Consolidated Financial Statements of

The Georgian College of Applied Arts and Technology

Year Ended March 31, 2020

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June 2020

Management's Responsibility For Financial Reporting

The consolidated financial statements of the Georgian College of Applied Arts and Technology (the "College") are the responsibility of management and have been approved by the Board of Governors.

The consolidated 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 (PSAB). 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 Finance and Audit Committee is appointed by the Board of Governors and meets regularly with management, as well as the external auditors, to review matters relating to financial sustainability, controllership and auditing matters as well as financial reporting. The Committee vets matters of significance with regards to the budget, financial statements and the external auditor's report to ensure the Board is able to properly discharge its responsibilities.

The Finance and Audit Committee provided oversight and guidance as the college addressed these fiscal sustainability matters. The Committee reports its findings to the Board for consideration when making recommendations to the Board with financial implications.

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 and Audit Committee.

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

MaryLynn West-Moynes

MaryLynn WestMoynes
President and CEO

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Independent Auditor's Report

To the Board of Governors of The Georgian College of Applied Arts and Technology

Opinion

We have audited the consolidated financial statements of The Georgian College of Applied Arts and Technology (the "College"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, consolidated statement changes in net assets, consolidated statement of cash flows and consolidated statement of remeasurement gains and losses for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 Consolidated Financial Statements

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

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

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

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Mississauga. Ontario
June 25, 2020

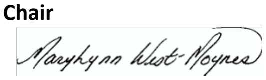
The Georgian College of Applied Arts and Techonology
Consolidated Statement of Financial Position
As of: March 31, 2020

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 70,639,191	$ 53,419,982
Restricted Cash	6,563,882	7,415,423
Accounts and Grants Receivable (Note 2)	10,503,262	6,684,236
Inventory (Note 3)	2,136,531	1,795,966
Prepaid Expenses	4,306,659	3,889,157
Current Portion of Notes and Pledges Receivable (Note 4)	3,171,713	2,735,496
Total Current Assets	**97,321,238**	**75,940,260**
Investments (Note 6)	9,953,371	10,952,968
Notes and Pledges Receivable (Note 4)	5,042,780	8,087,590
Construction in Progress (Note 7)	1,540,931	2,524,924
Capital Assets (Note 8)	166,711,162	167,819,591
Service Concession Assets (Note 9)	17,100,657	17,190,051
TOTAL ASSETS	**$ 297,670,139**	**$ 282,515,384**
LIABILITIES		
Current Liabilities		
Accounts and Grants Payable and Accrued Liabilities (Note 11)	$ 50,099,699	$ 38,869,770
Current Portion of Long Term Debt Payable (Note 15A)	1,482,000	1,685,627
Deferred Revenue (Note 12)	17,336,597	14,594,629
Vacation Pay Payable	5,569,644	5,030,158
Due to Student Associations (Note 13)	8,408,779	6,621,170
Total Current Liabilities	**82,896,719**	**66,801,354**
Post-Employment Benefits and Compensated Absences (Note 19)	6,182,080	6,037,566
Long Term Debt Payable (Note 15A)	12,548,000	14,030,000
Long Term Service Concession Deferred Revenue (Note 9)	16,501,313	16,680,101
Deferred Capital Contributions (Note 16)	126,736,979	130,973,395
Deferred Contributions (Note 17)	10,503,463	9,602,714
Interest Rate Swaps (Note 15B)	2,963,666	2,871,942
TOTAL LIABILITIES	**258,332,220**	**246,997,072**
NET ASSETS		
Unrestricted Net Assets		
Unrestricted Operating	$ 11,908,784	$ 2,864,318
Post-Employment Benefits and Compensated Absences (Note 19)	(6,182,080)	(6,037,566)
Vacation Pay Accrual	(5,569,644)	(5,030,158)
Total Unrestricted	**157,060**	**(8,203,406)**
Investment in Capital Assets (Note 18)	29,175,777	32,769,704
Internally Restricted Funds (Note 20)	5,260,000	4,864,991
Endowment Funds (Note 21)	7,708,748	8,958,965
	42,301,585	**38,390,254**
Accumulated Remeasurement Losses	(2,963,666)	(2,871,942)
TOTAL NET ASSETS	**39,337,919**	**35,518,312**
TOTAL LIABILITIES AND NET ASSETS	**$ 297,670,139**	**$ 282,515,384**

See accompanying notes to the consolidated financial statements.

Approved by the Board of Governors

Chair



President

The Georgian College of Applied Arts and Technology
Consolidated Statement of Operations
For the Year Ended: March 31, 2020

	2020	2019
Revenue		
Grants and Reimbursements	$ 76,441,924	$ 88,350,816
Tuition Revenue	101,089,076	92,937,371
Ancillary Operations Revenue	17,706,835	19,673,299
Other Student Fees	22,524,952	18,443,560
Other Revenues	7,015,959	9,886,479
Amortization of Deferred Capital Contributions	8,603,965	8,225,905
Contractual and Other Fee-for-Service	2,692,006	2,105,921
Total Revenue	**236,074,717**	**239,623,351**
Expenditure		
Salaries and Benefits	140,985,248	133,246,666
Ancillary Operations Non Salary Expenditure	8,298,016	9,631,240
Services	20,101,571	20,024,961
Amortization of Capital Assets	13,803,478	12,913,556
Maintenance, Utilities, and Municipal Taxes	14,386,097	13,580,717
Supplies and Minor Equipment	10,366,141	10,721,496
Interest and Insurance Expenditures	7,580,803	6,388,008
Tranportation and Communication	2,915,518	3,545,699
Rental Expenditures	2,729,499	3,292,037
Other Expenses	9,746,798	9,524,122
Total Expenditure	**230,913,169**	**222,868,502**
Excess Revenue over Expenditure	**$ 5,161,548**	**$ 16,754,849**

See accompanying notes to the consolidated financial statements.

