

Sheridan

Financial Statements and Supplementary Information of

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Year ended March 31, 2021

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
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Year ended March 31, 2021

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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, 2021
- 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, 2021, 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.



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Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the 2020/21 Financial Results document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2020/21 Financial Results document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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.



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- 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 16, 2021

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Statement of Financial Position

Year ended March 31, 2021, with comparative figures for 2020

	2021	2020
Assets		
Current assets:		
Cash (note 3)	\$ 122,345,023	\$ 104,578,578
Short-term investments (note 3)	124,121,793	-
Grants receivable	1,769,217	1,212,916
Accounts receivable (note 4)	14,723,668	13,664,541
Prepaid expenses and deposits	5,078,098	4,776,910
	268,037,799	124,232,945
Endowment fund investments (note 3)	65,683,905	55,440,387
Long-term investments (note 3)	41,605,611	164,485,611
Student levy receivable (note 5)	1,235,304	1,400,915
Construction in progress (note 6)	34,295,427	24,554,264
Capital assets (note 6)	292,344,130	308,691,556
	\$ 703,202,176	\$ 678,805,678
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 36,437,720	\$ 36,512,754
Accrued payroll and employee benefits	21,563,482	20,553,291
HMC2A advance - OFA loan (note 7)	23,644,222	-
Current portion of long-term debt (note 10)	3,159,235	2,995,966
Deferred revenue (note 8)	64,793,688	71,235,346
Note payable to Sheridan Student Union Incorporated (note 9)	16,525,980	14,427,420
	166,124,327	145,724,777
Long-term debt (note 10)	43,602,056	46,761,290
Employee future benefits (note 14)	1,506,000	1,491,000
Sick leave benefit entitlements (note 14)	5,631,000	5,351,000
Deferred contributions (note 11):		
Construction in progress	5,500,000	5,500,000
Capital assets	148,352,954	153,325,821
Expenses of future periods	48,282,658	38,564,828
	418,998,995	396,718,716

Continued on next page

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Statement of Financial Position

Year ended March 31, 2021, with comparative figures for 2020

	2021	2020
Net assets:		
Unrestricted:		
Operating	35,000,000	35,000,000
Vacation pay accrual	(13,447,589)	(12,732,630)
Employee future benefits accrual (note 14)	(1,506,000)	(1,491,000)
Sick-leave benefit accrual (note 14)	(5,631,000)	(5,351,000)
	14,415,411	15,425,370
Internally restricted (note 17)	138,184,073	126,629,787
Invested in capital assets (note 12)	98,630,643	107,166,150
Restricted for endowments (note 3)	32,973,054	32,865,655
	284,203,181	282,086,962
Commitments (note 13)		
Impact of COVID-19 (note 22)		
	\$ 703,202,176	\$ 678,805,678

See accompanying notes to the financial statements

APPROVED BY THE BOARD OF GOVERNORS



Board Chair



President and Vice Chancellor

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Statement of Revenues and Expenditures

Year ended March 31, 2021, with comparative figures for 2020

	2021	2020
Revenue:		
Grants and reimbursements	\$ 93,164,806	\$ 94,503,993
Student tuition	188,513,990	214,534,535
Student ancillary fees	27,665,387	38,906,184
Ancillary operations	3,745,926	16,205,413
Amortization of deferred contributions related to:		
Capital assets	8,527,125	8,443,695
Expenses of future periods - other	8,094,216	17,455,129
Expenses of future periods - endowment fund	3,244,533	2,221,439
Other (note 18)	15,020,617	17,969,086
Gain (loss) on disposal of capital assets	2,895,624	(7,799)
	350,872,224	410,231,675
Expenditures:		
Salaries and benefits	234,220,932	240,877,039
Supplies and services (note 19)	78,454,310	95,606,752
Amortization of capital assets	23,839,452	24,547,098
Vacation pay	714,961	945,816
Employee future benefits (recovery) (note 14)	15,000	(30,000)
Sick leave benefits (recovery) (note 14)	280,000	(112,000)
Other expenses related to deferred contributions - schedule 1:		
Awards and bursaries	7,259,627	7,359,921
Other	4,079,122	12,316,647
	348,863,404	381,511,273
Excess of revenue over expenditures	\$ 2,008,820	\$ 28,720,402

