

Sheridan

Financial Statements and Supplementary Information of

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Year ended March 31, 2024

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
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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 13, 2024

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, 2024, 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, 2024, 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.

Independent Auditor's Report (continued)

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 14, 2024

The Sheridan College Institute of Technology and Advanced Learning

Statement of Financial Position

As at March 31, 2024

	2024	2023
		RESTATED (note 3)
Assets		
Current assets:		
Cash (note 5)	\$ 135,979,853	\$ 161,917,761
Short-term investments (note 5)	266,954,500	45,000,000
Grants receivable	525,004	927,168
Accounts receivable (note 6)	23,860,835	20,186,245
Prepaid expenses and deposits	6,599,002	6,367,789
	<u>433,919,194</u>	<u>234,398,963</u>
Endowment fund investments (note 5)	73,029,059	68,281,027
Long-term investments (note 5)	-	162,424,157
Student levy receivable (note 7)	9,009,100	9,939,402
Capital assets (note 8)	355,628,984	360,409,317
	<u>\$ 871,586,337</u>	<u>\$ 835,452,866</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 51,651,164	\$ 46,313,840
Accrued payroll and employee benefits	26,019,935	23,563,211
Current portion of long-term debt (note 12)	5,059,708	3,285,294
Deferred revenue (note 10)	136,386,165	152,803,163
Note payable to Sheridan Student Union Incorporated (note 11)	24,456,916	23,522,269
	<u>243,573,888</u>	<u>249,487,777</u>
Long-term debt (note 12)	63,737,494	68,797,201
Employee future benefits (note 16)	1,577,000	1,549,000
Sick leave benefit entitlements (note 16)	5,848,000	5,748,000
Asset retirement obligation (note 9)	10,116,545	9,625,424
Public private partnerships liability (note 3)	44,821,599	44,090,843
Deferred contributions (note 13):		
Capital assets	158,138,835	161,084,040
Expenses of future periods	45,445,226	42,106,299
	<u>573,258,587</u>	<u>582,488,584</u>

Continued on next page

The Sheridan College Institute of Technology and Advanced Learning

Statement of Financial Position

As at March 31, 2024

	2024	2023
		RESTATED (note 3)
Net assets:		
Unrestricted:		
Operating	43,958,362	30,862,627
Vacation pay accrual	(13,941,904)	(12,822,324)
Employee future benefits accrual (note 16)	(1,577,000)	(1,549,000)
Sick-leave benefit accrual (note 16)	(5,848,000)	(5,748,000)
	<u>22,591,458</u>	<u>10,743,303</u>
Internally restricted (note 19)	158,626,257	124,579,480
Invested in capital assets (note 14)	83,695,002	84,358,523
Restricted for endowments (note 5)	33,415,033	33,282,976
	<u>298,327,750</u>	<u>252,964,282</u>
Commitments (note 15)		
Significant event (note 24)		
	<u>\$ 871,586,337</u>	<u>\$ 835,452,866</u>

See accompanying notes to financial statements

APPROVED BY THE BOARD



Mary E. Hofstetter
Board Chair



Janet Morrison
President and Vice Chancellor

The Sheridan College Institute of Technology and Advanced Learning

Statement of Operations

Year ended March 31, 2024

	2024	2023
		RESTATED (note 3)
Revenue:		
Grants and reimbursements	\$ 88,885,520	\$ 94,254,100
Amortization of deferred contributions related to:		
Capital assets	9,187,320	9,083,283
Expenses of future periods - other	9,319,387	12,493,244
Expenses of future periods - endowment fund	3,298,605	3,282,956
Student tuition	307,581,695	209,262,748
Ancillary operations	16,795,249	14,392,622
Student ancillary fees	52,089,641	39,437,432
Other (note 20)	32,622,763	23,045,286
Gain on disposal of capital assets	51,415	15,731
	519,831,595	405,267,402
Expenditures:		
Salaries and benefits	297,151,902	255,139,356
Supplies and services (note 21)	140,126,907	115,265,633
Amortization of capital assets	22,340,403	21,171,931
Public private partnerships interest expense (note 3)	730,756	728,489
Accretion expense (note 9)	384,644	367,923
Impairment loss (note 23)	-	688,351
Vacation pay (recovery)	1,119,580	(79,076)
Employee future benefits (note 16)	28,000	182,000
Sick leave benefits (note 16)	100,000	77,000
Other expenses related to deferred contributions - schedule 1:		
Awards and bursaries	8,177,697	8,622,295
Other	4,440,295	7,153,905
	474,600,184	409,317,807
Excess (deficiency) of revenue over expenditures	\$ 45,231,411	\$ (4,050,405)