The Georgian College of Applied Arts and Technology
Consolidated Statement of Changes in Net Assets

For the Year Ended: March 31, 2020	Unrestricted	Capital (Note 18)	Restricted: Internally Restricted (Note 20)	Restricted: Externally Restricted (Note 21)	Total
Balance - Beginning of Year	$ (8,203,406)	$ 32,769,704	$ 4,864,991	$ 8,958,965	$ 38,390,254
Endowments received during the year	-	-	-	251,453	251,453
Unrealized Gain (Loss) on Endowments	-	-	-	(1,501,670)	(1,501,670)
Excess Revenue over Expenditure (Expenditure over Revenue)	9,876,658	(5,110,119)	395,009	-	5,161,548
Investment in Capital Assets	(1,516,192)	1,516,192	-	-	-
Balance - End of Year	**$ 157,060**	**$ 29,175,777**	**$ 5,260,000**	**$ 7,708,748**	**$ 42,301,585**

For the Year Ended: March 31, 2019	Unrestricted	Capital	Restricted: Internally Restricted	Restricted: Externally Restricted	Total
Balance - Beginning of Year	$ (8,372,651)	$ 20,604,100	$ 444,991	$ 8,784,874	$ 21,461,314
Endowments received during the year	-	-	-	154,582	154,582
Unrealized Gain on Endowments	-	-	-	19,509	19,509
Excess Revenue over Expenditure (Expenditure over Revenue)	16,924,727	(4,589,878)	4,420,000	-	16,754,849
Investment in Capital Assets	(16,755,482)	16,755,482	-	-	-
Balance - End of Year	**$ (8,203,406)**	**$ 32,769,704**	**$ 4,864,991**	**$ 8,958,965**	**$ 38,390,254**

See accompanying notes to the consolidated financial statements.

The Georgian College of Applied Arts and Techonology
Consolidated Statement of Cash Flows
For the Year Ended: March 31, 2020

Increase (decrease) in cash	**2020**	**2019**
OPERATING ACTIVITIES		
Excess Revenue over Expenditure	$ 5,161,548	$ 16,754,849
Items not involving Cash		
Amortization of capital assets	13,803,478	12,913,556
Amortization of deferred capital contributions	(8,603,965)	(8,225,905)
Amortization of service concession assets	89,394	89,394
Amortization of service concession deferred revenue	(178,788)	(178,788)
Gain on disposal of capital assets		(8,380)
Post-employment benefits and compensated absences	144,514	144,313
	10,416,181	21,489,039
Changes in Non-Cash Working Capital		
Accounts Receivable	(3,819,026)	(941,001)
Inventory	(340,565)	314,108
Prepaid Expenses	(417,502)	(702,466)
Accounts and grants payable and accrued liabilities	11,229,929	3,881,303
Deferred Revenue	2,741,968	(286,414)
Change in vacation pay payable	539,486	33,574
Due to Student Associations	1,787,609	854,703
	22,138,080	24,642,846
INVESTING ACTIVITIES		
Unrealized loss (gain) on investments	1,501,670	(19,509)
Repayment (advances) of notes receivable	2,608,593	(5,967,102)
	4,110,263	(5,986,611)
FINANCING ACTIVITIES		
Repayment of capital leases	-	(2,019)
Repayment of long term debt payable	(1,685,627)	(2,084,473)
	(1,685,627)	(2,086,492)
CAPITAL ACTIVITIES		
Contributions received for capital purposes	4,367,549	19,662,171
Invested in construction in progress	983,993	15,662,922
Purchase of capital assets	(12,695,049)	(36,563,191)
	(7,343,507)	(1,238,098)
Increase in cash	17,219,209	15,331,645
Cash, beginning of year	53,419,982	38,088,337
Cash, end of year	$ 70,639,191	$ 53,419,982

See accompanying notes to the consolidated financial statements.

The Georgian College of Applied Arts and Technology
Consolidated Statement of Remeasurement Gains and Losses
As of: March 31, 2020

	2020	2019
Accumulated Remeasurement Losses at beginning of year	$ 2,871,942	$ 3,054,065
Unrealized gains (losses) attributable to:		
Derivative - interest rate swap	91,724	(182,123)
Net remeasurement (losses) gains for the year	91,724	(182,123)
Accumulated Remeasurement Losses at end of year	$ 2,963,666	$ 2,871,942

See accompanying notes to the consolidated financial statements.

GENERAL

The Georgian College of Applied Arts and Technology (the "College") was established under the Ministry of Colleges and Universities Act as a corporation in 1967. Excellence in teaching and learning is at the heart of its mission. Georgian helps students achieve their career and life goals by delivering academic excellence in a uniquely nurturing environment.

The College is a registered charity and therefore is, under Section 149 of the Income Tax Act, exempt from payment of income tax.

1. SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements of the College 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 ("PSAB for Government NPOs"). The most significant of which are as follows:

(A) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

(B) REVENUES

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

i) Grants received for operations from the Ministry of Colleges, and Universities Ontario (MCU) and other governmental agencies are recorded as revenue in the year to which they relate. Grants approved but not received at the end of the fiscal year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

ii) Capital grants and contributions restricted for the purchase of capital assets are deferred when the monies are received, and subsequently amortized to revenue on a straight-line basis over the useful life of the related capital asset.

iii) Tuition fees are recorded in the accounts based on the academic period of the specific courses. Tuition fees are deferred to the extent that the courses extend beyond the fiscal year of the College.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

iv) Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in endowment net assets.

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

v) Other operating revenues are deferred to the extent that related services provided, or goods sold are rendered/delivered subsequent to the end of the College's fiscal year.

(C) VALUATION OF INVENTORIES

Inventory consists of textbooks, stationery, giftware, computer hardware and software, food and liquor, metals, printed stationery and materials for maintenance. Inventories are valued at the lower of cost, determined on the first-in first-out basis and net realizable value. The cost includes all acquisition costs incurred in bringing inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any applicable expenses.

(D) CAPITAL ASSETS

Purchased assets are stated at cost. Donated assets are recorded at their fair market value at the date of donation.

When a capital asset no longer contributes to the College's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capital assets are amortized on a straight-line basis using the following estimate of useful lives:

ASSET	USEFUL LIFE
Land	n/a
Land Improvements	25 years
Buildings	40 years
Building Renovations & Enhancements	15 years
Portables	10 years
Site improvements	10 years
Leasehold improvements	1st term of the lease
Furniture and fixtures	5 years
Equipment and vehicles	5 years
Computers – Networking Equipment	5 years
Computers – Servers & Storage	4 years
Computers – AV Equipment	3 years
Major equipment & Enterprise Software	10 years
Non Enterprise Software	5 years
Leased equipment	Term of lease

Construction in progress is not recorded as a capital asset, or amortized until construction is complete and the asset is put into use.

(E) RETIREMENT AND POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

The College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave, and non-vesting sick leave. The College has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis. Any calculations relating to any contractual arrangements outside of the above noted circumstances have been determined by management using the same assumptions as the actuary.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

(iii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

(iv) Compensated absences are determined by management.

(v) The discount used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

(F) RELATED ORGANIZATIONS

IRDI Technologies Inc. is a wholly-owned subsidiary of the College. It was acquired by the College effective April 1, 2004.

The Georgian College Foundation is a non-profit corporation without share capital incorporated by letters patent under The Corporations Act (Ontario) on July 25, 1991. Prior to April 1, 2007 it was responsible for the long-term fundraising for The Georgian College of Applied Arts and Technology. Effective April 1, 2007, the College assumed the ongoing and future fundraising and philanthropic activities of the Foundation. The College assumed all of the Foundation's existing and future property and assets both realized and unrealized, in whole or in part. With this change the management of the Board of the Georgian College Foundation now falls under the control of the Board of Governors of the College.

These consolidated financial statements include the assets, liabilities, and results of operations of IRDI Technologies Inc. and The Georgian College Foundation with those of the College. All inter-company balances have been eliminated upon consolidation.

(G) COST ALLOCATIONS

The expenditures are reported, as required, by the Ministry of Training, Colleges and Universities Development "College Financial Information System" (CFIS), as per revised guidelines issued May 14, 1998. As well, the College has followed the cost allocation plan approved by the Committee of Finance Officers and the Committee of Presidents of the Colleges of Applied Arts and Technology and endorsed by the Ministry of Training, Colleges and Universities Development.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accordingly, direct costs are charged to programs and courses on an actual basis wherever possible and elsewhere allocated on the basis of full-time equivalent students.

(H) MANAGEMENT ESTIMATES

The preparation of these consolidated financial statements in accordance with PSAB for Government NPOs requires College management to make estimates, and assumptions that affect the reported amounts of revenue and expenditure, assets and liabilities, and the disclosure of contingent assets and contingent liabilities at the date of the financial statements. Significant account estimates include allowance for doubtful accounts, useful life of capital assets, asset impairments, actuarial estimation of post-employment benefits and compensated absences liabilities, fair value of interest rate swap, payroll accrual and vacation pay. Actual results could differ from these estimates.

(I) GIFTS IN KIND

Contributed materials and services are recorded in the accounts at fair market value when such a value can reasonably be estimated. During the fiscal year, $51,000 (2019 - $185,609) of gifts in kind were received. The College has built up a permanent study collection of Canadian and International art whereby the value of these pieces has not been included in the books of the College.

(J) FINANCIAL INSTRUMENTS

The College classifies its financial instruments as either fair value or amortized cost. The College's accounting policy for each category is as follows:

FAIR VALUE

This category includes derivatives and equity instruments quoted in an active market. The College has designated its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the College manages and reports performance of it on a fair value basis.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in the fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized. Once realized, they are transferred to the consolidated statement of operations, except for those gains and losses of a financial asset in the fair value category that is externally restricted. These gains and losses are recorded as deferred contributions until used for the purpose specified.