See accompanying notes to the financial statements

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative figures for 2020

	2021				
	Invested in capital assets	Restricted for endowments	Unrestricted including research	Internally restricted	Total
Net assets, beginning of the year	\$ 107,166,150	\$ 32,865,655	\$ 15,425,370	\$126,629,787	\$ 282,086,962
Excess (deficiency) of revenue over expenditures (note 12)	(13,475,132)	-	15,483,952	-	2,008,820
Endowment fund contributions	-	107,399	-	-	107,399
Investment in capital assets (note 12)	2,100,573	-	(2,100,573)	-	-
Repayment of long-term debt (note 12)	2,839,052	-	(2,839,052)	-	-
Internal restrictions	-	-	(25,837,132)	25,837,132	-
Utilized internal restrictions	-	-	14,282,846	(14,282,846)	-
Net assets, end of year	\$ 98,630,643	\$ 32,973,054	\$ 14,415,411	\$138,184,073	\$ 284,203,181

	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 12)	(16,111,202)	-	44,831,604	-	28,720,402
Endowment fund contributions	-	158,543	-	-	158,543
Investment in capital assets (note 12)	6,875,677	-	(6,875,677)	-	-
Repayment of long-term debt (note 12)	3,231,728	-	(3,231,728)	-	-
Internal restrictions	-	-	(34,216,128)	34,216,128	-
Utilized internal restrictions	-	-	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

See accompanying notes to financial statements

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Statement of Cash Flows

Year ended March 31, 2021, with comparative figures for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 2,008,820	\$ 28,720,402
Items not involving cash:		
Amortization of capital assets	23,839,452	24,547,098
Amortization of deferred contributions related to capital assets	(8,527,125)	(8,443,695)
Gain (loss) on disposal of capital assets	(2,895,624)	7,799
Employee future benefits (recovery)	15,000	(30,000)
Sick leave benefits (recovery)	280,000	(112,000)
Change in non-cash operating working capital items:		
Grants receivable	(556,301)	498,784
Accounts receivable	(1,050,427)	(439,310)
Prepaid expenses and deposits	(301,188)	(511,579)
Accounts payable and accrued liabilities	(75,035)	1,311,993
Accrued payroll and employee benefits	1,010,192	3,478,069
Deferred revenue	(6,441,658)	(1,180,660)
Note payable to Sheridan Student Union Incorporated	2,098,560	5,250,905
Net increase (decrease) in deferred contributions related to expenses of future periods	9,717,830	(9,057,982)
	19,122,496	44,039,824
Financing activities:		
Endowment fund contributions	107,399	158,543
HMC2A advance - OFA loan	23,575,000	-
HMC2A advance – OFA loan - interest	69,222	-
Repayment of long-term debt	(2,995,967)	(3,380,397)
	20,755,654	(3,221,854)
Capital activities:		
Purchase of capital assets and construction in progress	(17,235,104)	(24,618,429)
Proceeds on disposal of capital assets	2,897,540	13,749
Deferred contributions - capital assets	3,554,258	2,684,802
Deferred contributions - construction in progress	-	5,500,000
	(10,783,306)	(16,419,878)
Investing activities:		
Net increase in investments	(11,485,311)	(101,026,280)
Student levy receivable	156,912	148,669
	(11,328,399)	(100,877,611)
Net increase (decrease) in cash	17,766,445	(76,479,519)
Cash, beginning of year	104,578,578	181,058,097
Cash, end of year	\$ 122,345,023	\$ 104,578,578

See accompanying notes to the financial statements

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2021

1. 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.

2. 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 (“SSUI”), 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, 2021.

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.

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.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2021

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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.

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.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2021

2. Significant accounting policies (continued):

(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.

(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 (2020 - 11.3 years).

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2021

2. Significant accounting policies (continued):

(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.

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.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2021

2. Significant accounting policies (continued):

(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.

