LLP

Commerce Place

21 King Street West, Suite 700

Hamilton ON L8P 4W7

Canada

Tel (905) 523-8200

Fax (905) 523-2222

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of The Sheridan College Institute of Technology and Advanced Learning (the "College"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of revenue and expenditures for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report.

We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 24, 2020

The Sheridan College Institute of Technology and Advanced Learning

Statement of Financial Position

March 31, 2020, with comparative figures for 2019

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Cash (note 3) | \$ 104,578,578 | \$ 181,058,097 |
| Short-term investments (note 3) | 55,440,387 | 118,414,492 |
| Grants receivable | 1,212,916 | 1,711,700 |
| Accounts receivable | 13,664,541 | 13,216,987 |
| Prepaid expenses and deposits | 4,776,910 | 4,265,331 |
| | 179,673,332 | 318,666,607 |
| Long-term investments (note 3) | 164,485,611 | 485,226 |
| Student levy receivable (note 4) | 1,400,915 | 1,557,828 |
| Construction in progress (note 5) | 24,554,264 | 9,510,063 |
| Capital assets (note 5) | 308,691,556 | 323,685,974 |
| | \$ 678,805,678 | \$ 653,905,698 |
| Liabilities, Deferred Contributions and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 57,066,045 | \$ 52,275,983 |
| Current portion of long-term debt (note 8) | 2,995,966 | 3,380,397 |
| Deferred revenue (note 6) | 71,235,346 | 72,416,006 |
| Note payable to Sheridan Student Union Incorporated (note 7) | 14,427,420 | 9,176,515 |
| | 145,724,777 | 137,248,901 |
| Long-term debt (note 8) | 46,761,290 | 49,757,256 |
| Employee future benefits (note 12) | 1,491,000 | 1,521,000 |
| Sick leave benefit entitlements (note 12) | 5,351,000 | 5,463,000 |
| Deferred contributions (note 9): | | |
| Construction in progress | 5,500,000 | - |
| Capital assets | 153,325,821 | 159,084,714 |
| Expenses of future periods | 38,564,828 | 47,622,810 |
| | 396,718,716 | 400,697,681 |
| Net assets: | | |
| Unrestricted: | | |
| Operating | 35,000,000 | 5,128,878 |
| Vacation pay accrual | (12,732,630) | (11,786,813) |
| Employee future benefits accrual (note 12) | (1,491,000) | (1,521,000) |
| Sick-leave benefit accrual (note 12) | (5,351,000) | (5,463,000) |
| | 15,425,370 | (13,641,935) |
| Internally restricted (note 15) | 126,629,787 | 120,972,893 |
| Invested in capital assets (note 10) | 107,166,150 | 113,169,947 |
| Restricted for endowments (note 3) | 32,865,655 | 32,707,112 |
| | 282,086,962 | 253,208,017 |
| Commitments (note 11) | | |
| Subsequent events (note 20) | | |
| | \$ 678,805,678 | \$ 653,905,698 |

See accompanying notes to financial statements

APPROVED BY THE BOARD

John E Fleming

Janet K. Morrison

..... Board Chair President and Vice Chancellor

The Sheridan College Institute of Technology and Advanced Learning

Statement of Revenue and Expenditures

Year ended March 31, 2020, with comparative figures for 2019

| | 2020 | 2019 |
|--|--------------------|--------------------|
| Revenue: | | |
| Grants and reimbursements | \$ 94,685,988 | \$ 97,798,188 |
| Amortization of deferred contributions related to: | | |
| Capital assets | 8,443,695 | 8,065,103 |
| Expenses of future periods - other | 17,455,129 | 9,053,060 |
| Expenses of future periods - endowment fund | 2,221,439 | 2,168,419 |
| Student tuition | 216,510,892 | 215,837,463 |
| Ancillary operations | 22,065,059 | 22,373,151 |
| Student ancillary fees | 30,094,317 | 30,561,562 |
| Other (note 16) | 18,762,955 | 16,785,442 |
| (Loss) gain on disposal of capital assets | (7,799) | 2,999 |
| | 410,231,675 | 402,645,387 |
| Expenditures: | | |
| Salaries and benefits | 240,877,039 | 226,056,997 |
| Supplies and services (note 17) | 95,606,752 | 93,833,570 |
| Amortization of capital assets | 24,547,098 | 23,234,896 |
| Vacation pay | 945,816 | 322,237 |
| Employee future benefits (recovery) | (30,000) | 102,000 |
| Sick leave recovery | (112,000) | (136,000) |
| Other expenses related to deferred contributions - schedule 1: | | |
| Awards and bursaries | 7,359,921 | 7,474,575 |
| Other | 12,316,647 | 3,746,904 |
| | 381,511,273 | 354,635,179 |
| Excess of revenue over expenditures | \$ 28,720,402 | \$ 48,010,208 |

See accompanying notes to financial statements

The Sheridan College Institute of Technology and Advanced Learning

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative figures for 2019

| | 2020 | | | | |
|--|-------------------------------|------------------------------|------------------------------------|--------------------------|-----------------------|
| | Invested in capital assets | Restricted for endowments | Unrestricted including research | Internally restricted | Total |
| Net assets, beginning of the year | \$ 113,169,947 | \$ 32,707,112 | \$ (13,641,935) | \$ 120,972,893 | \$ 253,208,017 |
| Excess (deficiency) of revenue over expenditures (note 10) | (16,111,202) | - | 44,831,604 | - | 28,720,402 |
| Endowment fund contributions | - | 158,543 | - | - | 158,543 |
| Investment in capital assets (note 10) | 6,875,677 | - | (6,875,677) | - | - |
| Repayment of long-term debt (note 10) | 3,231,728 | - | (3,231,728) | - | - |
| Internal restrictions | - | - | (34,216,128) | 34,216,128 | - |
| Utilized internal restriction | - | - | 28,559,234 | (28,559,234) | - |
| Net assets, end of year | \$ 107,166,150 | \$ 32,865,655 | \$ 15,425,370 | \$ 126,629,787 | \$ 282,086,962 |