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, 2024

					2024
	Invested in capital assets	Restricted for endowment	Unrestricted including research	Internally restricted	Total
Net assets, beginning of period	\$ 84,358,523	\$ 33,282,976	\$ 10,743,303	\$ 124,579,480	\$ 252,964,282
Excess (deficiency) of revenue over expenditures (note 14)	(14,217,068)	-	59,448,479	-	45,231,411
Endowment fund contributions	-	132,057	-	-	132,057
Investment in capital assets (note 14)	10,452,741	-	(10,452,741)	-	-
Repayment of long-term debt (note 14)	3,100,806	-	(3,100,806)	-	-
Internal restrictions	-	-	(45,231,411)	45,231,411	-
Utilized internal restrictions	-	-	11,184,634	(11,184,634)	-
Net assets, end of period	\$ 83,695,002	\$ 33,415,033	\$ 22,591,458	\$ 158,626,257	\$ 298,327,750

RESTATED (note 3)

					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)	(13,169,329)	-	9,118,924	-	(4,050,405)
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)	-	-
Public private partnerships adjustment (note 3)	(5,917,657)	-	-	-	(5,917,657)
Recategorization of Athletics	-	-	-	4,894,337	4,894,337
Internal restrictions	-	-	(21,194,758)	21,194,758	-
Utilized internal restrictions	-	-	29,668,268	(29,668,268)	-
Net assets, end of year	\$ 84,358,523	\$ 33,282,976	\$ 10,743,303	\$ 124,579,480	\$ 252,964,282

See accompanying notes to financial statements

The Sheridan College Institute of Technology and Advanced Learning

Statement of Cash Flows

Year ended March 31, 2024

	2024	2023
Cash provided by (used in):		RESTATED (note 3)
Operating activities:		
Excess (deficiency) of revenue over expenditures	\$ 45,231,411	\$ (4,050,405)
Items not involving cash:		
Amortization of capital assets	22,340,403	21,171,931
Amortization of deferred contributions related to capital assets	(9,187,320)	(9,083,283)
Gain on disposal of capital assets	(51,415)	(15,731)
Employee future benefits	28,000	182,000
Accretion expense related to ARO	384,644	367,923
Public Private Partnership interest expense	730,756	728,489
Sick leave recovery	100,000	77,000
Impairment Loss - Come From Away	-	688,351
Change in non-cash operating working capital items:		
Grants receivable	402,164	1,590,508
Accounts receivable	(4,567,196)	(3,943,547)
Prepaid expenses and deposits	(231,213)	(1,626,332)
Accounts payable and accrued liabilities	7,794,048	4,555,705
Deferred revenue	(16,416,998)	77,311,696
Note payable to Sheridan Student Union Incorporated	934,647	(669,087)
Deferred contributions related to expenses of future periods	3,338,927	(809,166)
	50,830,858	86,476,052
Financing activities:		
Endowment fund contributions	132,057	199,191
Repayment of long-term debt	(3,285,294)	(4,128,436)
	(3,153,237)	(3,929,245)
Capital activities:		
Purchase of capital assets and construction in progress	(17,468,666)	(19,414,914)
Proceeds on disposal of capital assets	66,490	23,345
Deferred contributions - capital assets	6,242,115	6,662,112
	(11,160,061)	(12,729,457)
Investing activities:		
Net decrease in investments	(64,278,375)	(29,546,114)
Change in student levy receivable	1,822,907	856,619
	(62,455,468)	(28,689,495)
Net (decrease) increase in cash	(25,937,908)	41,127,855
Cash, beginning of period	161,917,761	120,789,906
Cash, end of period	\$ 135,979,853	\$ 161,917,761

See accompanying notes to financial statements

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

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.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

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, its 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.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

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 of 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, 2027.

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 (2023 - 11.7 years).

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

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 from changes in the fair value of financial instruments are 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).

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
Notes to the Financial Statements
Year ended March 31, 2024

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, 2024				
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 266,954,500	\$ -	\$ 266,954,500
Endowment fund investments	73,029,059	-	-	73,029,059
Total investments	\$ 73,029,059	\$ 266,954,500	\$ -	\$ 339,983,559

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

(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.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

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).

