Sheridan

Financial Statements and Supplementary Information of

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Year ended March 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Sheridan College Institute of Technology and Advanced Learning (the "College") are the responsibility of management and have been approved by the Board of Governors.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAS for Government NPOs"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

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

The College's insurance liabilities have been reviewed by management in consultation with its broker. There are no material liabilities in either fact or contingency as at the date of this report.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance, Audit and Property Committee.

The Finance, Audit and Property Committee is appointed by the Board of Governors and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The financial statements have been audited by BDO Canada LLP, the external auditors in accordance with Canadian generally accepted auditing standards, on behalf of the Board. BDO Canada LLP has full and free access to the Audit and Finance Committee.

Janet Morrison
President

Alison Horton
VP, Administrative Services

June 15, 2023

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Independent Auditor's 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, 2023, and the statement of operations, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2023, and its results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 16, 2023

The Sheridan College Institute of Technology and Advanced Learning

Statement of Financial Position

As at March 31, 2023

	2023	2022
		RESTATED (note 3)
Assets		
Current assets:		
Cash (note 5)	$ 161,917,761	$ 120,789,906
Short-term investments (note 5)	45,000,000	40,917,260
Grants receivable	927,168	2,517,676
Accounts receivable (note 6)	20,186,245	15,715,362
Prepaid expenses and deposits	6,367,789	4,741,457
	234,398,963	184,681,661
Endowment fund investments (note 5)	68,281,027	70,241,810
Long-term investments (note 5)	162,424,157	135,688,351
Student levy receivable (note 7)	9,939,402	11,323,357
Capital assets (note 8)	323,330,529	324,729,251
	$ 798,374,078	**$ 726,664,430**
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 46,313,840	$ 42,247,916
Accrued payroll and employee benefits	23,563,211	23,073,430
Current portion of long-term debt (note 12)	3,285,294	4,128,436
Deferred revenue (note 10)	152,803,163	75,491,467
Note payable to Sheridan Student Union Incorporated (note 11)	16,021,118	16,690,205
	241,986,626	161,631,454
Long-term debt (note 12)	68,797,201	72,082,495
Employee future benefits (note 16)	1,549,000	1,367,000
Sick leave benefit entitlements (note 16)	5,748,000	5,671,000
Asset retirement obligation (note 9)	9,625,424	9,257,501
Deferred contributions (note 13):		
Capital assets	161,084,040	163,505,211
Expenses of future periods	54,501,787	55,310,953
	543,292,078	**468,825,614**

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The Sheridan College Institute of Technology and Advanced Learning

Statement of Financial Position

As at March 31, 2023

	2023	2022
		RESTATED (note 3)
Net assets:		
Unrestricted:		
Operating	30,862,627	29,196,899
Vacation pay accrual	(12,822,324)	(12,901,400)
Employee future benefits accrual (note 16)	(1,549,000)	(1,367,000)
Sick-leave benefit accrual (note 16)	(5,748,000)	(5,671,000)
	10,743,303	9,257,499
Internally restricted (note 19)	119,685,143	128,158,653
Invested in capital assets (note 14)	91,370,578	87,338,879
Restricted for endowments (note 5)	33,282,976	33,083,785
	255,082,000	**257,838,816**
Commitments (note 15)		
Contingent liability (note 24)		
	$ 798,374,078	**$ 726,664,430**

See accompanying notes to financial statements -

APPROVED BY THE BOARD

.... Board Chair .... President and Vice Chancellor

The Sheridan College Institute of Technology and Advanced Learning
Statement of Operations
Year ended March 31, 2023

	2023	2022
		RESTATED (note 3)
Revenue:		
Grants and reimbursements	$ 94,254,100	$ 94,972,486
Amortization of deferred contributions related to:		
Capital assets	9,083,283	8,699,714
Expenses of future periods - other	12,493,244	8,795,648
Expenses of future periods - endowment fund	3,282,956	3,134,809
Student tuition	209,262,748	181,772,928
Ancillary operations	14,392,622	8,734,449
Student ancillary fees	39,437,432	30,399,315
Other (note 20)	23,045,286	16,523,184
Gain (loss) on disposal of capital assets	15,731	-
	405,267,402	353,032,533
Expenditures:		
Salaries and benefits	255,139,356	248,117,013
Supplies and services (note 21)	115,265,633	89,780,003
Amortization of capital assets	20,806,022	22,077,866
Accretion expense (note 9)	367,923	353,772
Impairment loss (note 23)	688,351	-
Vacation pay	(79,076)	(546,189)
Employee future benefits (recovery) (note 16)	182,000	(139,000)
Sick leave benefits (note 16)	77,000	40,000
Other expenses related to deferred contributions - schedule 1:		
Awards and bursaries	8,622,295	7,978,232
Other	7,153,905	3,952,225
	408,223,409	371,613,922
Deficiency of revenue over expenditures	**$ (2,956,007)**	**$ (18,581,389)**