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

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

AMORTIZED COST

This category includes accounts and grants receivable, notes receivable from the student associations and the alumni association, accounts and grants payable and accrued liabilities, vacation pay payable, grants payable, due to student associations, and long term debt payable. They are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

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

2. ACCOUNTS AND GRANTS RECEIVABLE

	2020	2019
Student Receivables	$5,041,923	$4,556,367
Staff	34,427	49,124
Trade and Other	2,467,157	2,068,994
Grants Receivable	2,959,755	9,751
	$10,503,262	$6,684,236

3. INVENTORY

	2020	2019
Beginning Inventory	$1,795,966	$2,110,074
Purchases	4,992,963	5,168,852
Goods Available	6,788,929	7,278,926
Less Cost of Goods Sold / Adjustments	(4,652,398)	(5,482,960)
Ending Inventory	$2,136,531	$1,795,966

4. NOTES AND PLEDGES RECEIVABLE

The Student Association in Barrie has committed to contribute the construction cost of the Student Centre completed in 1997/98 and an expansion to the athletic facilities, within the Student Centre, completed in September 2003. The Student Association will make annual minimum payments of $550,000, until the balance, including accrued interest is paid in full. The College has arranged financing to support this note receivable which is charged the same rate of interest as that paid by the College to the lending institution. (See Note 15).

The Student Association in Orillia has committed to contribute the construction cost of a Fitness Centre which was completed in 2004/05. The Student Association will make annual minimum payments of $130,000, until the balance, including accrued interest is paid in full. This portion of the note receivable is funded by the College from its own resources and bears interest between 0.65% and 2.25% (2019 - 1.75 and 2.25%). The interest charged was $8,162 (2019 - $10,069).

The Student Association in Barrie has committed to contribute $2,671,789 to the expansion cost of The Last Class-Barrie which was completed September 2012. The Student Association will make semi-annual minimum blended principal and interest payments of $138,286 until the balance is paid in full. The receivable bears an interest rate of 3.626%.

The Alumni Association has signed a note payable of $500,000 for the Power of Education Campaign on April 1, 2009. The Alumni Association will make annual minimum payments of $75,000 until this balance is reached. The current portion of the note outstanding at March 31, 2020 is $nil (2019 - $72,314), with the non-current portion being $nil (2019 - $nil). This Note Receivable is non-interest bearing.

Since the rate that the College charged the Alumni Association was not at market at inception, the carrying value of the instrument has been adjusted to fair value. The net unamortized balance at March 31, 2020 of the decrease to the financial asset resulting from this adjustment is $5,277 (2019 - $2,686).

Notes Receivable	Barrie	Orillia	Barrie TLC	Alumni	Total
Balance, beginning of year	$2,299,117	$397,250	$1,254,405	$72,314	$4,023,086
Payments received	(550,000)	(130,000)	(276,572)	(75,000)	(1,031,572)
Interest charged	118,740	8,162	43,391	---	170,293
Amortization of Financial Instrument	---	---	---	2,686	2,686
Balance, end of year	1,867,857	275,412	1,021,224	---	3,164,493
Less Current Portion	(550,000)	(130,000)	(241,713)	---	(921,713)
	$1,317,857	$145,412	$779,511	$---	$2,242,780

4. NOTES AND PLEDGES RECEIVABLE (cont'd)

Pledges receivable includes pledges from organizations for major capital projects. They are recognized if the amount to be received is reasonably estimated and the ultimate collection is reasonably assured. The current portion of the pledges receivable at March 31, 2020 is $2,250,000 (2019 - $1,750,000), with the non-current portion being $2,800,000 (2019- $5,050,000)

5. FINANCIAL INSTRUMENT CLASSIFICATION

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

	2020		
	Fair Value	**Amortized Cost**	**Total**
Cash and Cash Equivalents	$70,639,191	$---	$70,639,191
Restricted Cash	6,563,882	---	6,563,882
Accounts and Grants Receivable	---	10,503,262	10,503,262
Notes and Pledges Receivable	---	8,214,493	8,214,493
Investments	9,953,371	---	9,953,371
Accounts and Grants Payable and Accrued Liabilities	---	50,099,699	50,099,699
Long Term Debt Payable	---	14,030,000	14,030,000
Interest Rate Swaps	2,963,666	---	2,963,666

	2019		
	Fair Value	**Amortized Cost**	**Total**
Cash and Cash Equivalents	$53,419,982	$---	$53,419,982
Restricted Cash	7,415,423	---	7,415,423
Accounts and Grants Receivable	---	6,684,236	6,684,236
Notes and Pledges Receivable	---	10,823,086	10,823,086
Investments	10,952,968	---	10,952,968
Accounts and Grants Payable and Accrued Liabilities	---	38,869,770	38,869,770
Long Term Debt Payable	---	15,715,627	15,715,627
Interest Rate Swaps	2,871,942	---	2,871,942

5. FINANCIAL INSTRUMENT CLASSIFICATION (cont'd)

Restricted investments are for endowment and bursary purposes. They consist of equity instruments in Canadian public companies, government and corporate bonds and guaranteed investment certificates.