| | 2019 | | | | |
|--|-------------------------------|------------------------------|------------------------------------|--------------------------|-----------------------|
| | Invested in capital assets | Restricted for endowments | Unrestricted including research | Internally restricted | Total |
| Net assets, beginning of the year | \$ 107,259,056 | \$ 32,386,593 | \$ (13,353,698) | \$ 78,585,339 | \$ 204,877,290 |
| Excess (deficiency) of revenue over expenditures (note 10) | (15,166,794) | - | 63,177,002 | - | 48,010,208 |
| Endowment fund contributions | - | 320,519 | - | - | 320,519 |
| Investment in capital assets (note 10) | 18,540,640 | - | (18,540,640) | - | - |
| Repayment of long-term debt (note 10) | 2,537,045 | - | (2,537,045) | - | - |
| Internal restrictions | - | - | (49,969,397) | 49,969,397 | - |
| Utilized internal restriction | - | - | 7,581,843 | (7,581,843) | - |
| Net assets, end of year | \$ 113,169,947 | \$ 32,707,112 | \$ (13,641,935) | \$ 120,972,893 | \$ 253,208,017 |

See accompanying notes to financial statements

The Sheridan College Institute of Technology and Advanced Learning

Statement of Cash Flows

Year ended March 31, 2020, with comparative figures for 2019

| | 2020 | 2019 |
|---|-----------------------|-----------------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenditures | \$ 28,720,402 | \$ 48,010,208 |
| Items not involving cash: | | |
| Amortization of capital assets | 24,547,098 | 23,234,896 |
| Amortization of deferred contributions related to capital assets | (8,443,695) | (8,065,103) |
| Loss (gain) on disposal of capital assets | 7,799 | (2,999) |
| Employee future benefits (recovery) | (30,000) | 102,000 |
| Sick leave recovery | (112,000) | (136,000) |
| Change in non-cash operating working capital items: | | |
| Grants receivable | 498,784 | 365,507 |
| Accounts receivable | (439,310) | 416,804 |
| Prepaid expenses and deposits | (511,579) | (549,149) |
| Accounts payable and accrued liabilities | 4,790,062 | 6,810,091 |
| Deferred revenue | (1,180,660) | 5,650,803 |
| Note payable to Sheridan Student Union Incorporated | 5,250,905 | 1,670,195 |
| Net (decrease) increase in deferred contributions related to expenses of future periods | (9,057,982) | 5,660,419 |
| | 44,039,824 | 83,167,672 |
| Financing activities: | | |
| Endowment fund contributions | 158,543 | 320,519 |
| Repayment of long-term debt | (3,380,397) | (2,677,904) |
| | (3,221,854) | (2,357,385) |
| Capital activities: | | |
| Purchase of capital assets and construction in progress | (24,618,429) | (30,972,166) |
| Proceeds on disposal of capital assets | 13,749 | 13,262 |
| Deferred contributions - capital assets | 2,684,802 | 4,836,421 |
| Deferred contributions - construction in progress | 5,500,000 | - |
| | (16,419,878) | (26,122,483) |
| Investing activities: | | |
| Net (increase) decrease of investments | (101,026,280) | 16,997,675 |
| Student levy receivable | 148,669 | 140,858 |
| | (100,877,611) | 17,138,533 |
| Net (decrease) increase in cash | (76,479,519) | 71,826,337 |
| Cash, beginning of year | 181,058,097 | 109,231,760 |
| Cash, end of year | \$ 104,578,578 | \$ 181,058,097 |

See accompanying notes to financial statements

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Description of Organization:

The Sheridan College Institute of Technology and Advanced Learning (“Sheridan”), established in 1967, is an Ontario college of applied arts and technology duly established pursuant to Ontario Regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. By Ontario Regulation 33/03, which was filed and came into effect on February 11, 2003, the name of Sheridan was changed to The Sheridan College Institute of Technology and Advanced Learning. Sheridan is an agency of the Crown and provides postsecondary and vocationally oriented education and training in areas such as animation, arts and design, applied computing and engineering sciences, business, and community and liberal studies.

Sheridan operates on a not-for-profit basis and is a registered charity and, as such, is exempt from income taxes under the Income Tax Act.

Significant accounting policies:

(a) Basis of presentation:

These financial statements include the accounts, transactions and operations for which Sheridan has jurisdiction. They do not include the accounts, transactions and operations of Sheridan Student Union Incorporated (“SSUP”), The Sheridan College Foundation, and The U.S. Sheridan College Foundation Inc. which are independently governed.

These financial statements are the representation of management and have been prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(b) Revenue recognition:

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

Under the Ministry of Colleges and Universities (“Ministry”), Sheridan is funded by the Province of Ontario in accordance with budget arrangements established by the Ministry. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2020.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

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

Deferred revenue consists of student fees paid in advance and other revenue to be recognized when the related service is provided. Tuition fees are recognized as revenue when earned through the provision of service. Tuition fees are deferred to the extent that the related courses provided extend beyond the fiscal year of Sheridan.

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

(c) Cash and investments:

Cash and investments consist of cash on hand, bank balances and investments in money market, mutual funds and exchange traded funds. Short-term investments are highly liquid and have a maturity of one year or less. Investments are recorded at fair value on a trade date basis. Fair value is determined based on quoted market prices.

(d) Long-term notes receivable:

Long-term notes receivable are carried at amortized cost using the effective interest method.

(e) Capital assets:

Purchased capital assets are stated 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 which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to Sheridan's ability to provide services, its carrying amount is written down to its residual value.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

2. Significant accounting policies (continued):

(e) Capital assets (continued):

Capital assets are amortized on a straight-line basis using the following annual rates:

| | |
|--------------------------------|----------------------|
| Buildings | 2-1/2% |
| Parking lots, site and roadway | 6-2/3% |
| Building renovations | Over the useful life |
| Furniture and fixtures | 20% |
| Computer equipment | 33-1/3% |
| Major equipment | 10% |
| Equipment and vehicles | 20% |
| Software implementation | 14% |

(f) Construction in progress:

Construction in progress includes interest and financing costs on funds borrowed for construction purposes. These costs are capitalized at the end of the construction period. Upon commencing use of the facility, capitalized construction costs are transferred to the various categories of capital assets and are amortized on a basis consistent with similar assets.