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, 2023

2023

	Invested in capital assets	Restricted for endowment	Unrestricted including research	Internally restricted	Total
Net assets, beginning of the year	$ 87,338,879	$ 33,083,785	$ 9,257,499	$ 128,158,653	$ 257,838,816
Deficiency of revenue over expenditures (note 14)	(12,074,931)	-	9,118,924	-	(2,956,007)
Endowment fund contributions	-	199,191	-	-	199,191
Investment in capital assets (note 14)	12,152,989	-	(12,152,989)	-	-
Repayment of long-term debt (note 14)	3,953,641	-	(3,953,641)	-	-
Internal restrictions	-	-	(21,194,758)	21,194,758	-
Utilized internal restrictions	-	-	29,668,268	(29,668,268)	-
Net assets, end of year	**$ 91,370,578**	**$ 33,282,976**	**$ 10,743,303**	**$ 119,685,143**	**$ 255,082,000**

RESTATED (note 3)

2022

	Invested in capital assets	Restricted for endowment	Unrestricted including research	Internally restricted	Total
Net assets, beginning of the year	$ 98,630,643	$ 32,973,054	$ 14,415,411	$ 138,184,073	$ 284,203,181
Deficiency of revenue over expenditures (note 14)	(13,731,924)	-	(4,849,465)	-	(18,581,389)
Endowment fund contributions	-	110,731	-	-	110,731
Investment in capital assets (note 14)	7,340,244	-	(7,340,244)	-	-
Repayment of long-term debt (note 14)	2,993,623	-	(2,993,623)	-	-
Asset Retirement Obligation standard adjustment	(7,893,707)	-		-	(7,893,707)
Internal restrictions	-	-	(9,891,672)	9,891,672	-
Utilized internal restrictions	-	-	19,917,092	(19,917,092)	-
Net assets, end of year	$ 87,338,879	$ 33,083,785	$ 9,257,499	$ 128,158,653	$ 257,838,816

See accompanying notes to financial statements

The Sheridan College Institute of Technology and Advanced Learning

Statement of Cash Flows

Year ended March 31, 2023

	2023	2022
Cash provided by (used in):		RESTATED (note 3)
Operating activities:		
Deficiency of revenue over expenditures	$ (2,956,007)	$ (18,581,389)
Items not involving cash:		
Amortization of capital assets	20,806,022	22,077,866
Amortization of deferred contributions related to capital assets	(9,083,283)	(8,699,714)
Loss (gain) on disposal of capital assets	(15,731)	-
Employee future benefits (recovery)	182,000	(139,000)
Accretion Expense related to ARO	367,923	353,772
Sick leave recovery	77,000	40,000
Impairment Loss - Come From Away	688,351	-
Change in non-cash operating working capital items:		
Grants receivable	1,590,508	(748,459)
Accounts receivable	(3,943,547)	(792,038)
Prepaid expenses and deposits	(1,626,332)	336,640
Accounts payable and accrued liabilities	4,555,705	7,320,144
Deferred revenue	77,311,696	10,697,779
Note payable to Sheridan Student Union Incorporated	(669,087)	164,225
Deferred contributions related to expenses of future periods	(809,166)	7,028,295
	86,476,052	**19,058,121**
Financing activities:		
Endowment fund contributions	199,191	110,731
HMC C-Wing advance - OFA loan	-	8,840,000
HMC C-Wing advance - OFA loan - interest	-	124,653
Repayment of long-term debt	(4,128,436)	(3,159,235)
	(3,929,245)	**5,916,149**
Capital activities:		
Purchase of capital assets and construction in progress	(19,414,914)	(19,157,541)
Proceeds on disposal of capital assets	23,345	-
Deferred contributions - capital assets	6,662,112	18,351,976
	(12,729,457)	**(805,565)**
Investing activities:		
Net decrease in investments	(29,546,114)	(15,436,112)
Change in student levy receivable	856,619	(10,287,710)
	(28,689,495)	**(25,723,822)**
Net (decrease) increase in cash	41,127,855	(1,555,117)
Cash, beginning of year	120,789,906	122,345,023
Cash, end of year	**$ 161,917,761**	**$ 120,789,906**

See accompanying notes to financial statements

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.

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. Should a portion of a grant relate to a future period, it is deferred and recognized in the subsequent period.

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

Externally restricted contributions and restricted investment income 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.

Unrestricted investment income is recognized as revenue when earned.

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 is 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, it carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over the useful lives of the assets as follows:

Buildings	40 years
Parking lots, site, and roadway	15 years
Building renovations	1-15 years
Furniture and fixtures	5 years
Computer equipment	3 years
Major equipment	10 years
Equipment and vehicles	5 years
Software implementation	1-15 years

(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.

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 28, 2023, and the next required valuation will be as of January 1, 2026.

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 11.7 years (2022 - 11.3 years).