Maturity profile of bonds held is as follows:

	2020				
	Within 1 year	**2 to 5 years**	**6 to 10 years**	**Over 10 years**	**Total**
Carrying Value	$356,309	$1,892,189	$858,485	$1,408,981	$4,515,964
Percent of Total	7.9%	41.9%	19.0%	31.2%	100.0%

	2019				
	Within 1 year	**2 to 5 years**	**6 to 10 years**	**Over 10 years**	**Total**
Carrying Value	$448,823	$3,974,360	$1,587,684	$968,127	$6,978,994
Percent of Total	6.4%	57.0%	22.7%	13.9%	100.0%

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

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

5. FINANCIAL INSTRUMENT CLASSIFICATION (cont'd)

	2020		
	Level 1	**Level 2**	**Total**
Cash and Cash Equivalents	$70,639,191	$---	$70,639,191
Restricted Cash	6,563,882	---	6,563,882
Investments	---	9,953,371	9,953,371
Interest Rate Swaps	---	2,963,666	2,963,666
Total	$77,203,073	$12,917,037	$90,120,110

	2019		
	Level 1	**Level 2**	**Total**
Cash and Cash Equivalents	$53,419,982	$---	$53,419,982
Restricted Cash	7,415,423	---	7,415,423
Investments	---	10,952,968	10,952,968
Interest Rate Swaps	---	2,871,942	2,871,942
Total	$60,835,405	$13,824,910	$74,660,315

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2020 and 2019. There are no Level 3 financial instruments in 2020 or 2019 and no transfers in or out of Level 3 in either year. For a sensitivity analysis of financial instruments recognized in Level 2, see Note 25 – Interest rate risk, as the prevailing interest rate is the most significant input in the fair value of the instrument.

6. INVESTMENTS

Long-term investments in the amount of $9,953,371 (2019 - $10,952,968) are restricted for Endowment purposes and are not available for general operations. Investments are comprised of the following:

	Fair Value	**Cost**
Cash	$7,240	$7,240
Fixed Income (Bonds)	4,079,264	4,072,066
Canadian Equity (Mutual Funds)	3,731,107	4,771,961
U.S. Equity (Mutual Funds)	1,056,516	1,393,007
International Equity (Mutual Funds)	1,079,244	1,404,055
	$9,953,371	$11,648,329

The total of restricted cash and investments is $16,617,504 (2019 - $19,913,579) representing the endowment funds, deferred contributions and the unspent deferred capital contributions.

7. CONSTRUCTION IN PROGRESS

Costs related to certain capital projects where the projects are not complete and therefore the assets have not begun their useful life, are recorded as deferred costs. These deferred costs will be amortized as capital assets in the year when the assets are put in use or expensed in the year when the projects are cancelled. Current projects that have been deferred in 2019/20 and their expected completion dates are as follows.

Project	Expected Completion	2020	2019
Various Campus Mechanical projects	Various 2020	$1,182,600	$2,138,145
Various Campus Renovations	Winter 2021	154,999	194,208
Various Major Equipment Projects	Various 2020	203,332	---
Various Site Improvements	Various 2019	---	131,558
IT Software Implementations	Sep 2019	---	61,013
		$1,540,931	$2,524,924

8. CAPITAL ASSETS

	2020		
ASSET	Cost	Accumulated Amortization	Net book Value
Land	$3,986,322	$---	$3,986,322
Buildings	218,939,693	88,224,995	130,714,698
Site Improvements	21,945,970	15,387,710	6,558,260
Furniture and Fixtures	1,819,512	1,288,320	531,192
Equipment and Vehicles	14,349,924	8,452,003	5,897,921
Computers – Network	4,025,866	2,274,924	1,750,942
Computers – Servers & Storage	2,300,789	937,052	1,363,737
Major Equipment & Enterprise Software	29,176,825	15,385,705	13,791,120
Computers - AV Equipment	2,199,406	2,148,284	51,122
Non Enterprise Software	3,596,777	1,530,929	2,065,848
	$302,341,084	$135,629,922	$166,711,162

8. CAPITAL ASSETS (cont'd)

	2019		
ASSET	**Cost**	**Accumulated Amortization**	**Net book Value**
Land	$3,986,322	$---	$3,986,322
Buildings	216,348,025	81,500,420	134,847,605
Site Improvements	20,970,145	13,691,481	7,278,664
Furniture and Fixtures	1,846,884	1,125,460	721,424
Equipment and Vehicles	14,006,567	8,683,359	5,323,208
Computers – Network	3,650,006	1,715,901	1,934,105
Computers – Servers & Storage	1,409,997	506,145	903,852
Major Equipment & Enterprise Software	24,193,226	13,587,537	10,605,689
Leased Equipment	47,783	47,783	---
Computers - AV Equipment	2,199,406	2,038,307	161,099
Non Enterprise Software	2,969,488	911,865	2,057,623
	$291,627,849	$123,808,258	$167,819,591

Amortization expense for the year is $13,803,478 (2019 - $12,913,556).

9. SERVICE CONCESSION ASSET AND DEFERRED REVENUE

The College has alternative financing arrangements with Campus Living Centres (the "Partner") for the construction and operation of student residence buildings on its Owen Sound and Orillia campuses. Under the terms of these agreements, the Partner is responsible for constructing, maintaining and operating the student residences in exchange for the right to collect student residence fees over the period of 99 years. At the end of the period, the legal title of the buildings will transfer to the College. The College has recorded these buildings as Service Concession Assets which are being amortized to their estimated residual values over their useful lives, which is the 99 year service concession period. The related deferred revenue, which is also being amortized over the service concession period of 99 years, represents the College granting the Partner the right to provide residence services to students of the College and receive rental fees in exchange for the Partner's capital investment.

At year-end, these buildings have a net book value of $17,100,657 (2019- $17,190,051).

Included in other revenue is $178,788 (2019 - $178,788) representing the amortization of the service concession deferred revenue and included in other expenses is $89,394 (2019 - $89,394) representing the amortization of the service concession assets.