(p) Public private partnership (P3):

Effective April 1, 2023, the College adopted new Section PS 3160, Public Private Partnerships, using the retroactive method with restatement. As a result of the adoption, the presentation of the financial statements has changed from the prior year. The standard requires an infrastructure asset and corresponding liability to be recognized.

The impact of adoption of this standard was as follows:

Statement of Financial Position	As at April 1, 2022 (original)	Transition	As at April 1, 2022 (restated)
Tangible Capital Assets	324,729,251	37,444,697	362,173,948
Infrastructure Liability	-	43,362,354	43,362,354
Net Assets	257,838,816	(5,917,657)	251,921,159

Statement of Operations	March 31, 2023 (original)	Transition	March 31, 2023 (restated)
Amortization Expense	20,806,022	365,909	21,171,931
Interest Expense	2,889,101	728,489	3,617,590
Deficiency of revenue over expenditures	(2,956,007)	(1,094,398)	(4,050,405)

3. Public private partnership (P3)

In 2012, the College entered into a public private partnership arrangement with Campus Development Corp (the Partner) for the design, construction, financing, operation and maintenance of a student residence on land owned by the College at 1400 Trafalgar Road, Oakville, which has been leased to the Partner. The effective date of completion of the Student Residence Complex was July 9, 2014. Under the terms of the arrangement, the Partner is responsible for constructing, financing, operating, and maintaining the student residence for a period of 59 years in exchange for cash payments to the Partner over the term of the arrangement.

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Notes to the Financial Statements

Year ended March 31, 2024

3. Public private partnership (cont'd):

Refer to Note 8 – Capital Assets* for information on the cost, accumulated amortization, and net book value of the student residence. If an event of default as defined in the arrangement occurs, the College can terminate the arrangements and repossess the land and the student residence building and replace the Partner as the operator of the student residence. Upon expiry or other termination of the arrangement, the Partner must surrender the student residence building to the College in good condition.

Under the terms of the arrangement, the College is obligated to provide the Partner with access to 1400 Trafalgar Road. The College allocates its payments between the liability principal and interest expense in accordance with the effective interest rate method over the term of the arrangement.

	2024	2023
The liability is repayable in monthly installments of \$254,687 (2023 – \$249,693), which are subject to the Annual Percentage Increase, including interest calculated at a rate of 8.525%, maturing on June 13, 2071.	\$44,821,599	\$44,090,843

During the current year, the interest expense recorded relating to the liability was \$3,786,999 (2023 - \$3,724,806).

In addition, under the terms of the arrangement, the College has a contractual right to receive 20% of the net profits generated from the student residence on an annual basis starting in year 31 to the end of the 59-year arrangement.

4. Public private college partnership

In July 2023, the College entered into a five-year contractual agreement with Canadian College of Technology and Trades (CCTT) in Fort Erie, Ontario. This partnership agreement will enable international students of CCTT to pursue a Sheridan College credential. In the statement of operations, the related revenues are included under Tuition. The amounts paid to the private partner have been reflected within supplies and services fees. Gross revenue from the partnership included in tuition is \$ 5,898,525 (2023 - \$0). Expenses associated with this revenue was \$3,834,041 (2023 - \$0).

5. Cash and investments:

(a) Cash and investments include the following amounts:

	2024	2023
Cash	\$ 135,979,853	\$ 161,917,761
Short-term investments at fair value	266,954,500	45,000,000
Endowment fund investments at fair value	73,029,059	68,281,027
Long-term investments at fair value	-	162,424,157
Total cash and investments	\$ 475,963,412	\$ 437,622,945

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

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Notes to the Financial Statements

Year ended March 31, 2024

5. Cash and investments (cont'd):

	2024		2023 (restated)	
Restricted funds, measured at fair value	\$	5,699,143	\$	6,909,058
Restricted for endowment purposes, measured at fair value (note 5(b))		73,161,116		68,480,217
		78,860,259		75,389,275
Unrestricted cash and investments, measured at fair value		397,103,153		362,233,670
	\$	475,963,412	\$	437,622,945

Short-term investments are Cashable Guaranteed Investment Certificates with a fair market value of \$300,000 paying interest at a rate of 5.75%, Guaranteed Investment Certificates with a fair market value of \$45,000,000 paying interest at a rate of 3.01% maturing April 2024, Guaranteed Investment Certificates with a fair market value of \$50,000,000 paying interest at a rate of 6.25% maturing September 2024, Guaranteed Investment Certificates with a fair market value of \$75,000,000 paying interest at a rate of 5.71% maturing September 2024, Guaranteed Investment Certificates with a fair market value of \$49,100,000 paying interest at a rate of 5.57% maturing September 2024 and Redeemable Guaranteed Investment Certificates with a fair market value of \$46,200,000 paying interest at a rate of 5.80% maturing February 2025.