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 and 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 related to financial instruments in the fair value category are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations 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 operations.

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 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs, other than quoted prices within level 1, that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not supported by observable market data (unobservable inputs).

2. Significant accounting policies (continued):

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, 2023			
	Level 1	Level 2	Level 3	Total
Short-term investments	$ -	$ 45,000,000	$ -	$ 45,000,000
Endowment fund investments	68,281,027	-	-	68,281,027
Long-term investments	-	162,424,157	-	162,424,157
Total investments	$ 68,281,027	$ 207,424,157	$ -	$ 275,705,184

	Investments at fair value as of March 31, 2022			
	Level 1	Level 2	Level 3	Total
Short-term investments	$ -	$ 40,917,260	$ -	$ 40,917,260
Endowment fund investments	70,241,810	-	-	70,241,810
Long-term investments	-	135,000,000	-	135,000,000
Total investments	$ 70,241,810	$ 175,917,260	$ -	$ 246,159,070

(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. Sheridan's implementation of *PS3280 Asset Retirement Obligations* has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs.

(o) Asset retirement obligations (ARO):

An asset retirement obligation is recognized when, as at the financial reporting date, all the following criteria are met:

- There is a legal obligation to incur retirement costs in relations to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle obligation or the discount rate. As all asset retirement obligations are estimated to be settled by the end of 2058, Sheridan used an inflation rate of 2% to help determine the future value of the estimated obligation. This inflation rate is in line with the Bank of Canada's inflation-control target.

2. Significant accounting policies (continued):

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed. The discount rate used to determine the asset retirement cost was determined by reference to Sheridan's cost of borrowing.

The recognition of the retirement obligation liability results in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized on a straight-line basis over the useful life, as outlined in note 2(e).

3. Asset Retirement Obligation Adjustment:

The financial statements of the prior year have been restated to reflect a change in the accounting policy with respect to Asset Retirement Obligations (ARO). As a result of the adoption of this new accounting policy, the following changes have been made to the 2022 financial statements:

		2022
Increase in ARO Tangible Capital Assets	$	2,367,397
Increase in Accumulated Amortization of ARO assets	$	1,357,375
Increase in ARO	$	9,257,501
Decrease in Opening Accumulated Surplus	$	(8,247,479)
Increase in Accretion expense	$	353,772

4. Change in Accounting Policy:

Asset Retirement Obligation

On April 1, 2022, Sheridan adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard provides guidance on the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. As a result, the presentation of the financial statements has changed from the prior year.

This standard was adopted on a modified retroactive application basis at the date of adoption. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. As of the date of adoption of the standard, the relevant discount rate is 4% per annum.

Asbestos Obligation:

On April 1, 2022, Sheridan recognized an asset retirement obligation relating to several buildings owned by the College that contained asbestos. These buildings have been built/purchased over the past 50 years and the liability was measured on assets as of 1) the year asbestos became a legal obligation in Ontario or 2) the date when the asset was acquired.

4. Change in Accounting Policy (continued):

In March of 1986, the Designated Substance – Asbestos on Construction Projects and in Buildings and Repair Operations (O. Reg. 278/05, s. 6, 8, 11-18) regulation came into effect. This regulation requires Sheridan to handle and dispose of the asbestos in the prescribed manner when it is disturbed. The construction of the building and the implementation of this regulation gave rise to Sheridan's asset retirement obligation. The buildings have useful life of 40 years, and this estimate has not changed.

5. Cash and investments:

(a) Cash and investments include the following amounts:

		2023		2022
Cash	$	161,917,761	$	120,789,906
Short-term investments at fair value		45,000,000		40,917,260
Endowment fund investments at fair value		68,281,027		70,241,810
Long-term investments at fair value		162,424,157		135,000,000
Long-term investments at cost		-		688,351
Total cash and investments	$	**437,622,945**	$	367,637,327

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

		2023		2022
Restricted funds, measured at fair value	$	19,304,545	$	18,042,196
Restricted for endowment purposes, measured at fair value (note 5(b))		68,480,217		70,352,541
		87,784,762		88,394,737
Unrestricted investments at cost		-		688,351
Unrestricted cash and investments, measured at fair value		349,838,183		278,554,239
	$	437,622,945	$	367,637,327

Short-term investments are Guaranteed Investment Certificates with a fair market value of $45,000,000 paying interest at a rate of 5.00% maturing February 2024. Long-term investments are Guaranteed Investment Certificates with a fair market value of $46,354,500 paying interest at a rate of 3.01% maturing April 2024 and Redeemable Guaranteed Investment Certificates with a fair market value of $116,069,657 paying interest at a rate of 5.22% maturing November 2024.