3. Cash and investments:

(a) Cash and investments include the following amounts:

	2021		2020	
Cash	\$	122,345,023	\$	104,578,578
Short-term investments at fair value		124,121,793		-
Endowment fund investments at fair value		65,683,905		55,440,387
Long-term investments at fair value		40,917,260		163,797,260
Long-term investments at cost		688,351		688,351
Total cash and investments	\$	353,756,332	\$	324,504,576

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

Investments at fair value as of March 31, 2021				
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 124,121,793	\$ -	\$ 124,121,793
Endowment fund investments	65,683,905	-	-	65,683,905
Long-term investments	-	40,917,260	-	40,917,260
Total investments	\$ 65,683,905	\$ 165,039,053	\$ -	\$ 230,722,958

Investments at fair value as of March 31, 2020				
	Level 1	Level 2	Level 3	Total
Endowment fund investments	\$ 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

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2021

3. Cash and investments (continued):

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

	2021	2020
Restricted funds, measured at fair value	\$ 15,450,927	\$ 14,484,147
Restricted for endowment purposes, measured at fair value (note 3(b))	65,804,785	56,946,336
Unrestricted investments at cost	81,255,712	71,430,483
Unrestricted cash and investments, measured at fair value	688,351	688,351
	271,812,270	252,385,742
	\$ 353,756,332	\$ 324,504,576

Short-term investments are Guaranteed Investment Certificates with a principal value of \$42,521,793 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, and \$41,600,000 paying interest at 2.85% maturing March 2022. Long-term investments are Guaranteed Investment Certificates with a principal value of \$40,917,260 paying interest at a rate of 2.70% maturing April 2022.

At March 31, 2020, long-term investments included 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.

Included in unrestricted investments at cost are three investments in "Come from Away" productions. The College has invested \$234,813 (2020 - \$234,813) in the North American production, \$250,413 (2020 - \$250,413) in the United Kingdom production and \$203,125 (2020 - \$203,125) in the Australian production. As of March 2021, the College received life to date distributions of \$367,455 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.

	2021	2020
Net assets restricted for endowments (note 16)	\$ 32,973,054	\$ 32,865,655
Cumulative realized investment income on endowment funds in excess of disbursements	29,058,261	19,974,581
Cumulative unrealized gains on endowment fund investments	3,773,470	4,106,100
Total endowment funds, measured at fair value	65,804,785	56,946,336
Cumulative capital contribution (book value)	32,973,054	32,865,655
Funds available for use	\$ 32,831,731	\$ 24,080,681

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Notes to the Financial Statements

Year ended March 31, 2021

3. Cash and investments (continued):

(c) Investment income and realized investment gains from the cash and investment portfolio related to endowment funds are \$12,328,213 for the year ended March 31, 2021 (2020 - \$3,641,349). Unrealized losses on endowment fund investments are \$332,631 for the year ended March 31, 2021 (2020 - \$4,933,224). These amounts are reported in Schedule 1.

4. Accounts receivable:

Accounts receivable is comprised of the following amounts:

	2021	2020
Student accounts receivable	\$ 8,471,564	\$ 2,556,730
Investment interest receivable	4,673,990	2,630,839
Other accounts receivable	2,822,048	5,408,431
Corporate receivable	1,778,511	3,397,009
Taxes receivable	1,008,755	1,049,462
Current portion of student levy receivable (note 5)	165,612	156,912
	18,720,480	15,199,383
Less allowance for doubtful accounts	4,296,812	1,534,842
Total	\$ 14,723,668	\$ 13,664,541

5. 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, 2021 is \$165,612 (2020 - \$156,912).

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Notes to the Financial Statements

Year ended March 31, 2021

6. Capital assets and construction in progress

(a) Capital assets:

2021	Cost	Accumulated amortization	Net carrying value
Land	\$ 1,834,889	\$ -	\$ 1,834,889
Buildings	364,753,403	130,528,232	234,225,171
Parking lots and roadway	2,988,016	2,575,457	412,559
Building renovations	39,824,268	24,373,642	15,450,626
Leasehold improvements	222,804	28,273	194,531
Furniture and fixtures	25,058,470	23,769,778	1,288,692
Computer equipment	22,498,253	19,077,628	3,420,625
Major equipment	58,367,209	28,472,224	29,894,985
Equipment and vehicles	45,909,612	41,035,777	4,873,835
Software implementation	4,072,250	4,072,250	-
Site	821,366	73,149	748,217
	\$ 566,350,540	\$ 274,006,410	\$ 292,344,130

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

During the year, Sheridan acquired capital assets at an aggregated cost of \$8,552,371 (2020 - \$9,574,228).

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Notes to the Financial Statements

Year ended March 31, 2021

6. Capital assets and construction in progress (continued):

(b) Construction in progress:

	2021	2020
Construction in progress	\$ 34,295,427	\$ 24,554,264

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 \$9,741,163 (2020 - \$15,044,201) capitalized as construction in progress.