On March 31, 2023, 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.

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.

	2024		2023	
Cumulative realized investment income on endowment funds in excess of disbursements	\$	31,643,417	\$	31,577,009
Cumulative unrealized gains on endowment fund investments		8,102,666		3,620,232
Funds available for use		39,746,083		35,197,241
Cumulative capital contribution (book value) (note 18)		33,415,033		33,282,976
Total endowment funds, measured at fair value	\$	73,161,116	\$	68,480,217

(c) Investment income and realized investment gains from the cash and investment portfolio related to endowment funds are \$3,365,012 for the year ended March 31, 2024 (2023 - \$5,355,162). Unrealized gain on endowment fund investments is \$4,482,434 for the year ended March 31, 2024 (2023 – unrealized loss of \$4,143,721). These amounts are reported in Schedule 1.

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Notes to the Financial Statements

Year ended March 31, 2024

6. Accounts receivable:

Accounts receivable is comprised of the following amounts:

	2024	2023
Student accounts receivable	\$ 10,628,251	\$ 10,306,171
Investment interest receivable	6,692,643	5,911,798
Taxes receivable	1,369,950	2,482,589
Other accounts receivable	2,576,717	2,459,204
Corporate receivable	3,906,275	942,701
Current portion of student levy receivable (note 7)	930,144	892,605
	26,103,980	22,995,068
Less allowance for doubtful accounts	2,243,145	2,808,823
Total	\$ 23,860,835	\$ 20,186,245

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, 2024, is \$194,717 (2023 - \$184,487).

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, 2024, is \$735,427 (2023 - \$708,118).

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Notes to the Financial Statements

Year ended March 31, 2024

8. Capital assets:

2024	Cost	Accumulated amortization	Net carrying value
Land	\$ 1,834,889	\$ -	\$ 1,834,889
Buildings	404,896,247	158,445,553	246,450,694
Building P3	40,250,000	3,537,121	36,712,879
Parking lots and roadway	2,988,016	2,958,163	29,853
ARO Building	2,314,746	1,382,127	932,619
Building renovations	64,842,403	31,048,728	33,793,675
Leasehold improvements	2,637,674	355,961	2,281,713
Furniture and fixtures	26,344,681	25,364,961	979,720
Computer equipment	26,941,071	23,473,634	3,467,437
Major equipment	65,740,040	43,352,877	22,387,163
Equipment and vehicles	50,209,671	45,555,196	4,654,475
ARO Equipment	159,129	57,918	101,211
Software implementation	4,072,250	4,072,250	-
Site	2,363,279	360,623	2,002,656
	\$ 695,594,096	\$ 339,965,112	\$ 355,628,984

2023 (Restated with Building P3)	Cost	Accumulated amortization	Net carrying value
Land	\$ 1,834,889	\$ -	\$ 1,834,889
Buildings	402,621,022	151,952,302	250,668,720
Building P3	40,250,000	3,171,212	37,078,788
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
	\$ 680,806,407	\$ 320,397,090	\$ 360,409,317

Included in capital assets is an amount of \$8,009,056 (2023 - \$10,808,744) 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 \$17,468,666 (2023 - \$19,414,914). Of this amount \$53,474 (2023- \$2,833,531) was transferred from construction in progress for Hazel McCallion Campus C-Wing.

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Notes to the Financial Statements

Year ended March 31, 2024

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% (2023: 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.

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.

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

2024	Asbestos removal	Hazardous equipment removal	Total
Opening balance	\$ 9,554,768	\$ 70,655	\$ 9,625,423
Liabilities incurred during the year	-	106,478	106,478
Accretion expense	382,191	2,453	384,644
Closing balance	\$ 9,936,959	\$ 179,586	\$ 10,116,545

10. Deferred revenue:

	2024	2023
Student fees and tuition – pre-payments	\$ 86,378,852	\$ 113,102,106
Winter term deferral	28,659,713	21,029,506
Ministry funding	7,559,936	2,905,826
Special projects	7,244,768	9,244,722
Hazel McCallion Campus Phase 2 project	5,170,128	5,170,158
Residence	1,372,768	1,350,845
	\$ 136,386,165	\$ 152,803,163

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.