(g) Vacation pay:

Sheridan recognizes vacation pay as an expense as it is earned by employees.

(h) Sick leave benefit entitlements:

Vesting sick leave:

Sheridan has provided for vested 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 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 independent actuaries on behalf of the College System as a whole.

Non-vesting sick leave:

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

2. Significant accounting policies (continued):

(i) Employee future benefits:

Sheridan maintains separate defined benefit plans providing non-pension, retirement and post-employment benefits for substantially all full-time employees. Sheridan uses the deferral and amortization approach to account for its defined benefit plans. The costs of post retirement and post-employment benefits related to current service are charged to income annually. The current service cost and the accrued benefit obligation are actuarially determined for each plan using the projected benefit method prorated on service, and management's estimates of investment yields, salary escalation, health care trends and other factors. The most recent actuarial valuation of the benefit plans for funding purposes was as of February 5, 2020, and the next required valuation will be as of January 31, 2023.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the post-retirement benefits plan is 11.3 years (2019 - 11.4 years).

(j) Internally restricted net assets:

Net assets, internally restricted by Sheridan, are for capital projects, strategic initiatives and future operating expenses approved by the Board of Governors.

(k) Expendable funds, including bursaries/scholarships and student building fund:

These funds are contributed or pledged for specific purposes; the total funds received, including income earned, are expendable for the specific purpose outlined when the funds were donated.

(l) Endowment funds:

These funds are contributed for specific purposes; the principal sum must be held for investment while the income earned is expendable for the specific purpose(s) outlined when the funds were donated.

(m) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at fair value or amortized cost. Mutual funds and money market funds that would otherwise be recorded at amortized cost are recorded at fair value as they are managed and evaluated on a fair value basis. Other investments are recorded at amortized cost.

Significant accounting policies (continued):

(m) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline in derivatives and non-endowment investments is determined to be other than temporary, the amount of the loss is reported in the statement of revenue and expenditures and any unrealized gain or loss is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of revenue and expenditures.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(n) Use of estimates:

The preparation of financial statements in conformity with public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. In estimating the net realizable value of accounts receivable and in estimating accrued liabilities and obligations related to employee future benefits and sick leave benefits, Sheridan relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. Actual results could differ from those estimates.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

3. Cash and investments:

(a) Cash and investments include the following amounts:

| | 2020 | 2019 |
|--------------------------------------|-----------------------|-----------------------|
| Cash | \$ 104,578,578 | \$ 181,058,097 |
| Short-term investments at fair value | 55,440,387 | 118,414,492 |
| Long-term investments at fair value | 163,797,260 | - |
| Long-term investments at cost | 688,351 | 485,226 |
| Total cash and investments | \$ 324,504,576 | \$ 299,957,815 |

All cash is measured at fair value as Level 1 and investments are measured at fair value as follows:

| <i>Investments at fair value as of March 31, 2020</i> | | | | |
|---|----------------------|-----------------------|-------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Short-term investment | | | | |
| restricted funds | \$ 54,497,900 | \$ 942,487 | \$ - | \$ 55,440,387 |
| Long-term investments | - | 163,797,260 | - | 163,797,260 |
| Total investments | \$ 54,497,900 | \$ 164,739,747 | \$ - | \$ 219,237,647 |

| Investments at fair value as of March 31, 2019 | | | | |
|--|----------------------|----------------------|-------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Short-term investment | | | | |
| restricted funds | \$ 56,831,788 | \$ 2,000,291 | \$ - | \$ 58,832,079 |
| Short-term investments | - | 59,582,413 | - | 59,582,413 |
| Total investments | \$ 56,831,788 | \$ 61,582,704 | \$ - | \$ 118,414,492 |

Sheridan's cash and investments include amounts restricted for specific purposes that are not available to be spent at Sheridan's discretion.

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| Restricted funds, measured at fair value | \$ 14,484,147 | \$ 20,028,814 |
| Restricted for endowment purposes, measured at fair value (note 3(b)) | 56,946,336 | 60,301,108 |
| | 71,430,483 | 80,329,922 |
| Unrestricted investments at cost | 688,351 | 485,226 |
| Unrestricted cash and investments, measured at fair value | 252,385,742 | 219,142,667 |
| | \$ 324,504,576 | \$ 299,957,815 |

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Included in long-term investments are Guaranteed Investment Certificates with a principal value of \$41,280,000 paying interest at a rate of 3.00% maturing February 2022, \$40,000,000 paying interest at a rate of 2.85% maturing March 2022, \$41,600,000 paying interest at 2.85% maturing March 2022, and \$40,917,260 paying interest at a rate of 2.70% maturing April 2022.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Cash and investments (continued):

At March 31, 2019, investments included Guaranteed Investment Certificates with a principal value of \$19,582,413 paying interest at a rate of 2.82% maturing April 2019, and \$40,000,000 paying interest at 3.20% maturing February 2020.

Included in unrestricted investments at cost are three investments in “Come from Away” productions. The College has invested \$234,813 (2019 - \$234,813) in the North American production, \$250,413 (2019 - \$250,413) in the United Kingdom production and \$203,125 (2019 - \$nil) in the Australian production. As of March 2020, the College received life to date distributions of \$339,082 from the North American production, \$191,100 from the United Kingdom production and \$35,176 from the Australian production.

The maximum exposure to credit risk of cash and investments is the carrying value noted above.

(b) Restricted for endowment purposes:

Funds restricted for endowment purposes consist of exchange traded funds, cash on hand, bank balances and short-term highly liquid investments.

| | 2020 | 2019 |
|---|----------------------|---------------|
| Net assets restricted for endowments (note 14) | \$ 32,865,655 | \$ 32,707,112 |
| Cumulative realized investment income on endowment funds in excess of disbursements | 19,974,581 | 18,554,672 |
| Cumulative unrealized gains on endowment fund investments | 4,106,100 | 9,039,324 |
| Total endowment funds, measured at fair value | 56,946,336 | 60,301,108 |
| Cumulative capital contribution (book value) | 32,865,655 | 32,707,112 |
| Funds available for use | \$ 24,080,681 | \$ 27,593,996 |

(c) Investment income and realized investment gains from the cash and investment portfolio related to endowment funds are \$3,641,349 for the year ended March 31, 2020 (2019 - \$4,218,723). Unrealized losses on endowment fund investments are \$4,933,224 for the year ended March 31, 2020 (2019 - unrealized loss of \$189,984). These amounts are reported in Schedule 1.