On March 31, 2022, short-term investments are Guaranteed Investment Certificates with a fair market value of $40,917,260 paying interest at a rate of 2.70% maturing April 2022. Long-term investments are Guaranteed Investment Certificates with a fair market value of $45,000,000 paying interest at a rate of 2.70% maturing February 2024, and $45,000,000 paying interest at a rate of 3.01% maturing April 2024, and Redeemable Guaranteed Investment Certificates with a fair market value of $45,000,000 paying interest at 3.00% maturing March 2024.

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

5. Cash and investments (continued):

(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.

		2023		2022
Cumulative realized investment income on endowment funds in excess of disbursements	$	31,577,009	$	29,504,802
Cumulative unrealized gains on endowment fund investments		3,620,232		7,763,954
Funds available for use		35,197,241		37,268,756
Cumulative capital contribution (book value) (note 18)		33,282,976		33,083,785
Total endowment funds, measured at fair value	$	68,480,217	$	70,352,541

(c) Investment income and realized investment gains from the cash and investment portfolio related to endowment funds are $5,355,162 for the year ended March 31, 2023 (2022 - $3,581,351). Unrealized loss on endowment fund investments is $4,143,721 for the year ended March 31, 2023 (2022 – unrealized gain of $3,990,484). These amounts are reported in Schedule 1.

6. Accounts receivable:

Accounts receivable is comprised of the following amounts:

		2023		2022
Student accounts receivable	$	10,306,171	$	8,441,431
Investment interest receivable		5,911,798		4,396,150
Taxes receivable		2,482,589		1,617,849
Other accounts receivable		2,459,204		1,849,181
Corporate receivable		942,701		1,476,800
Current portion of student levy receivable (note 7)		892,605		365,269
		22,995,068		18,146,680
Less allowance for doubtful accounts		2,808,823		2,431,318
Total	$	20,186,245	$	15,715,362

7. 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, 2023, is $184,487 (2022 - $174,796).

In November 2021, a new wing was constructed at the Hazel McCallion Campus. Payment for 41% of the building will be provided by future SSUI student levies and 43% of the building will be provided by future athletics 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, 2023, is $708,118 (2022 - $681,824).

8. Capital assets:

2023	Cost	Accumulated amortization	Net carrying value
Land	$ 1,834,889	$ -	$ 1,834,889
Buildings	402,621,022	151,952,302	250,668,720
Parking lots and roadway	2,988,016	-	2,988,016
ARO Building	2,314,746	1,344,170	970,576
Building renovations	57,629,859	27,682,823	29,947,036
Leasehold improvements	2,584,200	316,239	2,267,961
Furniture and fixtures	26,105,951	25,070,072	1,035,879
Computer equipment	25,809,078	23,268,538	2,540,540
Major equipment	63,883,144	38,707,146	25,175,998
Equipment and vehicles	48,784,336	44,536,391	4,247,945
ARO Equipment	52,651	52,450	201
Software implementation	4,072,250	4,072,250	-
Site	1,876,265	223,497	1,652,768
	$ 640,556,407	$ 317,225,878	$ 323,330,529

2022 (Restated with ARO Adj.)	Cost	Accumulated amortization	Net carrying value
Land	$ 1,834,889	$ -	$ 1,834,889
Buildings	402,549,739	139,471,058	263,078,681
Parking lots and roadway	2,988,016	2,776,876	211,140
ARO Building	2,314,745	1,306,213	1,008,532
Building renovations	47,319,919	25,851,674	21,468,245
Leasehold improvements	252,389	60,352	192,037
Furniture and fixtures	25,803,331	24,688,948	1,114,383
Computer equipment	23,830,096	21,816,893	2,013,203
Major equipment	62,257,617	33,583,433	28,674,184
Equipment and vehicles	47,268,333	43,171,233	4,097,100
ARO Equipment	52,651	51,162	1,489
Software implementation	4,072,250	4,072,250	-
Site	1,058,078	127,906	930,172
Construction in progress	105,196	-	105,196
	$ 621,707,249	$ 296,977,998	$ 324,729,251

Included in capital assets is an amount of $10,808,744 (2022 - $9,054,201) relating to assets under development, which were not amortized, since the assets were not completed at year end.

During the year, Sheridan acquired capital assets at an aggregated cost of $19,414,914 (2022 - $53,347,769). Of this amount $2,833,531 (2022- $39,216,147) was transferred from construction in progress for Hazel McCallion Campus C-Wing.

9. Asset Retirement Obligations:

Sheridan's financial statements include an asset retirement obligation for the removal of asbestos in several buildings owned by Sheridan as well as a liability for the removal of hazardous materials in equipment. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 4.00% (2022: 4.00%) which are to be incurred over the next 35 years. The liability for all retirement obligations is expected to be settled by the end of 2058.

Asbestos Obligation
The entity owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building, resulting in a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, Sheridan recognized an obligation related to the removal and post-removal care of the asbestos in these buildings as of April 1, 2022. These buildings had an estimated useful life of 40 years when they were constructed.