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Notes to the Financial Statements

Year ended March 31, 2024

12. Long-term debt:

	2024	2023
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	\$ 3,177,590	\$ 4,193,846
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	548,363	1,594,531
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	875,863	1,060,351
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	32,792,451	33,421,188
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	31,402,935	31,812,579
	68,797,202	72,082,495
Less principal amounts due within one year	5,059,708	3,285,294
	\$ 63,737,494	\$ 68,797,201

The long-term debt related to the residences and the gymnasium totaling \$4,601,816 (2023 - \$6,848,728) will be repaid from future student levies and residence fees.

The long-term debt related to the Hazel McCallion Campus C-Wing of \$31,402,935 (2023 - \$31,812,579) 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 \$2,685,489 (2023 - \$2,899,101) and has been included in supplies and services in the statement of operations.

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

2025	\$ 5,059,708
2026	3,620,502
2027	3,476,308
2028	2,677,043
2029	1,242,039
Thereafter	52,721,602
Total minimum payments	\$ 68,797,202

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Notes to the Financial Statements

Year ended March 31, 2024

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.

	2024	2023
Balance, beginning of year	\$ 161,084,040	\$ 163,505,211
Transfer from deferred contributions for expenses of future periods	-	12,983
Amounts amortized to revenue	(9,187,320)	(9,083,283)
Contributions received or receivable	6,242,115	6,649,129
Balance, end of year	<u>\$ 158,138,835</u>	<u>\$ 161,084,040</u>

(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.

	2024	2023 (restated)
Balance, beginning of year	\$ 42,106,299	\$ 55,310,953
Unrealized gain/(loss) on endowment fund investments	4,482,434	(4,143,721)
Realized investment income on endowment funds	3,365,012	5,355,162
Amounts recognized to revenue for endowment reimbursements	(3,299,593)	(3,282,956)
Amounts recognized to revenue	(11,957,275)	(21,082,338)
Transfer to deferred contributions for capital assets	-	(12,983)
Amounts received related to future periods	10,748,349	14,856,519
Restatement of Athletics	-	(4,894,337)
Balance, end of year	<u>45,445,226</u>	<u>\$ 42,106,299</u>

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

14. Invested in capital assets:

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

	2024	2023 (restated)
Balance, beginning of year	\$ 84,358,523	\$ 87,338,879
Deficiency of revenue over expenditures:		
Amortization of deferred capital contributions	9,187,320	9,083,283
Amortization of capital assets	(22,340,403)	(21,171,931)
Gain on disposal of capital assets	51,415	15,731
Public private partnerships interest expense	(730,756)	(728,489)
Accretion expense	(384,644)	(367,923)
	(14,217,068)	(13,169,329)
Net change in invested in capital assets:		
Purchase of capital assets	17,468,666	19,414,914
Construction in Progress	-	105,196
Amounts financed by:		
Proceeds on disposal of capital assets	(66,490)	(23,345)
Deferred contributions	(6,242,115)	(6,662,112)
HMC C-Wing SSUI Receivable	(707,164)	(681,824)
Davis Gym receivable	(156)	160
	10,452,741	12,152,989
Long-term debt repayment:		
Residences	2,062,424	1,931,829
Davis A Wing	409,645	1,225,516
HMC C Wing	628,737	796,296
	3,100,806	3,953,641
Public private partnerships adjustment		
P3 adjustment	-	(5,917,657)
	-	(5,917,657)
Balance, end of year	\$ 83,695,002	\$ 84,358,523

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Notes to the Financial Statements

Year ended March 31, 2024

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:

2025	\$	5,290,800
2026		4,861,867
2027		4,484,356
2028		4,485,897
2029		4,602,645
	\$	23,725,565

(b) Letters of credit:

Sheridan has posted letters of credit totaling \$1,063,745 (2023 - \$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.

(c) P3 Contractual agreement

The College has entered into a 59-year contract for the delivery of property management services related to its Student Residence Complex, which requires the College to pay the service provider \$155 (inclusive of non-recoverable HST), per bed, per month (adjusted for CPI annually). Currently there are 48 years remaining on this contract.