Student levy receivable:

In September 2005, a new gymnasium was constructed at the Davis Campus. Payment for the gymnasium will be provided by future student levies as approved by the Sheridan Student Union Incorporated (“SSUI”).

The principal amount due within one year has been grouped with accounts receivable in the statement of financial position. The principal amount included in accounts receivable at March 31, 2020 is \$156,913 (2019 - \$148,669).

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

5. Capital assets and construction in progress

(a) Capital assets:

| 2020 | Cost | Accumulated amortization | Net carrying value |
|--------------------------|-----------------------|-----------------------------|-----------------------|
| Land | \$ 2,893,317 | \$ - | \$ 2,893,317 |
| Buildings | 364,765,890 | 121,813,660 | 242,952,230 |
| Parking lots and roadway | 2,988,016 | 2,376,256 | 611,760 |
| Building renovations | 33,789,033 | 22,812,568 | 10,976,465 |
| Leasehold improvements | 155,688 | 17,889 | 137,799 |
| Furniture and fixtures | 25,073,435 | 22,650,159 | 2,423,276 |
| Computer equipment | 22,409,705 | 14,858,116 | 7,551,589 |
| Major equipment | 57,114,678 | 23,631,846 | 33,482,832 |
| Equipment and vehicles | 45,116,704 | 38,247,874 | 6,868,830 |
| Software implementation | 4,072,250 | 4,072,250 | - |
| Site | 821,366 | 27,908 | 793,458 |
| | \$ 559,200,082 | \$ 250,508,526 | \$ 308,691,556 |

| 2019 | Cost | Accumulated amortization | Net carrying value |
|--------------------------|-----------------------|-----------------------------|-----------------------|
| Land | \$ 2,893,317 | \$ - | \$ 2,893,317 |
| Buildings | 364,373,982 | 113,135,179 | 251,238,803 |
| Parking lots and roadway | 2,988,016 | 2,177,055 | 810,961 |
| Building renovations | 32,894,958 | 21,184,914 | 11,710,044 |
| Leasehold improvements | 146,502 | 15,191 | 131,311 |
| Furniture and fixtures | 24,888,001 | 21,372,373 | 3,515,628 |
| Computer equipment | 19,344,137 | 10,740,979 | 8,603,158 |
| Major equipment | 55,004,471 | 18,461,387 | 36,543,084 |
| Equipment and vehicles | 43,505,323 | 35,265,655 | 8,239,668 |
| Software implementation | 4,072,250 | 4,072,250 | - |
| | \$ 550,110,957 | \$ 226,424,983 | \$ 323,685,974 |

During the year, Sheridan acquired capital assets at an aggregated cost of \$9,574,228 (2019 - \$23,390,323)

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Capital assets and construction in progress (continued):

(b) Construction in progress:

| | 2020 | 2019 |
|--------------------------|---------------|--------------|
| Construction in progress | \$ 24,554,264 | \$ 9,510,063 |

Construction in progress represents costs incurred to date on the construction of the Hazel McCallion Campus Phase 2A project. Once construction has been completed on the facility, the total cost will be reclassified to capital assets and amortization will commence. During the year, Sheridan incurred costs of \$15,044,201 (2019 - \$7,581,843) capitalized as construction in progress.

6. Deferred revenue:

| | 2020 | 2019 |
|--|---------------|---------------|
| Student fees and tuition | \$ 57,557,144 | \$ 64,458,058 |
| Ministry funding | 3,657,136 | 2,266,061 |
| Special projects | 3,092,684 | 3,996,428 |
| Residence | 1,618,647 | 1,695,459 |
| Hazel McCallion Campus Phase 2 project | 5,309,735 | - |
| | \$ 71,235,346 | \$ 72,416,006 |

During the current year, funds in the amount of \$6,000,000 (\$5,309,735 net of HST) were received as part of a settlement from a bond company related to the Hazel McCallion Campus Phase 2 project. Remediation efforts continue to address the deficiencies that have been identified, and these funds will offset future capital costs.

Note payable to Sheridan Student Union Incorporated:

Note payable to Sheridan Student Union Incorporated is unsecured, due on demand and bears interest at the overnight rate (variable) earned by Sheridan on daily cash balances.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Long-term debt:

| | 2020 | 2019 |
|--|----------------------|---------------|
| Gymnasium, Residences and Davis A wing: | | |
| Sun Life loan facility (Davis Residence) with interest at 6.80% and total principal of \$15,250,000. Repayable \$105,846 monthly including interest commencing February 2002 to January 2027 | \$ 6,860,044 | \$ 7,634,878 |
| Sun Life loan facility (Trafalgar Residence) with interest at 6.41% and total principal of \$13,610,000. Repayable \$565,938 semi-annually including interest commencing September 1999 to September 2024 | 4,364,632 | 5,177,453 |
| Canada Life loan facility (Davis Gymnasium) with interest at 5.47% and total principal of \$3,024,000. Repayable \$120,000 semi-annually including interest commencing December 2006 to December 2027 | 1,557,671 | 1,706,340 |
| Ontario Financing Authority loan facility (Davis A wing) with interest at 3.467% and total principal of \$40,180,436. Repayable \$1,208,093 semi-annually including interest commencing October 2017 to March 2042 | 36,974,909 | 38,618,982 |
| | 49,757,256 | 53,137,653 |
| Less principal amounts due within one year | 2,995,966 | 3,380,397 |
| | \$ 46,761,290 | \$ 49,757,256 |

The long-term debt related to the residences and the gymnasium totaling \$12,782,347 (2019 - \$14,518,671) will be repaid from future student levies and residence fees.

Interest on long-term debt amounted to \$2,124,214 (2019 - \$2,266,405) and has been included in supplies and services in the statement of revenue and expenditures.