10. BANK INDEBTEDNESS

The College has arranged for an unsecured five million dollar revolving demand facility to finance general operating requirements. The interest rate is Royal Bank Prime minus 0.75%. The College had not drawn any funds at March 31, 2020. The College has $Nil (2019 - $144,000) in letters of credit outstanding as of March 31, 2020.

11. ACCOUNTS AND GRANTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade Accounts Payables and Accruals	$9,804,609	$11,389,461
Student Deposits Payable	30,309,603	19,898,258
Accrued Payroll Liabilities	7,561,530	7,455,387
Grants Payable	2,423,957	126,664
	$50,099,699	$38,869,770

12. DEFERRED REVENUE

	2020	2019
Other Restricted Grants	$2,879,304	$1,793,251
Student Fees Collected	11,067,153	9,897,430
Contract Training & Other Projects	3,390,140	2,903,948
	$17,336,597	$14,594,629

13. DUE TO STUDENT ASSOCIATIONS

The monies owed to the student associations are unsecured and non-interest bearing and are payable on demand.

14. LEASE LIABILITIES AND COMMITMENTS

The College has entered into various agreements to lease equipment up to five (5) years. The capital leases for computer equipment have built-in options, whereby the College is able to purchase the equipment at the end of the lease, or to return the equipment to the lessor. The operating leases are financial obligations entered into by the College for the rental of equipment, building maintenance, and security. The anticipated annual payments for the next five (5) fiscal years, under current lease arrangements, are as follows:

	Operating Leases	**Total**
2020/21	$690,926	$690,926
2021/22	570,138	570,138
2022/23	428,937	428,937
2023/24	314,234	314,234
2024/25	125,021	125,021
	$2,129,256	$2,129,256
Less Current Portion	(690,926)	(690,926)
	$1,438,330	$1,438,330

15. LONG-TERM DEBT PAYABLE AND FINANCIAL INSTRUMENTS

(A) LONG TERM DEBT

The College has entered into the following long-term debt agreements.

	2020	2019
Related to Capital Assets Acquisition:		
Residence loan being an Agreement for a series of three month Bankers Acceptances to be issued by the College at BA rate plus 0.300% having no security. The Bankers Acceptances will be issued in declining amounts for principal and interest amounts such that the obligation will be paid by September 2027.	$11,498,000	$12,651,000
Financing for the PeopleSoft Human Resources Information system, term loan from Ontario Financing Authority bearing interest at a fixed rate of 3.626%, having no security, repayable in blended semi-annual payments of $144,141 maturing March 2020.	---	280,627
	$11,498,000	$12,931,627
Not Related to Capital Assets Acquisition:		
Financing Note Receivable from Student Association (See Note 4) Non-revolving term facility through Bankers Acceptances to be issued by the College at BA rate plus 0.300% having no security. The Bankers Acceptances will be issued both quarterly and annually such that the obligation will be paid by September 2029.	2,532,000	2,784,000
	2,532,000	2,784,000
	14,030,000	15,715,627
Less current portion	(1,482,000)	(1,685,627)
	$12,548,000	$14,030,000

15. LONG-TERM DEBT PAYABLE AND FINANCIAL INSTRUMENTS (cont'd)

Future principal payments of total long-term debt over the next 5 years and thereafter are as follows:

	Total
2020/21	1,482,000
2021/22	1,564,000
2022/23	1,652,000
2023/24	1,746,000
2024/25	1,846,000
2025/26 and thereafter	5,740,000
Total	$14,030,000

(B) INTEREST RATE SWAPS

The College has entered into interest rate swap agreements to manage the volatility of interest rates. The residence financing has a notional value of $23,250,000 with a fixed interest rate of 6.315%, and the notional value of the residence financing of $6,000,000 (portion of the Financing of the Notes Receivable from the Student Association) has been converted to a fixed rate of 4.730% by entering into the interest rate swaps. Interest expense in respect of the residence financing for 2020 is $808,238 (2019 - $877,065) and in respect of the financing on the notes receivable for 2020 is $146,182 (2019 - $167,370). The maturity dates of the interest rate swaps are 2027 for the residence financing, and 2029 for financing of the Notes Receivable from the Student Association.

The fair value of the interest rate swap agreements is based on amounts quoted by the College's bank to realize favourable contracts or settle unfavourable contracts. The fair value of the interest rate swaps was in a net unfavorable position, representing a liability of $2,963,666 (2019 - $2,871,942) recorded in the consolidated statement of financial position with the fluctuations being recorded in the consolidated statement of remeasurement gains and losses.

Future principal payments for the interest rate swaps over the next 5 years and thereafter are as follows:

	Total
2020/21	1,482,000
2021/22	1,564,000
2022/23	1,652,000
2023/24	1,746,000
2024/25	1,846,000
2025/26 and thereafter	5,740,000
Total	$14,030,000

16. DEFERRED CAPITAL CONTRIBUTIONS

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

	2020	2019
Balance, beginning of year	$130,973,395	$119,537,128
Contributions received for capital assets		
- Government grants	1,584,800	7,302,686
- Other	2,782,749	12,359,486
Less: Amount amortized to revenue during the year		
- Government grants	(6,475,337)	(6,258,935)
- Other	(2,128,628)	(1,966,970)
Balance, end of year	$126,736,979	$130,973,395

The balance of deferred contributions related to capital assets consist of the following:

	2020	2019
Unamortized capital contributions	$126,636,728	$122,628,208
Add: Unspent capital contributions	100,251	8,345,187
Balance, end of year	$126,736,979	$130,973,395

17. DEFERRED CONTRIBUTIONS

These represent unspent externally restricted funds not available for regular College operations. They include donations, scholarships and bursaries, unspent endowment investment income, student emergency loan funds, employment stability funds and funds held on behalf of third parties. Effective April 1, 2007, Georgian College assumed the ongoing and future philanthropic activities of The Georgian College Foundation. Assets of the Foundation were transferred to the College, and due to the external restrictions of these funds, they are shown within Deferred Restricted Contributions.