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.

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Notes to the Financial Statements

Year ended March 31, 2024

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

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

	2024		2023	
Accrued benefit obligations	\$	2,110,000	\$	2,045,000
Fair value of plan assets		(513,000)		(497,000)
Funded status-plan deficit		1,597,000		1,548,000
Unamortized actuarial (gain) loss		(20,000)		1,000
Employee future benefits accrual	\$	1,577,000	\$	1,549,000

	2024		2023	
Current Service expense	\$	53,000	\$	186,000
Interest on accrued benefit obligation		4,000		4,000
Amortization of actuarial gain		(22,000)		-
Benefit payments		(7,000)		(8,000)
Total employee future benefits expense	\$	28,000	\$	182,000

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

	2024		2023	
Vesting sick leave:				
Accrued benefit obligation	\$	103,000	\$	88,000
Unamortized actuarial loss		(14,000)		(8,000)
Sick leave benefit entitlements		89,000		80,000
Non-vesting sick leave:				
Accrued benefit obligation		10,572,000		9,080,000
Unamortized actuarial gain		(4,813,000)		(3,412,000)
Non-vesting sick leave benefit entitlements		5,759,000		5,668,000
Total sick leave benefit entitlements	\$	5,848,000	\$	5,748,000

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

	2024	2023
Vesting sick leave:		
Current service cost	\$ 2,000	\$ 3,000
Interest on accrued benefit obligation	3,000	2,000
Amortization of actuarial loss	4,000	10,000
Benefit payments	-	(10,000)
	9,000	5,000
Non-vesting sick leave:		
Current service cost	595,000	673,000
Interest on accrued benefit obligation	311,000	249,000
Amortization of actuarial loss	241,000	80,000
Benefit payments	(1,056,000)	(930,000)
	91,000	72,000
Total sick leave benefits expense	\$ 100,000	\$ 77,000

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	2024	2023
Discount rate	3.5 % per annum	3.4 % per annum
Medical cost increase		
Hospital:	6.16% per annum in 2023, grading down to 4% by 2040	6.16% per annum in 2023, grading down to 4% by 2040
Drugs:	6.16% per annum in 2023, grading down to 4% by 2040	6.16% per annum in 2023, grading down to 4% by 2040
Other Medical:	6.16% per annum in 2023, grading down to 4% by 2040	6.16% per annum in 2023, grading down to 4% by 2040
Vision/Hearing Care:	6.16% per annum in 2023, grading down to 4% by 2040	6.16% per annum in 2023, grading down to 4% by 2040
Dental costs increase	4% per annum	4% per annum
Expected return on plan assets	5.30%	4.20%

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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, 2024 indicated an actuarial surplus of \$5.3 billion. For the year ending March 31, 2024, Sheridan made contributions to the Plan and its associated retirement compensation arrangement of \$22,291,181 (2023 - \$19,653,700) 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 \$3,299,593 (2023 - \$3,282,956). Total investment income deferred during the year in excess of disbursement is \$4,547,854. For the year ending March 31, 2023, total investment income recognized as revenue by reducing deferred contributions of endowment expenses of future periods is \$2,071,515.

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, 2024 (schedule based on book value):

	2024	2023
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

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

Schedule of changes in expendable funds related to OSOTF I available for awards for the year ended March 31, 2024 (schedule based on book value):

	2024	2023
Balance, beginning of year	\$ 27,105,462	\$ 25,531,942
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	2,451,691	4,103,351
Bursaries awarded (2024 – 2,052; 2023 – 2,183)	(2,359,285)	(2,529,831)
Balance, end of year	\$ 27,197,868	\$ 27,105,462
Endowment total based on book value	\$ 52,456,576	\$ 52,364,170

The market value of the endowment as of March 31, 2024, is \$59,013,064 (2023 - \$55,301,988).

OSOTF II

Schedule of changes in endowed funds related to OSOTF II within the Endowment Fund balance for the year ended March 31, 2024 (schedule based on book value):

	2024	2023
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, 2024 (schedule based on book value):

	2024	2023
Balance, beginning of year	\$ 531,404	\$ 498,243
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	54,298	91,250
Bursaries awarded (2024 - 41; 2023 - 52)	(56,026)	(58,089)
Balance, end of year	\$ 529,676	\$ 531,404
Endowment total based on book value	\$ 1,169,850	\$ 1,171,578

The market value of the endowment as of March 31, 2024, is \$1,316,871 (2023 - \$1,237,466).