The anticipated future annual principal payments under the loan facilities on a fiscal year basis are as follows:

| | |
|-------------------------------|----------------------|
| 2021 | \$ 2,995,966 |
| 2022 | 3,159,234 |
| 2023 | 3,332,141 |
| 2024 | 2,875,649 |
| 2025 | 3,783,001 |
| Thereafter | 33,611,265 |
| Total minimum payments | \$ 49,757,256 |

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Notes to the Financial Statements

Long-term debt (continued):

On May 8, 2020, Sheridan finalized an amended loan agreement with the Ontario Financing Authority for the Hazel McCallion Campus Phase 2A project. This agreement provides up to \$37 million in debt financing that will be repaid semi-annually over 25 years after substantial completion of the project. The interest rate will be calculated as the Province of Ontario’s cost of funds for a 25-year amortizing bond plus 0.275 percent. The agreement also provides bridge financing during the construction period at an interest rate equal to the 90 day Ontario Treasury Bill Rate plus 0.275 percent.

Deferred contributions:

(a) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenditures.

| | 2020 | 2019 |
|--|-----------------------|----------------|
| Balance, beginning of year | \$ 159,084,714 | \$ 162,313,396 |
| Transfer from deferred contributions for expenses of future periods | 221,870 | 348,392 |
| Amounts amortized to revenue | (8,443,695) | (8,065,103) |
| Contributions received or receivable | 2,462,932 | 4,488,029 |
| Balance, end of year | \$ 153,325,821 | \$ 159,084,714 |

(b) Construction in progress

Deferred capital contribution related to construction in progress represents the Sheridan Student Union’s initial down payment of \$5,500,000 for the Hazel McCallion Campus Phase 2A project. The balance of the Sheridan Student Union’s contribution to the project will be received in annual payments over 25 years once the project has reached substantial completion.

| | 2020 | 2019 |
|--------------------------------------|---------------------|------|
| Balance, beginning of year | \$ - | - |
| Contributions received or receivable | 5,500,000 | - |
| Balance, end of year | \$ 5,500,000 | - |

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9. Deferred contributions (continued):

(c) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent restricted grants and donations for bursary and other specific purposes, unrealized gains on investments in the endowment fund and realized investment income on endowment funds in excess of disbursements.

| | 2020 | 2019 |
|---|---------------|---------------|
| Balance, beginning of year | \$ 47,622,810 | \$ 41,962,391 |
| Unrealized loss on endowment fund investments | (4,933,224) | (189,984) |
| Realized investment income on endowment funds | 3,641,349 | 4,218,723 |
| Amounts recognized to revenue for endowment disbursements | (2,221,439) | (2,168,419) |
| Amounts recognized to revenue | (17,455,129) | (9,053,060) |
| Transfer to deferred contributions for capital assets | (221,870) | (348,392) |
| Amounts received related to future periods | 12,132,331 | 13,201,551 |
| Balance, end of year | \$ 38,564,828 | \$ 47,622,810 |

10. Invested in capital assets:

Change in net assets invested in capital assets is calculated as follows:

| | 2020 | 2019 |
|---|----------------|----------------|
| Balance, beginning of year | \$ 113,169,947 | \$ 107,259,056 |
| Excess of revenue over expenditures: | | |
| Amortization of deferred capital contributions | 8,443,695 | 8,065,103 |
| Amortization of capital assets | (24,547,098) | (23,234,896) |
| (Loss) gain on disposal of capital assets | (7,799) | 2,999 |
| | (16,111,202) | (15,166,794) |
| Net change in invested in capital assets: | | |
| Purchase of capital assets and transfer from construction in progress | 9,574,228 | 23,390,323 |
| Amounts financed by: | | |
| Proceeds on disposal of capital assets | (13,749) | (13,262) |
| Deferred contributions | (2,684,802) | (4,836,421) |
| | 6,875,677 | 18,540,640 |
| Long-term debt repayment: | | |
| Residences | 1,587,655 | 1,487,157 |
| Davis A Wing | 1,644,073 | 1,049,888 |
| | 3,231,728 | 2,537,045 |
| Balance, end of year | \$ 107,166,150 | \$ 113,169,947 |

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Commitments:

(a) Leases:

Sheridan's commitments to annual rental payments in the aggregate and in each of the next five years principally as a result of operating equipment leases and premise rental leases are as follows:

| | |
|-------------|----------------------|
| 2021 | \$ 4,229,921 |
| 2022 | 3,736,339 |
| 2023 | 3,374,869 |
| 2024 | 3,506,846 |
| 2025 | 3,644,130 |
| | \$ 18,492,105 |

(b) Letters of credit:

Sheridan has posted letters of credit totaling \$1,086,245 (2019 - \$1,086,245) as security deposits with municipal governments in Halton and Peel regions relating to new building constructions at the Davis, Trafalgar and Hazel McCallion campuses.

Employee future benefits and sick leave entitlements:

Sheridan maintains defined benefit plans providing other retirement and future employee benefits to most of its employees.

The cost of other post-employment benefits (including medical benefits, dental care, and life insurance premiums waived during long-term disability ("LTD") related to the employees' current service is charged to income annually. The cost is computed on an actuarial basis using the projected benefit method estimating the usage frequency and cost of services covered and management's best estimates of investment yields, salary escalation, and other factors. Plan assets are valued at fair value for purposes of calculating the expected return on plan assets.

The fair value of plan assets and accrued benefit obligations were determined by independent actuaries on behalf of the College System as a whole as at February 5, 2020 for employee post-employment benefits, February 11, 2020 for non-vesting sick leave and August 31, 2019 for vesting sick leave. Details are outlined on the following page.