7. HMC2A advance – OFA loan

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%. 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%. During the year, Sheridan has drawn \$23,575,000 from the bridge financing and interest on the bridge financing amounted to \$69,222.

8. Deferred revenue:

	2021	2020
Student fees and tuition – pre-payments	\$ 28,876,430	\$ 39,820,391
Winter term deferral	19,907,897	17,736,753
Ministry funding	4,556,550	3,657,136
Special projects	5,431,202	3,092,684
Residence	711,874	1,618,647
Hazel McCallion Campus Phase 2 project	5,309,735	5,309,735
	\$ 64,793,688	\$ 71,235,346

In December 2019, 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.

9. 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.

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Notes to the Financial Statements

Year ended March 31, 2021

10. Long-term debt:

	2021	2020
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	\$ 6,030,848	\$ 6,860,044
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	3,498,873	4,364,632
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	1,400,759	1,557,671
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	35,830,811	36,974,909
	46,761,291	49,757,256
Less principal amounts due within one year	3,159,235	2,995,966
	\$ 43,602,056	\$ 46,761,290

The long-term debt related to the residences and the gymnasium totaling \$10,930,480 (2020 - \$12,782,347) will be repaid from future student levies and residence fees.

Interest on long-term debt amounted to \$1,974,379 (2020 - \$2,124,214) 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:

2022	\$ 3,159,235
2023	3,332,140
2024	2,875,649
2025	3,783,001
2026	2,728,008
Thereafter	30,883,258
Total minimum payments	\$ 46,761,291

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Year ended March 31, 2021

11. 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.

	2021	2020
Balance, beginning of year	\$ 153,325,821	\$ 159,084,714
Transfer from deferred contributions for expenses of future periods	620,204	221,870
Amounts amortized to revenue	(8,527,125)	(8,443,695)
Contributions received or receivable	2,934,054	2,462,932
Balance, end of year	\$ 148,352,954	\$ 153,325,821

(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.

	2021	2020
Balance, beginning of year	\$ 5,500,000	\$ -
Contributions received or receivable	-	5,500,000
Balance, end of year	\$ 5,500,000	\$ 5,500,000

(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.

	2021	2020
Balance, beginning of year	\$ 38,564,828	\$ 47,622,810
Unrealized loss on endowment fund investments	(332,631)	(4,933,224)
Realized investment income on endowment funds	12,328,213	3,641,349
Amounts recognized to revenue for endowment disbursements	(3,244,533)	(2,221,439)
Amounts recognized to revenue	(8,094,216)	(17,455,129)
Transfer to deferred contributions for capital assets	(620,204)	(221,870)
Amounts received related to future periods	9,681,201	12,132,331
Balance, end of year	\$ 48,282,658	\$ 38,564,828

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Notes to the Financial Statements

Year ended March 31, 2021

12. Invested in capital assets:

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

	2021	2020
Balance, beginning of year	\$ 107,166,150	\$ 113,169,947
Excess of revenue over expenditures:		
Amortization of deferred capital contributions	8,527,125	8,443,695
Amortization of capital assets	(23,839,452)	(24,547,098)
Adjustments related to sale of land	(1,058,429)	-
Gain (loss) on disposal of capital assets	2,895,624	(7,799)
	<u>(13,475,132)</u>	<u>(16,111,202)</u>
Net change in invested in capital assets:		
Purchase of capital assets and transfer from construction in progress	8,552,371	9,574,228
Amounts financed by:		
Proceeds on disposal of capital assets	(2,897,540)	(13,749)
Deferred contributions	(3,554,258)	(2,684,802)
	<u>2,100,573</u>	<u>6,875,677</u>
Long-term debt repayment:		
Residences	1,694,954	1,587,655
Davis A Wing	1,144,098	1,644,073
	<u>2,839,052</u>	<u>3,231,728</u>
Balance, end of year	<u>\$ 98,630,643</u>	<u>\$ 107,166,150</u>

13. 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:

2022	\$ 3,723,950
2023	3,309,610
2024	3,392,215
2025	3,477,086
2026	3,564,293
	<u>\$ 17,467,154</u>

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Year ended March 31, 2021

13. Commitments (continued):

(b) Letters of credit:

Sheridan has posted letters of credit totaling \$1,086,245 (2020 - \$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.

14. 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.