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

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

OTSS

Schedule of changes in endowed funds related to OTSS within the Endowment Fund balance for the year ended March 31, 2024 (schedule based on book value):

	2024	2023
Fund balance, beginning of year	\$ 4,402,983	\$ 4,369,203
Cash donations received	21,382	33,780
Matching funds from the Ministry	-	-
Preservation of capital	-	-
Fund balance, end of year	\$ 4,424,365	\$ 4,402,983

Schedule of changes in expendable funds related to OTSS available for awards for the year ended March 31, 2024 (schedule based on book value):

	2024	2023
Balance, beginning of year	\$ 2,950,997	\$ 2,680,376
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	316,268	560,234
Bursaries awarded (2024 - 119; 2023 - 123)	(384,510)	(289,613)
Balance, end of year	\$ 2,882,755	\$ 2,950,997
Endowment total based on book value	\$ 7,307,120	\$ 7,353,980

The market value of the endowment as of March 31, 2024 is \$8,223,065 (2023 - \$7,761,618).

Total endowment fund balance is comprised of:

	2024	2023
Endowed fund related to OSOTF I, OSOTF II and OTSS within endowment fund	\$ 30,323,247	\$ 30,301,865
Other endowed funds	3,091,786	2,981,111
Endowment fund balance, end of year	33,415,033	33,282,976
Expendable funds available for OSOTF I, OSOTF II and OTSS awards	30,610,299	30,587,863
Expendable funds available for other endowed funds	1,033,118	989,146
Expendable funds within deferred contribution - expenses of future periods based on book value	\$ 31,643,417	\$ 31,577,009

The market value of other endowed funds as of March 31, 2024, is \$4,608,116 (2023 - \$4,179,145).

The market value of total endowment fund as of March 31, 2024, is \$73,161,116 (2023 - \$68,480,217).

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

19. Internally restricted net assets:

Internally restricted net assets represent funds set aside by the College for future initiatives and consist of the following:

	2024	2023 (restated)
Capital projects	\$ 131,067,776	\$ 108,443,613
Strategic initiatives	5,021,098	3,610,394
Operating expenses for the following year	22,537,384	12,525,473
Total	<u>\$ 158,626,258</u>	<u>\$ 124,579,480</u>

20. Other revenue:

Other revenue in the statement of operations is comprised of:

	2024	2023
Investment income	\$ 17,889,384	\$ 10,598,477
Research grants	7,745,941	7,088,629
Miscellaneous revenue	6,987,438	5,358,180
Total	<u>\$ 32,622,763</u>	<u>\$ 23,045,286</u>

21. Supplies and services expenditures:

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

	2024	2023
Services	\$ 65,091,336	\$ 52,906,350
Supplies and minor equipment	30,476,955	26,966,804
Plant and property	27,579,300	25,775,423
Other	16,979,316	9,617,056
Total	<u>\$ 140,126,907</u>	<u>\$ 115,265,633</u>

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

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, 2024 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, 2024 is \$2,243,145 (2023 - \$2,808,823).

As of March 31, 2024, \$8,414,440 (2023 - \$7,969,520) of accounts receivable were past due (31-60 days and onwards) but not impaired.

The amounts outstanding at year end were as follows:

	2024				
	Total	1-30 days	Past due		
			31 – 60 days	61 – 90 days	> 90 days
Student accounts receivable	\$ 10,628,251	\$ 489,696	\$ 184,260	\$ 5,631,837	\$ 4,322,458
Corporate receivable	3,906,275	3,387,245	441,340	10,774	66,916
Less allowance for doubtful accounts	(2,243,145)	(48)	(38)	(248)	(2,242,811)
	12,291,381	3,876,893	625,562	5,642,363	2,146,563
Investment interest receivable	6,692,643	2,177,286	605,444	1,185,589	2,724,324
Taxes receivable	1,369,950	1,369,950	-	-	-
Other accounts receivable	2,576,717	2,196,477	8,028	10,025	362,187
Current portion of student levy receivable	930,144	930,144	-	-	-
	\$ 23,860,835	\$ 10,550,750	\$ 1,239,034	\$ 6,837,977	\$ 5,233,074

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING
Notes to the Financial Statements
Year ended March 31, 2024

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

	2023				
	Total	1-30 days	31 – 60 days	Past due	
				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

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 (2023 - \$100,000) for federally regulated chartered banks and up to \$250,000 (2023 - \$250,000) for provincially regulated credit unions.