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Notes to the Financial Statements

12. Employee future benefits and sick leave entitlements (continued):

The following tables outline the components of Sheridan's post-employment benefits and the related expense:

| | 2020 | | 2019 |
|----------------------------------|--------------|----|-----------|
| Accrued benefit obligations | \$ 1,912,000 | \$ | 1,855,000 |
| Fair value of plan assets | (439,000) | | (350,000) |
| Funded status-plan deficit | 1,473,000 | | 1,505,000 |
| Unamortized actuarial loss | 18,000 | | 16,000 |
| Employee future benefits accrual | \$ 1,491,000 | \$ | 1,521,000 |

| | 2020 | | 2019 |
|---|-------------|----|----------|
| Current service expense (recovery) | \$ (10,000) | \$ | 122,000 |
| Interest on accrued benefit obligation | 3,000 | | 4,000 |
| Amortization of actuarial gain | (12,000) | | (12,000) |
| Benefit payments | (11,000) | | (12,000) |
| Total employee future benefits (recovery) expense | \$ (30,000) | \$ | 102,000 |

The following tables outline the components of Sheridan's sick leave benefit entitlements:

| | 2020 | | 2019 |
|---|--------------|----|-------------|
| Vesting sick leave: | | | |
| Accrued benefit obligation | \$ 99,000 | \$ | 276,000 |
| Unamortized actuarial loss (gain) | 106,000 | | (7,000) |
| Sick leave benefit entitlements | 205,000 | | 269,000 |
| Non-vesting sick leave: | | | |
| Accrued benefit obligation | 9,799,000 | | 7,024,000 |
| Unamortized actuarial gain | (4,653,000) | | (1,830,000) |
| Non-vesting sick leave benefit entitlements | 5,146,000 | | 5,194,000 |
| Total sick leave benefit entitlements | \$ 5,351,000 | \$ | 5,463,000 |

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Employee future benefits and sick leave entitlements (continued):

| | 2020 | 2019 |
|--|-----------------|-----------------|
| Vesting sick leave: | | |
| Current service cost | \$ 12,000 | \$ 12,000 |
| Interest on accrued benefit obligation | 6,000 | 8,000 |
| Amortization of actuarial (gain) loss | (18,000) | 1,000 |
| Benefit payments | (64,000) | (80,000) |
| | (64,000) | (59,000) |
| Non-vesting sick leave: | | |
| Current service cost | 385,000 | 360,000 |
| Interest on accrued benefit obligation | 144,000 | 180,000 |
| Amortization of actuarial gain | (5,000) | (26,000) |
| Benefit payments | (572,000) | (591,000) |
| | (48,000) | (77,000) |
| Total sick leave benefit recovery | \$ (112,000) | \$ (136,000) |

The unamortized actuarial loss is amortized over the expected average remaining service life as listed below:

| | |
|---------------------------------|------------|
| Sick leave benefit entitlements | 10.1 years |
| Post-employment benefits | 11.3 years |

These amounts represent the results of the actuarial valuation completed effective February 5, 2020 for employee post-employment benefits, February 11, 2020 for non-vesting sick leave, August 31, 2019 for vesting sick leave and extrapolated to March 31, 2020.

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

| Assumptions | 2020 | 2019 |
|---|-----------------------|--|
| Discount rate | 1.6% per annum | 2.2% per annum |
| Medical cost increase | | |
| Hospital: | 4% per annum | 4% per annum |
| <i>Drugs: 8% per annum in 2018, grading down to 4% by 2040</i> | | 8% per annum in 2018, grading down to 4% by 2040 |
| Other Medical: | 4% per annum | 4% per annum |
| Vision/Hearing Care: | 4% per annum | 4% per annum |

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

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| | | |
|--------------------------------|---------------------|--------------|
| Dental costs increase | 4% per annum | 4% per annum |
| Expected return on plan assets | 2.2% | 2.2% |

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Pension plans:

Qualifying employees of Sheridan are members of the Colleges of Applied Arts and Technology Pension Plan (the “Plan”), which is a multi-employer jointly-sponsored defined benefit plan for eligible employees of public colleges and related employers in Ontario. Sheridan 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.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. Sheridan does not recognize any share of the Plan’s pension surplus or deficit as insufficient information is available to identify Sheridan’s share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2020 indicated an actuarial surplus of \$2.9 billion. For the year ending March 31, 2020, Sheridan made contributions to the Plan and its associated retirement compensation arrangement of \$18,629,080 (2019 - \$17,948,606) which has been recorded in salaries and benefits in the statement of revenue and expenditures.

Ontario Student Opportunity Trust Fund and other endowments:

Endowments represent restricted donations received by Sheridan where the principal is required to be maintained. The investment income generated from the endowments must be used in accordance with the various purposes specified by the donors. Sheridan ensures 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 statement of revenue and expenditures once the donors’ conditions have been met. The unspent portion of investment income is recorded in deferred contributions for expenses of future periods. Total investment income on endowed assets recognized during the year is \$2,221,439 (2019 - \$2,168,419). Total investment income recognized as revenue by reducing deferred contributions of endowment expenses of future periods is \$3,513,314. For the year ending March 31, 2019, total investment income deferred during the year in excess of disbursement is \$1,860,321.

The Ministry requires Sheridan to include in its financial statements the following disclosures for its Ontario Student Opportunity Trust Funds (“OSOTF I” and “OSOTF II”), and Ontario Trust for Student Support (“OTSS”):

OSOTF I

Schedule of changes in endowed funds related to OSOTF I within the Endowment Fund balance for the year ended March 31, 2020 (schedule based on book value):

| | 2020 | 2019 |
|---------------------------------|---------------|---------------|
| Fund balance, beginning of year | \$ 25,258,708 | \$ 25,258,608 |
| Cash donations received | - | 100 |
| Preservation of capital | - | - |
| Fund balance, end of year | \$ 25,258,708 | \$ 25,258,708 |

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

14. Ontario Student Opportunity Trust Fund and other endowments (continued):

Schedule of changes in expendable funds related to OSOTF I available for awards for the year ended March 31, 2020 (schedule based on book value):

| | 2020 | 2019 |
|---|---------------|---------------|
| Balance, beginning of year | \$ 16,126,134 | \$ 14,406,419 |
| Realized investment income, net of direct investment-related expenses and preservation of capital contributions | 2,437,658 | 3,425,565 |
| Bursaries awarded (2020 - 1,136; 2019 - 1,546) | (1,263,364) | (1,705,850) |
| Balance, end of year | \$ 17,300,428 | \$ 16,126,134 |
| | | |
| Endowment total based on book value | \$ 42,559,136 | \$ 41,384,842 |

The market value of the endowment as at March 31, 2020 is \$46,575,444 (2019 - \$49,564,832).