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

	2021	2020
Accrued benefit obligations	\$ 1,971,000	\$ 1,912,000
Fair value of plan assets	(470,000)	(439,000)
Funded status-plan deficit	1,501,000	1,473,000
Unamortized actuarial loss	5,000	18,000
Employee future benefits accrual	\$ 1,506,000	\$ 1,491,000

	2021	2020
Current service expense (recovery)	\$ 37,000	\$ (10,000)
Interest on accrued benefit obligation	2,000	3,000
Amortization of actuarial gain	(15,000)	(12,000)
Benefit payments	(9,000)	(11,000)
Total employee future benefits expense (recovery)	\$ 15,000	\$ (30,000)

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Year ended March 31, 2021

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

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

	2021	2020
Vesting sick leave:		
Accrued benefit obligation	\$ 81,000	\$ 99,000
Unamortized actuarial loss	101,000	106,000
Sick leave benefit entitlements	182,000	205,000
Non-vesting sick leave:		
Accrued benefit obligation	9,459,000	9,799,000
Unamortized actuarial gain	(4,010,000)	(4,653,000)
Non-vesting sick leave benefit entitlements	5,449,000	5,146,000
Total sick leave benefit entitlements	\$ 5,631,000	\$ 5,351,000

	2021	2020
Vesting sick leave:		
Current service cost	\$ 3,000	\$ 12,000
Interest on accrued benefit obligation	2,000	6,000
Amortization of actuarial gain	(5,000)	(18,000)
Benefit payments	(23,000)	(64,000)
	(23,000)	(64,000)
Non-vesting sick leave:		
Current service cost	998,000	385,000
Interest on accrued benefit obligation	156,000	144,000
Amortization of actuarial loss (gain)	219,000	(5,000)
Benefit payments	(1,070,000)	(572,000)
	303,000	(48,000)
Total sick leave benefits expense (recovery)	\$ 280,000	\$ (112,000)

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, 2021.

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Year ended March 31, 2021

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

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

Assumptions	2021	2020
Discount rate	1.7% per annum	1.6 % per annum
Medical cost increase		
Hospital:	6.42% per annum in 2021, grading down to 4% by 2040	4% per annum
Drugs:	6.42% per annum in 2021, grading down to 4% by 2040	8% per annum in 2018, grading down to 4% by 2040
Other Medical:	6.42% per annum in 2021, grading down to 4% by 2040	4% per annum
Vision/Hearing Care:	6.42% per annum in 2021, grading down to 4% by 2040	4% per annum
Dental costs increase	4% per annum	4% per annum
Expected return on plan assets	0.85%	2.2%

15. 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, 2021 indicated an actuarial surplus of \$3.3 billion. For the year ending March 31, 2021, Sheridan made contributions to the Plan and its associated retirement compensation arrangement of \$18,994,703 (2020 - \$18,629,080) which has been recorded in salaries and benefits in the statement of revenue and expenditures.

16. 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 \$3,244,533 (2020 - \$2,221,439). Total investment income deferred during the year in excess of disbursement is \$8,751,049. For the year ending March 31, 2020, total investment income recognized as revenue by reducing deferred contributions of endowment expenses of future periods is \$3,513,314.

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

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, 2021 (schedule based on book value):

	2021	2020
Fund balance, beginning of year	\$ 25,258,708	\$ 25,258,708
Cash donations received	-	-
Preservation of capital	-	-
Fund balance, end of year	\$ 25,258,708	\$ 25,258,708

Schedule of changes in expendable funds related to OSOTF I available for awards for the year ended March 31, 2021 (schedule based on book value):

	2021	2020
Balance, beginning of year	\$ 17,300,428	\$ 16,126,134
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	10,673,946	2,437,658
Bursaries awarded (2021 – 3,209; 2020 - 1,136)	(2,651,182)	(1,263,364)
Balance, end of year	\$ 25,323,192	\$ 17,300,428
Endowment total based on book value	\$ 50,581,900	\$ 42,559,136

The market value of the endowment as at March 31, 2021 is \$53,676,145 (2020 - \$46,575,444).