The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings, major equipment, and equipment capital assets and the restatement of prior year numbers (see note 3 – Change in Accounting Policies: ARO)

Changes to the asset retirement obligation in the year are as follows:

2023		Asbestos removal		Hazardous equipment removal		Total
Opening balance	$	-	$	-	$	-
Adjustment on the adoption of the asset retirement obligation standard (note 3 – Change in Accounting Policies: ARO)		9,187,277		70,224		9,257,501
Opening balance, as restated		9,187,277		70,224		9,257,501
Accretion expense		367,491		432		367,923
Closing balance	$	9,554,768	$	70,656	$	9,625,424

10. Deferred revenue:

		2023		2022
Student fees and tuition – pre-payments	$	113,102,106	$	43,316,620
Winter term deferral		21,029,506		16,871,715
Special projects		9,244,722		6,490,586
Hazel McCallion Campus Phase 2 project		5,170,158		5,309,735
Ministry funding		2,905,826		2,081,339
Residence		1,350,845		1,421,472
	$	152,803,163	$	75,491,467

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.

11. 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.

12. Long-term debt:

		2023		2022
Gymnasium, Residences, Davis A wing and HMC C 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	$	4,193,846	$	5,143,476
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		1,594,531		2,576,730
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		1,060,351		1,235,146
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		33,421,188		34,646,704
Ontario Financing Authority loan facility (HMC C-Wing) with interest at 3.838% and total principal of $32,608,875. Repayable $1,020,128 semi-annually including interest commencing October 2022 to April 2047		31,812,579		32,608,875
		72,082,495		76,210,931
Less principal amounts due within one year		3,285,294		4,128,436
	$	68,797,201	$	72,082,495

The long-term debt related to the residences and the gymnasium totaling $6,848,728 (2022 - $8,955,352) will be repaid from future student levies and residence fees.

The long-term debt related to the Hazel McCallion Campus C-Wing of $31,812,579 (2022 - $32,608,875) will be partially repaid from future student levies fees (41% from Sheridan Student Union Incorporated and 43% from Sheridan Athletics).

Interest on long-term debt amounted to $2,899,101 (2022 - $1,819,501) and has been included in supplies and services in the statement of operations.

12. Long-term debt (continued):

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

2024	$	3,285,294
2025		5,059,708
2026		3,620,502
2027		3,476,308
2028		2,677,043
Thereafter		53,963,640
Total minimum payments	$	72,082,495

13. 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 operations.

		2023		2022
Balance, beginning of year	$	163,505,211	$	148,352,954
Transfer from deferred contributions for expenses of future periods		12,983		36,870
Transfer from deferred contributions for construction in progress		-		5,500,000
Amounts amortized to revenue		(9,083,283)		(8,699,714)
Contributions received or receivable		6,649,129		18,315,101
Balance, end of year	$	161,084,040	$	163,505,211

(b) 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.

		2023		2022
Balance, beginning of year	$	55,310,953	$	48,282,658
Unrealized gain/(loss) on endowment fund investments		(4,143,721)		3,990,484
Realized investment income on endowment funds		5,355,162		3,581,351
Amounts recognized to revenue for endowment reimbursements		(3,282,956)		(3,134,809)
Amounts recognized to revenue		(13,581,187)		(8,795,646)
Transfer to deferred contributions for capital assets		(12,983)		(36,870)
Amounts received related to future periods		14,856,519		11,423,785
Balance, end of year		$54,501,787	$	55,310,953

14. Invested in capital assets:

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

	2023	2022 (restated)
Balance, beginning of year	$ 87,338,879	$ 98,630,643
Deficiency of revenue over expenditures:		
Amortization of deferred capital contributions	9,083,283	8,699,714
Amortization of capital assets	(20,806,022)	(22,077,866)
Gain (loss) on disposal of capital assets	15,731	-
Accretion expense	(367,923)	(353,772)
	(12,074,931)	(13,731,924)
Net change in invested in capital assets:		
Purchase of capital assets	19,414,914	14,131,622
Transfer from construction in progress	-	39,216,147
Construction in Progress	105,196	-
Amounts financed by:		
Proceeds on disposal of capital assets	(23,345)	-
Deferred contributions	(6,662,112)	(18,351,973)
SSUI Capital Contribution		(5,500,000)
HMC C-Wing OFA Loan		(32,608,875)
HMC C-Wing SSUI Receivable	(681,824)	10,453,323
Davis Gym receivable	160	
	12,152,989	7,340,244
Long-term debt repayment:		
Residences	1,931,829	1,809,516
Davis A Wing	1,225,516	1,184,107
HMC C Wing	796,296	
	3,953,641	2,993,623
Asset Retirement Obligation (ARO) Adjustment		
ARO adjustment		(7,893,707)
		(7,893,707)
Balance, end of year	$ 91,370,578	$ 87,338,879

15. 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:

2024	$	5,189,465
2025		5,163,723
2026		4,698,547
2027		4,409,757
2028		3,557,528
	$	23,019,020

(b) Letters of credit:

Sheridan has posted letters of credit totaling $1,063,745 (2022 - $1,063,745) as security deposits with municipal governments in Halton and Peel regions relating to new building constructions at the Davis, Trafalgar, and Hazel McCallion campuses.