OSOTF II

Schedule of changes in endowed funds related to OSOTF II within the Endowment Fund balance for the year ended March 31, 2020 (schedule based on book value):

| | 2020 | 2019 |
|---------------------------------|------------|------------|
| Fund balance, beginning of year | \$ 640,174 | \$ 640,174 |
| Cash donations received | - | - |
| Preservation of capital | - | - |
| Fund balance, end of year | \$ 640,174 | \$ 640,174 |

Schedule of changes in expendable funds related to OSOTF II available for awards for the year ended March 31, 2020 (schedule based on book value):

| | 2020 | 2019 |
|---|------------|------------|
| Balance, beginning of year | \$ 256,674 | \$ 217,626 |
| Realized investment income, net of direct investment-related expenses and preservation of capital contributions | 63,837 | 74,959 |
| Bursaries awarded (2020 - 36; 2019 - 35) | (37,086) | (35,911) |
| Balance, end of year | \$ 283,425 | \$ 256,674 |
| | | |
| Endowment total based on book value | \$ 923,599 | \$ 896,848 |

The market value of the endowment as at March 31, 2020 is \$1,018,558 (2019 - \$1,082,773).

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14. Ontario Student Opportunity Trust Fund and other endowments (continued):

OTSS

Schedule of changes in endowed funds related to OTSS within the Endowment Fund balance for the year ended March 31, 2020 (schedule based on book value):

| | 2020 | 2019 |
|----------------------------------|--------------|--------------|
| Fund balance, beginning of year | \$ 4,364,199 | \$ 4,364,199 |
| Cash donations received | 1,510 | - |
| Matching funds from the Ministry | - | - |
| Preservation of capital | - | - |
| Fund balance, end of year | \$ 4,365,709 | \$ 4,364,199 |

Schedule of changes in expendable funds related to OTSS available for awards for the year ended March 31, 2020 (schedule based on book value):

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Balance, beginning of year | \$ 1,722,433 | \$ 1,505,303 |
| Realized investment income, net of direct investment-related expenses and preservation of capital contributions | 376,756 | 444,249 |
| Bursaries awarded (2020 - 103; 2019 - 105) | (228,017) | (227,119) |
| Balance, end of year | \$ 1,871,172 | \$ 1,722,433 |
| Endowment total based on book value | \$ <u>6,236,881</u> | \$ <u>6,086,632</u> |

The market value of the endowment as at March 31, 2020 is \$6,294,352 (2019 - \$6,688,346).

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

14. Ontario Student Opportunity Trust Fund and other endowments (continued):

Total endowment fund balance is comprised of:

| | 2020 | 2019 |
|--|-------------------|---------------|
| Endowed fund related to OSOTF I, OSOTF II and OTSS within endowment fund | \$ 30,264,591 | \$ 30,263,081 |
| Other endowed funds | 2,601,064 | 2,444,031 |
| Endowment fund balance, end of year | 32,865,655 | 32,707,112 |
| Expendable funds available for OSOTF I, OSOTF II and OTSS awards | 19,455,025 | 18,105,241 |
| Expendable funds available for other endowed funds | 519,556 | 449,431 |
| Expendable funds within deferred contribution - expenses of future periods based on book value | \$ 19,974,581 | \$ 18,554,672 |

The market value of other endowed funds as at March 31, 2020 is \$3,057,982 (2019 - \$2,965,157).

The market value of total endowment fund as at March 31, 2020 is \$56,946,336 (2019 - \$60,301,108).

15. Internally restricted net assets:

Internally restricted net assets are for:

| | 2020 | 2019 |
|---|-----------------------|----------------|
| Capital projects | \$ 102,630,959 | \$ 92,195,940 |
| Strategic initiatives | 20,252,260 | 21,171,453 |
| Operating expenses for the following year | 3,746,568 | 7,605,500 |
| Total | \$ 126,629,787 | \$ 120,972,893 |

16. Other revenue:

Other revenue in the statement of revenue and expenditures is comprised of:

| | 2020 | 2019 |
|-------------------------|----------------------|---------------|
| Processing service fees | \$ 4,002,355 | \$ 4,488,893 |
| Research grants | 5,043,449 | 3,769,357 |
| Interest income | 6,890,817 | 5,043,409 |
| Sirtnet | - | 11,805 |
| Daycare fees | 1,076,400 | 1,147,012 |
| Other | 1,749,934 | 2,324,966 |
| Total | \$ 18,762,955 | \$ 16,785,442 |

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Supplies and services expenditures:

Supplies and services expenditures in the statement of revenue and expenditures is comprised of:

| | 2020 | 2019 |
|------------------------------|---------------|---------------|
| Services | \$ 43,139,278 | \$ 38,876,096 |
| Supplies and minor equipment | 22,772,606 | 27,233,000 |
| Plant and property | 27,223,472 | 26,555,642 |
| Other | 2,471,396 | 1,168,832 |
| Total | \$ 95,606,752 | \$ 93,833,570 |

18. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Sheridan is exposed to credit risk with respect to the accounts receivable, grants receivable, student levy receivable, other notes receivable, cash and investments.

Sheridan assesses, on a continuous basis, all receivable balances and provides for any amounts that are not collectible in the allowance for doubtful accounts. Accounts receivable and student levy receivable are due from students. Credit risk is mitigated by financial approval processes before a student is enrolled. Sheridan measures its exposure to credit risk based on how long the amounts have been outstanding. The maximum exposure to credit risk of Sheridan at March 31, 2020 is the carrying value of these assets.

The carrying amount of all receivable balances is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of revenue and expenditures. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of revenue and expenditures. The balance of the allowance for doubtful accounts at March 31, 2020 is \$1,534,842 (2019 - \$723,553).

As at March 31, 2020, \$2,528,635 (2019 - \$2,040,156) of accounts receivable were past due, but not impaired.