OSOTF II

Schedule of changes in endowed funds related to OSOTF II within the Endowment Fund balance for the year ended March 31, 2021 (schedule based on book value):

	2021	2020
Fund balance, beginning of year	\$ 640,174	\$ 640,174
Cash donations received	-	-
Preservation of capital	-	-
Fund balance, end of year	\$ 640,174	\$ 640,174

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Year ended March 31, 2021

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

Schedule of changes in expendable funds related to OSOTF II available for awards for the year ended March 31, 2021 (schedule based on book value):

	2021	2020
Balance, beginning of year	\$ 283,425	\$ 256,674
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	239,013	63,837
Bursaries awarded (2021 - 37; 2020 - 36)	(40,662)	(37,086)
Balance, end of year	\$ 481,776	\$ 283,425
Endowment total based on book value	\$ 1,121,950	\$ 923,599

The market value of the endowment as at March 31, 2021 is \$1,189,495 (2020 - \$1,018,558).

OTSS

Schedule of changes in endowed funds related to OTSS within the Endowment Fund balance for the year ended March 31, 2021 (schedule based on book value):

	2021	2020
Fund balance, beginning of year	\$ 4,365,709	\$ 4,364,199
Cash donations received	-	1,510
Matching funds from the Ministry	-	-
Preservation of capital	-	-
Fund balance, end of year	\$ 4,365,709	\$ 4,365,709

Schedule of changes in expendable funds related to OTSS available for awards for the year ended March 31, 2021 (schedule based on book value):

	2021	2020
Balance, beginning of year	\$ 1,871,172	\$ 1,722,433
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	953,046	376,756
Bursaries awarded (2021 - 106; 2020 - 103)	(250,818)	(228,017)
Balance, end of year	\$ 2,573,400	\$ 1,871,172
Endowment total based on book value	\$ 6,939,109	\$ 6,236,881

The market value of the endowment as at March 31, 2021 is \$7,357,586 (2020 - \$6,294,352).

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Year ended March 31, 2021

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

Total endowment fund balance is comprised of:

	2021	2020
Endowed fund related to OSOTF I, OSOTF II and OTSS within endowment fund	\$ 30,264,591	\$ 30,264,591
Other endowed funds	2,708,463	2,601,064
Endowment fund balance, end of year	32,973,054	32,865,655
Expendable funds available for OSOTF I, OSOTF II and OTSS awards	28,378,368	19,455,025
Expendable funds available for other endowed funds	679,893	519,556
Expendable funds within deferred contribution - expenses of future periods based on book value	\$ 29,058,261	\$ 19,974,581

The market value of other endowed funds as at March 31, 2021 is \$3,581,559 (2020 - \$3,057,982).

The market value of total endowment fund as at March 31, 2021 is \$65,804,785 (2020 - \$56,946,336).

17. Internally restricted net assets:

Internally restricted net assets are for:

	2021	2020
Capital projects	\$ 117,757,496	\$ 102,630,959
Strategic initiatives	14,402,339	20,252,260
Operating expenses for the following year	6,024,238	3,746,568
Total	\$ 138,184,073	\$ 126,629,787

18. Other revenue:

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

	2021	2020
Research grants	\$ 5,691,430	\$ 5,359,097
Investment income	5,411,064	6,890,816
Miscellaneous revenue	3,918,123	5,719,173
Total	\$ 15,020,617	\$ 17,969,086

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Year ended March 31, 2021

19. Supplies and services expenditures:

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

	2021	2020
Services	\$ 36,011,112	\$ 43,139,278
Supplies and minor equipment	15,942,150	22,772,606
Plant and property	21,542,054	27,223,472
Other	4,958,994	2,471,396
Total	\$ 78,454,310	\$ 95,606,752

20. 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, 2021 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, 2021 is \$4,296,812 (2020 - \$1,534,842).

As at March 31, 2021, \$4,659,214 (2020 - \$2,528,635) 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 (2020 - \$100,000) for federally regulated chartered banks and up to \$250,000 (2020 - \$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 2020.

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20. 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 10.

There have been no significant changes to the liquidity risk exposure from 2020.

(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 2020.

(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 10. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

As at March 31, 2021, 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 \$2,308,438 (2020 - \$2,206,202).

Sheridan's investments are disclosed in Note 3.

There has been no change to the interest rate risk exposure from 2020.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2021

21. Comparative figures:

Certain comparative figures have been reclassified to conform with the current year's presentation. The reclassifications had no impact on excess of revenue over expenditures.