16. 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 the 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 28, 2023 for employee post-employment benefits, August 31, 2022 for non-vesting sick leave and March 31, 2023 for vesting sick leave.

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

		2023		2022
Accrued benefit obligations	$	2,045,000	$	1,887,000
Fair value of plan assets		(497,000)		(516,000)
Funded status-plan deficit		1,548,000		1,371,000
Unamortized actuarial (gain) loss		1,000		(4,000)
Employee future benefits accrual	$	1,549,000	$	1,367,000

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

		2023		2022
Current Service (recovery) expense	$	186,000	$	(115,000)
Interest on accrued benefit obligation		4,000		2,000
Amortization of actuarial gain				(17,000)
Benefit payments		(8,000)		(9,000)
Total employee future benefits (recovery) expense	$	182,000	$	(139,000)

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

		2023		2022
Vesting sick leave:				
Accrued benefit obligation	$	88,000	$	55,000
Unamortized actuarial loss		(8,000)		20,000
Sick leave benefit entitlements		80,000		75,000
Non-vesting sick leave:				
Accrued benefit obligation		9,080,000		8,395,000
Unamortized actuarial gain		(3,412,000)		(2,799,000)
Non-vesting sick leave benefit entitlements		5,668,000		5,596,000
Total sick leave benefit entitlements	$	5,748,000	$	5,671,000

		2023		2022
Vesting sick leave:				
Current service cost	$	3,000	$	3,000
Interest on accrued benefit obligation		2,000		1,000
Amortization of actuarial gain		10,000		(83,000)
Benefit payments		(10,000)		(28,000)
		5,000		(107,000)
Non-vesting sick leave:				
Current service cost		673,000		755,000
Interest on accrued benefit obligation		249,000		164,000
Amortization of actuarial gain		80,000		225,000
Benefit payments		(930,000)		(997,000)
		72,000		147,000
Total sick leave benefits expense	$	77,000	$	40,000

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

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

Sick leave benefit entitlements	10.2 years
Post-employment benefits	11.7 years

These amounts represent the results of the actuarial valuation completed effective February 28, 2023 for employee post-employment benefits, August 31, 2022 for non-vesting sick leave, March 31, 2023 for vesting sick leave and extrapolated to March 31, 2023.

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

Assumptions	2023	2022
Discount rate	3.4% per annum	2.9 % per annum
Medical cost increase		
Hospital:	6.16% per annum in 2023, grading down to 4% by 2040	6.29% per annum in 2022, grading down to 4% by 2040
Drugs:	6.16% per annum in 2023, grading down to 4% by 2040	6.29% per annum in 2022, grading down to 4% by 2040
Other Medical:	6.16% per annum in 2023, grading down to 4% by 2040	6.29% per annum in 2022, grading down to 4% by 2040
Vision/Hearing Care:	6.16% per annum in 2023, grading down to 4% by 2040	6.29% per annum in 2022, grading down to 4% by 2040
Dental costs increase	4% per annum	4% per annum
Expected return on plan assets	1.50%	1.50%

17. 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 of January 1, 2023 indicated an actuarial surplus of $4.7 billion. For the year ending March 31, 2023, Sheridan made contributions to the Plan and its associated retirement compensation arrangement of $19,653,700 (2022 - $19,122,745) which has been recorded in salaries and benefits in the statement of operations.

18. 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 operations 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 $3,282,956 (2022 - $3,140,566). Total investment income recognized as revenue by reducing deferred contributions of endowment expenses of future periods is $2,071,515. For the year ending March 31, 2022, total investment income deferred during the year in excess of disbursement is $4,431,268.

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, 2023 (schedule based on book value):

	2023	2022
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, 2023 (schedule based on book value):

	2023	2022
Balance, beginning of year	$ 25,531,942	$ 25,323,192
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	4,103,351	2,666,926
Bursaries awarded (2023 – 2,183; 2022 – 2,807)	(2,529,831)	(2,458,176)
Balance, end of year	$ 27,105,462	$ 25,531,942
Endowment total based on book value	$ 52,364,170	$ 50,790,650

The market value of the endowment as of March 31, 2023, is $55,301,988 (2022 - $57,119,825).

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

OSOTF II

Schedule of changes in endowed funds related to OSOTF II within the Endowment Fund balance for the year ended March 31, 2023 (schedule based on book value):

		2023		2022
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, 2023 (schedule based on book value):

		2023		2022
Balance, beginning of year	$	498,243	$	481,776
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		91,250		59,065
Bursaries awarded (2023 - 52; 2022 - 40)		(58,089)		(42,598)
Balance, end of year	$	531,404	$	498,243
Endowment total based on book value	$	1,171,578	$	1,138,417

The market value of the endowment as of March 31, 2023, is $1,237,466 (2022 - $1,278,944).