Sheridan holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation and provincially regulated credit unions who are insured by the Deposit Insurance Corporation of Ontario. In the event of default, Sheridan's cash accounts are insured up to \$100,000 (2019 - \$100,000) for federally regulated chartered banks and up to \$250,000 (2019 - \$250,000) for provincially regulated credit unions.

The maximum exposure to investment credit risk is outlined in Note 3.

There have been no significant changes to the credit risk exposure from 2019.

Financial risks and concentration of credit risk (continued):

(b) Liquidity risk:

Liquidity risk is the risk that Sheridan will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Sheridan manages its liquidity risk by monitoring its operating requirements. Sheridan prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice. The contractual maturities of long-term debt are disclosed in Note 8.

There have been no significant changes to the liquidity risk exposure from 2019.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect Sheridan's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

(i) Foreign exchange risk:

Sheridan is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, Sheridan makes purchases denominated in U.S. dollars. Sheridan does not currently enter into forward contracts to mitigate this risk. Sheridan does not have any material transactions during the year or financial instruments denominated in foreign currencies at year end.

There have been no significant changes to the foreign exchange risk exposure from 2019.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose Sheridan to cash flow interest rate risk. Sheridan is exposed to this risk through its interest-bearing investments and long-term debt.

Sheridan's long-term debt is fixed rate debt as disclosed in Note 8. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

As at March 31, 2020, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the estimated impact on the market value of investments would approximate \$2,206,202.

Sheridan's investments are disclosed in Note 3.

There has been no change to the interest rate risk exposure from 2019.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Comparative figures:

Certain comparative figures have been reclassified to conform with the current year's presentation. This includes certain investment and construction in progress assets. The reclassifications had no impact on excess of revenue over expenditures.

Subsequent events:

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

On March 16, the College closed its campuses and learning sites and they remain closed to the date of the auditor’s report. The plan for continuing education throughout the summer and fall semesters offered by the College will be through online curriculum which could have implications on number of course offerings, enrollment and ancillary revenues.

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

As the impacts of COVID-19 continue, there could be further impact on the College, its students and funding sources. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the College is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time. As such, unrestricted operating net assets have been maintained at \$35,000,000 at March 31, 2020 (2019 - \$5,128,878).

The Sheridan College Institute of Technology and Advanced Learning

Schedule 1 - Endowment and Deferred Contributions for Expenses of Future Periods

Year ended March 31, 2020, with comparative figures for 2019

| | 2020 | | | | | | | |
|--|--------------------------------|--|----------------------------------|--------------|-------------------|---------------|------|--|
| | Endowment fund (note 3(b)) | Endowment fund investment income and disbursements | Bursaries and scholarships | Other | Student Centre | Total | | |
| Balance, beginning of year | \$ 32,707,112 | \$ 27,593,995 | \$ 3,590,029 | \$ 5,171,968 | \$ 11,266,818 | \$ 80,329,922 | | |
| Receipts: | | | | | | | | |
| Donations | 158,543 | - | 1,623,914 | 2,191,341 | 2,038,469 | 6,012,267 | | |
| Gain and interest on investments (note 3(c)) | - | 3,641,349 | 879 | 28,907 | 219,805 | 3,890,940 | | |
| Unrealized loss (note 3(c)) | - | (4,933,224) | - | - | - | (4,933,224) | | |
| Tuition reinvestment fund contributions | - | - | 6,029,016 | - | - | 6,029,016 | | |
| | 158,543 | (1,291,875) | 7,653,809 | 2,220,248 | 2,258,274 | 10,998,999 | | |
| | 32,865,655 | 26,302,120 | 11,243,838 | 7,392,216 | 13,525,092 | 91,328,921 | | |
| Disbursements: | | | | | | | | |
| Awards | - | 1,577,634 | 5,762,235 | 20,052 | - | 7,359,921 | | |
| Other | - | 643,805 | 2,804,438 | 501,134 | 8,367,270 | 12,316,647 | | |
| Transfer to deferred capital contributions | - | - | 52,202 | 169,668 | - | 221,870 | | |
| | - | 2,221,439 | 8,618,875 | 690,854 | 8,367,270 | 19,898,438 | | |
| Balance, end of year | \$ 32,865,655 | \$ 24,080,681 | \$ 2,624,963 | \$ 6,701,362 | \$ 5,157,822 | \$ 71,430,483 | | |
| | | | | | | | | |
| | | | | | | | 2019 | |
| | Endowment fund (note 3 (b)) | Endowment fund investment income and disbursements | Bursaries and scholarships | Other | Student Centre | Total | | |
| Balance, beginning of year | \$ 32,386,593 | \$ 25,733,675 | \$ 3,618,337 | \$ 3,413,238 | \$ 9,197,141 | \$ 74,348,984 | | |
| Receipts: | | | | | | | | |
| Donations | 320,519 | - | 1,586,511 | 2,576,393 | 1,989,430 | 6,472,853 | | |
| Gain and interest on investments (note 3(c)) | - | 4,218,723 | 856 | 22,591 | 211,391 | 4,453,561 | | |
| Unrealized loss (note 3(c)) | - | (189,984) | - | - | - | (189,984) | | |
| Tuition reinvestment fund contributions | - | - | 6,814,379 | - | - | 6,814,379 | | |
| | 320,519 | 4,028,739 | 8,401,746 | 2,598,984 | 2,200,821 | 17,550,809 | | |
| | 32,707,112 | 29,762,414 | 12,020,083 | 6,012,222 | 11,397,962 | 91,899,793 | | |
| Disbursements: | | | | | | | | |
| Awards | - | 2,014,063 | 5,445,875 | 14,637 | - | 7,474,575 | | |
| Other | - | 154,356 | 2,985,929 | 475,475 | 131,144 | 3,746,904 | | |
| Transfer to deferred capital contributions | - | - | (1,750) | 350,142 | - | 348,392 | | |
| | - | 2,168,419 | 8,430,054 | 840,254 | 131,144 | 11,569,871 | | |
| Balance, end of year | \$ 32,707,112 | \$ 27,593,995 | \$ 3,590,029 | \$ 5,171,968 | \$ 11,266,818 | \$ 80,329,922 | | |