22. Impact of COVID-19:

The COVID-19 pandemic has developed rapidly during the fiscal year. The resulting impact of the virus on operations and measures taken by various governments to maintain the virus have effected the College's results in this reporting period. The current known impacts of COVID-19 on the College are:

- A significant portion of the College's tuition revenue is derived from international students. As the Canadian border has remained closed throughout fiscal 2021, the impact on the tuition derived from international students has decreased. Revenue from international students at March 31, 2021 is \$121,257,016 (2020 - \$143,358,069).
- The government of Ontario regularly issued stay at home orders and closure of non-essential businesses. Therefore, the College has continued a hybrid curriculum throughout the year. As such there has been a decrease in ancillary income. Ancillary income for the year ended March 31, 2021 is \$3,745,926 (2020 - \$16,205,413). Also, to maintain operations of the College in a remote environment there has been COVID-19 specific spending in the amount of \$2,829,968.
- Due to the impact of COVID-19 on post-secondary institutions there has been COVID-19 specific funding made available to the College in the amount of \$386,746, of which \$224,949 has been recognized this year.
- Due to the impact of COVID-19 interest rates have decreased. For the year ended March 31, 2021 interest earned is \$944,640 (2020 - \$4,432,782).
- As the impacts of COVID-19 continue, the effect on the College's investment in the "Come From Away" production, is still unknown. As at March 31, 2021 the Australian production has re-opened, the New York and London productions are set to re-launch in the summer months.

At this time Management does not believe COVID-19 will have a significant negative impact on the financial condition of the College. As such, unrestricted operating net assets have been maintained at \$35,000,000 (2020 - \$35,000,000).

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
Schedule 1 – Endowment and Deferred Contributions for Expenses of Future Periods
Year ended March 31, 2021, with comparative figures for 2020

						2021
	Endowment fund (note 3b)	Endowment fund investment income and disbursements	Bursaries and scholarships	Other	Student Centre	Total
Balance, beginning of year	\$ 32,865,655	\$ 24,080,681	\$2,624,963	\$6,701,362	\$5,157,822	\$ 71,430,483
Receipts:						
Donations	107,399	-	1,178,228	1,187,723	1,390,996	3,864,346
Gain and interest on investments (note 3c)	-	12,328,213	302	11,961	45,787	12,386,262
Unrealized loss (note 3c)	-	(332,631)	-	-	-	(332,631)
Tuition reinvestment fund contributions	-	-	5,866,205	-	-	5,866,205
	<u>107,399</u>	<u>11,995,582</u>	<u>7,044,734</u>	<u>1,199,685</u>	<u>1,436,782</u>	<u>21,784,182</u>
	32,973,054	36,076,263	9,669,697	7,901,047	6,594,604	93,214,665
Disbursements						
Awards	-	2,998,137	4,133,523	127,966	--	7,259,627
Other	-	250,396	1,876,392	1,235,727	716,607	4,079,122
Transfer between funds	-	(4,000)	(58,222)	62,222	-	-
Transfer to deferred capital contributions	-	-	-	620,204	-	620,204
	<u>-</u>	<u>3,244,533</u>	<u>5,951,693</u>	<u>2,046,120</u>	<u>716,607</u>	<u>11,958,953</u>
Balance, end of year	<u>\$ 32,973,054</u>	<u>\$ 32,831,730</u>	<u>\$3,718,004</u>	<u>\$5,854,927</u>	<u>\$5,877,997</u>	<u>\$ 81,255,712</u>
						2020
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 3c)	-	3,641,349	879	28,907	219,805	3,890,940
Unrealized loss (note 3c)	-	(4,933,224)	-	-	-	(4,933,224)
Tuition reinvestment fund contributions	-	-	6,029,016	-	-	6,029,016
	<u>158,543</u>	<u>(1,291,875)</u>	<u>7,653,809</u>	<u>2,220,248</u>	<u>2,258,274</u>	<u>10,998,999</u>
	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 between funds	-	-	52,202	(52,202)	-	-
Transfer to deferred capital contributions	-	-	-	221,870	-	221,870
	<u>-</u>	<u>2,221,439</u>	<u>8,618,875</u>	<u>690,854</u>	<u>8,367,270</u>	<u>19,898,438</u>
Balance, end of year	<u>\$ 32,865,655</u>	<u>\$ 24,080,681</u>	<u>\$ 2,624,963</u>	<u>\$ 6,701,362</u>	<u>\$ 5,157,822</u>	<u>\$ 71,430,483</u>