OTSS

Schedule of changes in endowed funds related to OTSS within the Endowment Fund balance for the year ended March 31, 2023 (schedule based on book value):

		2023		2022
Fund balance, beginning of year	$	4,369,203	$	4,365,709
Cash donations received		33,780		3,494
Matching funds from the Ministry		-		-
Preservation of capital		-		-
Fund balance, end of year	$	4,402,983	$	4,369,203

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

Schedule of changes in expendable funds related to OTSS available for awards for the year ended March 31, 2023 (schedule based on book value):

		2023		2022
Balance, beginning of year	$	2,680,376	$	2,573,400
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		560,234		361,219
Bursaries awarded (2023 - 123; 2022 - 142)		(289,613)		(254,243)
Balance, end of year	$	2,950,997	$	2,680,376
Endowment total based on book value	$	7,353,980	$	7,049,579

The market value of the endowment as of March 31, 2023 is $7,761,618 (2022 - $7,918,365).

Total endowment fund balance is comprised of:

		2023		2022
Endowed fund related to OSOTF I, OSOTF II and OTSS within endowment fund	$	30,301,865	$	30,268,085
Other endowed funds		2,981,111		2,815,700
Endowment fund balance, end of year		33,282,976		33,083,785
Expendable funds available for OSOTF I, OSOTF II and OTSS awards		30,587,863		28,710,561
Expendable funds available for other endowed funds		989,146		794,241
Expendable funds within deferred contribution - expenses of future periods based on book value	$	31,577,009	$	29,504,802

The market value of other endowed funds as of March 31, 2023, is $4,179,145 (2022 - $4,035,407).

The market value of total endowment fund as of March 31, 2023, is $68,480,217 (2022 - $70,352,541).

19. Internally restricted net assets:

Internally restricted net assets are for:

		2023		2022
Capital projects	$	103,549,276	$	111,494,561
Strategic initiatives		3,610,394		9,784,675
Operating expenses for the following year		12,525,473		6,879,417
Total	$	119,685,143	$	128,158,653

20. Other revenue:

Other revenue in the statement of operations is comprised of:

		2023		2022
Investment income	$	10,598,477	$	5,677,734
Research grants		7,088,629		5,773,957
Miscellaneous revenue		5,358,180		5,071,493
Total	$	23,045,286	$	16,523,184

21. Supplies and services expenditures:

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

		2023		2022
Services	$	52,906,350	$	41,400,171
Supplies and minor equipment		26,966,804		21,028,105
Plant and property		25,775,423		23,617,381
Other		9,617,056		3,734,346
Total	$	115,265,633	$	89,780,003

22. 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, 2023 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 operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts at March 31, 2023 is $2,808,823 (2022 - $2,431,318).

As of March 31, 2023, $7,969,520 (2022 - $6,773,491) of accounts receivable were past due (31-60 days and onwards) but not impaired.

22. Financial risks and concentration of credit risk (continued):

(a) Credit risk (continued):

The amounts outstanding at year end were as follows:

										2023
							Past due			
		Total		1-30 days		31 – 60 days		61 – 90 days		> 90 days
Student accounts receivable	$	10,306,171	$	145,261	$	248,340	$	3,798,364	$	6,114,206
Corporate receivable		942,701		326,325		117,634		190,703		308,039
Less allowance for doubtful accounts		(2,808,823)		(1,057)		(25)		(242)		(2,807,499)
		8,440,049		470,529		365,949		3,988,825		3,614,746
Investment interest receivable		5,911,798		3,282,956		-		-		2,628,842
Taxes receivable		2,482,589		1,810,098		672,491		-		-
Other accounts receivable		2,459,204		2,095,006		14,198		-		350,000
Current portion of student levy receivable		892,605		892,605		-		-		-
	$	20,186,245	$	8,551,194	$	1,052,638	$	3,988,825	$	6,593,588

										2022
							Past due			
		Total		1-30 days		31 – 60 days		61 – 90 days		> 90 days
Student accounts receivable	$	8,441,431	$	106,375	$	106,833	$	3,498,203	$	4,730,020
Corporate receivable		1,476,800		607,048		70,272		7,879		791,601
Less allowance for doubtful accounts		(2,431,318)		(18,128)		(4,061)		(9,680)		(2,399,449)
		7,486,913		695,295		173,044		3,496,402		3,122,172
Investment interest receivable		4,396,150		3,354,047		128,023		93,829		820,251
Taxes receivable		1,617,849		1,617,849		-		-		-
Other accounts receivable		1,849,181		1,492,058		1,420		-		355,703
Current portion of student levy receivable		365,269		365,269		-		-		-
	$	15,715,362	$	7,524,518	$	302,487	$	3,590,231	$	4,298,126

22. Financial risks and concentration of credit risk (continued):

(a) Credit risk (continued):

Sheridan holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation (CDIC) and provincially regulated credit unions who are insured by the Deposit Insurance Corporation of Ontario (DICO). In the event of default, Sheridan's cash accounts are insured up to $100,000 (2022 - $100,000) for federally regulated chartered banks and up to $250,000 (2022 - $250,000) for provincially regulated credit unions.