There have been no significant changes to the credit risk exposure from 2023.

(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 2023.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

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

(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 2023.

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

As of March 31, 2024, 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 \$3,321,450 (2023 - \$2,722,841).

Sheridan's investments are disclosed in Note 5.

There has been no change to the interest rate risk exposure from 2023.

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

Year ended March 31, 2024

23. Comparative Figures

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

24. Significant event

On January 22, 2024, the Government of Canada (the "Government") announced an intake cap on international student permit applications for a period of two years, resulting in a reduction of approximately 35% of approved study permits from 2023. At the end of 2024, the Government will reassess the number of new study permits that will be processed in 2025.

In addition, as a result of these policy changes, students at public-private partnership campuses in Ontario will no longer be eligible for post-graduate work permits, which affects the sustainability of these partnerships.

A significant portion of the College's tuition revenues is derived from international students and the College is assessing the impact of this announcement on its ability to earn revenue from international students.

Amounts currently included in deferred revenue may be required to be reclassified to accounts payable and accrued liabilities once management has assessed the impact of this announcement.

The Sheridan College Institute of Technology and Advanced Learning
Schedule 1 - Endowment and Deferred Contributions for Expenses of Future Periods

Year ended March 31, 2024

	2024					
	Endowment fund (note 3(b))	Endowment fund investment income and disbursements	Bursaries and scholarships	Other	Student Centre	Total
Balance, beginning of period	\$ 33,282,976	\$ 35,197,241	\$ 4,485,653	\$ 2,423,405	\$ -	\$ 75,389,275
Receipts:						
Donations	132,057	-	2,224,729	972,640	2,327,869	5,657,295
Gain and interest on investments (note 5(b))	-	3,365,012	1,620	34,252	311,008	3,711,892
Unrealized gain (note 5(b))	-	4,482,435	-	-	-	4,482,435
Tuition reinvestment fund contributions	-	-	4,876,231	-	-	4,876,231
Ontario government matching funds and other	-	-	-	-	-	-
	<u>132,057</u>	<u>7,847,447</u>	<u>7,102,580</u>	<u>1,006,892</u>	<u>2,638,877</u>	<u>18,727,853</u>
	33,415,033	43,044,688	11,588,233	3,430,297	2,638,877	94,117,128
Disbursements:						
Awards	-	2,932,129	4,903,874	341,694	-	8,177,697
Other	-	367,464	3,039,203	1,033,628	-	4,440,295
Transfer between funds	-	(988)	587	401	-	-
Transfer to note payable to SSUI	-	-	-	-	2,638,877	2,638,877
Transfer to deferred capital contributions	-	-	-	-	-	-
	<u>-</u>	<u>3,298,605</u>	<u>7,943,664</u>	<u>1,375,723</u>	<u>2,638,877</u>	<u>15,256,869</u>
Balance, end of period	\$ 33,415,033	\$ 39,746,083	\$ 3,644,569	\$ 2,054,574	\$ -	\$ 78,860,259
						RESTATED (note 3)
						2023
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(b))	-	5,355,162	1,082	51,838	243,065	5,651,147
Unrealized gain (note 5(b))	-	(4,143,721)	-	-	-	(4,143,721)
Tuition reinvestment fund contributions	-	-	7,368,398	-	-	7,368,398
Ontario government matching funds and other	-	-	-	-	-	-
	<u>199,191</u>	<u>1,211,441</u>	<u>9,378,983</u>	<u>2,582,134</u>	<u>2,895,402</u>	<u>16,267,151</u>
	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 note payable to SSUI	-	-	-	-	7,501,150	-
Transfer to deferred capital contributions	-	-	-	12,983	-	12,983
	<u>-</u>	<u>3,282,956</u>	<u>8,781,704</u>	<u>2,878,166</u>	<u>9,435,450</u>	<u>24,378,276</u>
Recategorization of Athletics	-	-	-	(4,894,337)	-	(4,894,337)
Balance, end of year	\$ 33,282,976	\$ 35,197,241	\$ 4,485,653	\$ 2,423,405	\$ -	\$ 75,389,275