There have been no significant changes to the credit risk exposure from 2022.

(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 12.

There have been no significant changes to the liquidity risk exposure from 2022.

(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 2022.

22. Financial risks and concentration of credit risk (continued):

(c) Market risk (continued):

(i) 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 12. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

As of March 31, 2023, 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 $2,722,841 (2022 - $2,462,698).

Sheridan's investments are disclosed in Note 5.

There has been no change to the interest rate risk exposure from 2022.

23. Impairment Loss:

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations.

An impairment occurs when the carrying amount exceeds the estimated undiscounted future cash flows expected to be generated by the asset. An impairment charge is recognized when the carrying amount of the asset exceeds the recoverable amount. If the recoverable amount of an asset is less than the carrying amount, the asset is written down to its recoverable amount as an impairment loss.

An impairment charge of $688,351 for Sheridan's Come from Away production investment is recognized as the estimated recoverable amount of the asset has been written down to $nil.

24. Contingent Liability:

Effective June 2019, the Province of Ontario enacted Bill 124 "Protecting a Sustainable Public Sector for future Generations Act, 2019". This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be "void and of no effect". On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. The impact, if any, to the organization as a result of the Ontario Superior Court decision is not determinable at this time. As such, no provision has been made in the financial statements.

The Sheridan College Institute of Technology and Advanced Learning

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

Year ended March 31, 2023

2023	Endowment fund (note 5 (b))	Endowment fund investment income and disbursements	Bursaries and scholarships	Athletics & Other	Student Centre	Total
Balance, beginning of year	$ 33,083,785	$ 37,268,756	$ 3,888,374	$ 7,613,774	$ 6,540,048	$ 88,394,737
Receipts:						
Donations	199,191	-	2,009,503	2,530,296	2,652,337	7,391,327
Gain and interest on investments (note 5(c))	-	5,355,162	1,082	51,838	243,065	5,651,147
Unrealized loss (note 5(c))	-	(4,143,721)	-	-	-	(4,143,721)
Tuition reinvestment fund contributions	-	-	7,368,398	-	-	7,368,398
Ontario government matching funds and other	-	-	-	-	-	-
	199,191	1,211,441	9,378,983	2,582,134	2,895,402	16,267,151
	33,282,976	38,480,197	13,267,357	10,195,908	9,435,450	104,661,888
Disbursements:						
Awards	-	2,964,413	5,423,765	234,117	-	8,622,295
Other	-	318,543	3,363,939	1,537,123	1,934,300	7,153,905
Transfer between funds	-	-	(6,000)	6,000	-	-
Transfer to operating fund for OFA payment	-	-	-	1,087,943	-	1,087,943
Transfer to deferred capital contributions	-	-	-	12,983	-	12,983
	-	3,282,956	8,781,704	2,878,166	1,934,300	16,877,126
Balance, end of year	$ 33,282,976	$ 35,197,241	$ 4,485,653	$ 7,317,742	$ 7,501,150	$ 87,784,762

2022	Endowment fund (note 5 (b))	Endowment fund investment income and disbursements	Bursaries and scholarships	Athletics & Other	Student Centre	Total
Balance, beginning of year	$ 32,973,054	$ 32,831,730	$ 3,718,004	$ 5,854,927	$ 5,877,997	$ 81,255,712
Receipts:						
Donations	110,731	-	1,742,111	2,393,831	1,686,845	5,933,518
Gain and interest on investments (note 5(c))	-	3,581,351	287	12,445	55,061	3,649,144
Unrealized gain (note 5(c))	-	3,990,484	-	-	-	3,990,484
Tuition reinvestment fund contributions	-	-	5,533,205	-	-	5,533,205
	110,731	7,571,835	7,275,603	2,406,276	1,741,906	19,106,351
	33,083,785	40,403,565	10,993,607	8,261,203	7,619,903	100,362,063
Disbursements:						
Awards		2,825,774	5,105,654	46,804		7,978,232
Other		314,792	2,088,831	468,746	1,079,855	3,952,224
Transfer between funds		(5,757)	(89,252)	95,009		-
Transfer to deferred capital contributions				36,870		36,870
	-	3,134,809	7,105,233	647,429	1,079,855	11,967,326
Balance, end of year	$ 33,083,785	$ 37,268,756	$ 3,888,374	$ 7,613,774	$ 6,540,048	$ 88,394,737