	2020	**2019**
Balance, beginning of year	$9,602,714	$10,313,438
Add: Contributions Received	6,149,828	4,952,888
Restricted Investment Income	432,135	317,484
Funds Held by Georgian College Foundation	4,865	22
	6,586,828	5,270,394
Less: Amount Recognized as Revenue in year	(588,048)	(1,084,927)
Student Award Payments	(945,733)	(925,495)
Deferred Capital Contributions	(4,152,298)	(3,970,314)
Transferred to Endowed Funds	-	(382)
	(5,686,079)	(5,981,118)
Balance, end of year	$10,503,463	$9,602,714
Comprised of:		
Student Emergency Loan Funds	$49,886	$49,886
General Donations	28,709	28,709
Employment Stability Funds	391,832	383,522
Ontario College Staff Association	368	368
Special Projects	4,494,185	4,450,976
Annual Awards and Scholarships	1,384,589	1,152,519
Unspent Endowment Investment Income	1,617,732	2,292,129
Contributions and Fundraising	2,530,160	1,243,468
Funds Held by Georgian College Foundation	6,002	1,137
	$10,503,463	$9,602,714

18. INVESTMENT IN CAPITAL ASSETS

In addition to capital grants, the College invests surplus operating funds in capital assets. This investment in capital assets is as follows:

	2020	2019
Net book value of capital assets (Note 8)	$166,711,162	$167,819,591
Net book value of service concession assets (Note 9)	17,100,657	17,190,051
Less: Deferred capital contributions (Note 16)	($126,636,728)	($122,628,208)
Service Concession Deferred Revenue	(16,501,314)	(16,680,101)
Long Term Debt Payable	(11,498,000)	(12,931,629)
	$29,175,777	$32,769,704

19. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

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

	2020				
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Compensated Absences	Total Liability
Accrued employee future benefits obligations	$1,361,230	$4,881,000	$46,000	$644,850	$6,933,080
Value of plan assets	(255,000)	---	---	---	(255,000)
Unamortized actuarial gains (losses)	46,000	(618,000)	76,000	---	(496,000)
Total Liability	$1,152,230	$4,263,000	$122,000	$644,850	$6,182,080

	2019				
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Compensated Absences	Total Liability
Accrued employee future benefits obligations	$1,344,178	$3,884,000	$64,000	$425,388	$5,717,566
Value of plan assets	(204,000)	---	---	---	(204,000)
Unamortized actuarial gains (losses)	46,000	405,000	73,000	---	524,000
Total Liability	$1,186,178	$4,289,000	$137,000	$425,388	$6,037,566

19. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (cont'd)

	2020				
	Post-employment Benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Compensated Absences**	**Total Expense**
Current year benefit cost (recovery)	$(19,948)	$213,000	$3,000	$219,461	$415,513
Interest on accrued benefit obligation	2,000	80,000	1,000	---	83,000
Amortized actuarial gains	(8,000)	(3,000)	(4,000)	---	(15,000)
Total Expense (recovery)	$(25,948)	$290,000	$---	$219,461	$483,513

	2019				
	Post-employment Benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Compensated Absences**	**Total Expense**
Current year benefit cost	$26,517	$199,000	$3,000	$185,796	$414,313
Interest on accrued benefit obligation	3,000	100,000	2,000	---	105,000
Amortized actuarial gains	(9,000)	(14,000)	---	---	(23,000)
Total Expense	$20,517	$285,000	$5,000	$185,796	$496,313

Previous amounts exclude pension contributions in the Colleges of Applied Arts and Technology pension plan, a multi-employer plan, described below.

(A) RETIREMENT BENEFITS

CAAT Pension Plan

All full-time employees of the College, and any part-time employees who opt to participate, are members of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), a multi-employer jointly-sponsored defined benefit plan for public colleges in Ontario and other employers. The College makes contributions to the Plan equal to those of employees. Contribution rates are set by the Plan's governors to ensure the long-term viability of the Plan. Since the Plan is a multi-employer plan, the College's contributions are accounted for as if the plan were a defined contribution plan with the College's contributions being expensed in the period they come due.

19. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (cont'd)

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2020 indicated an actuarial surplus of $2.9 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of $10,721,908 (2019 - $10,386,054), which has been included in the consolidated statement of operations.

(B) POST-EMPLOYMENT BENEFITS

The College extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The College recognizes these benefits as they are earned during the employees tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

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

a) Discount Rate

The present value as at March 31, 2020 of the future benefits was determined using a discount rate of 1.6% (2019 – 2.2%).

b) Drug Costs

Drug costs were assumed to increase at an 8.0% rate for 2020 (2019 – 8.0%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040 for fiscal 2020 (2019 – 4.0%).

c) Hospital and other medical

Hospital and other medical costs were assumed to increase at 4.0% per annum in 2020 (2019 – 4.0%). Medical premium increases were assumed to increase at 6.6% per annum in 2020 (2019 – 6.8%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040 (2019 – 4.0%).

d) Dental costs

Dental costs were assumed to increase at 4.0% per annum in 2020 (2019 – 4.0%).

19. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (cont'd)

(C) Compensated Absences

Vesting Sick Leave

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

Non-Vesting Sick Leave

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

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

	2020	2019
Wage and salary escalation	1.50%-2.0%	1.5%-2.0%
Discount rate	1.6%	2.2%

The probability that employees will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0% to 23.7% and 0 to 48.0 days respectively for age groups ranging from 0 and under to 65 and over in bands of 5 years.

Compensated Absences

The College allocates to eligible employee groups a maximum of 130 days to be used as paid absences in the event of short-term disability. In addition, the College also allocates to eligible employees a sub-payment for short-term disability, maternity and parental leave.

20. INTERNALLY RESTRICTED FUNDS

The College restricts amounts from the net asset balance, as approved by the Board of Governors. Internally restricted net assets consists of the following:

	2020	2019
Future Deferred Maintenance	$2,000,000	$2,000,000
Future International Risks	2,000,000	2,000,000
Future Capital Investments	1,260,000	840,000
Barrie Student Residence	---	24,991
Total	$5,260,000	$4,864,991

21. ENDOWMENT FUNDS

The College has the following endowment funds:

	2020	2019
Ontario Student Opportunity Trust Fund Phase 1	$624,746	$624,746
Ontario Student Opportunity Trust Fund Phase 2	54,024	54,024
Ontario Trust for Student Support	5,555,974	5,542,465
Other	3,168,962	2,931,017
Unrealized Loss	(1,694,958)	(193,287)
Total	$7,708,748	$8,958,965

22. ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF) and ONTARIO TRUST FOR STUDENT SUPPORT (OTSS)

The College has created endowment funds subject to the Guidelines for Ontario Student Opportunity Trust Fund Phase I and Phase II and Guidelines for Ontario Trust for Student Support as issued by the MCU.

OSOTF PHASE I	Endowment Fund Balance	Expendable Funds Available for Bursaries	2020 Total	2019 Total
Balance, beginning of year	$624,746	$117,900	$742,646	$740,478
Investment income, net of direct investment related expenses	---	27,872	27,872	16,967
Bursaries Awarded – 6 (2019 - 21)	---	(4,000)	(4,000)	(14,799)
Balance, end of year	$624,746	$141,772	$766,518	$742,646
The market value of the endowment as at March 31, 2020 was $588,950 (2019 - $617,090)				

OSOTF PHASE II	Endowment Fund Balance	Expendable Funds Available for Bursaries	2020 Total	2019 Total
Balance, beginning of year	$54,024	$14,314	$68,338	$65,903
Investment income, net of direct investment related expenses	---	2,826	2,826	2,435
Bursaries Awarded – 3 (2019 - 0)	---	(1,050)	(1,050)	---
Balance, end of year	$54,024	$16,090	$70,114	$68,338
The market value of the endowment as at March 31, 2020 was $50,474 (2019 - $52,820)				

OTSS	Endowment Fund Balance	Expendable Funds Available for Bursaries	2020 Total	2019 Total
Balance, beginning of year	$5,542,465	$841,262	$6,383,727	$6,415,884
Eligible cash donations received	13,509	---	13,509	28,518
Investment income, net of direct investment related expenses	---	235,394	235,394	116,332
Bursaries Awarded – 114 (2019 - 127)	---	(134,850)	(134,850)	(177,037)
Balance, end of year	$5,555,974	$941,806	$6,497,780	$6,383,727
The market value of the endowment as at March 31, 2020 was $5,741,333 (2019 - $5,491,995)				

23. ART COLLECTION HELD

The College, through its Design and Visual Arts programs, has built up a permanent study collection of Canadian and International art. Pieces have been received from guest lecturers in the Artist in Residency program and also through donations. The art is held for public exhibition, education and research.

Funds received through de-accessioning activities are to be used for the direct benefit of the Collection. The art collection at March 31, 2020 is comprised of approximately 4600 pieces with a value as per charitable receipts issued of $3,926,595 (2019 - $3,926,595).

24. REPORTING ENTITY PROJECT

The government announced in the 2004 Budget its plans to consolidate the financial information of Colleges in the Province's financial statements starting with its fiscal year ending March 31, 2006.

The Ministry of Training, Colleges and Universities Development provided funding to the Colleges for eligible expenditures related to this initiative including audit and consulting costs, software costs, training costs and direct staff costs devoted to the project. The funding received for 2020 of $47,213 (2019 – $47,941) was spent on salaries and benefits.

25. FINANCIAL INSTRUMENT RISK MANAGEMENT

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic resulting in economic uncertainties impacting the College's financial instrument risks as outline below. At this time, the full potential impact of COVID-19 on the College is not known (Note 26).

<u>Credit Risk</u>

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, debt holdings in its investment portfolio, notes receivable, grants receivable and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured up to $100,000 (2019 -$100,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the MCU and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis. The guidelines permit the College's funds to be invested in bonds issued by the Government of Canada, a Canadian province or a Canadian municipality having a rating of A or better, or corporate investments have a rating of A (R-1) or better.

The maximum exposure to investment credit risk is outlined in Note 5.

25. FINANCIAL INSTRUMENT RISK MANAGEMENT (cont'd)

Accounts receivable and notes receivable are ultimately due from students. Credit risk of accounts receivable is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. Credit risk of notes receivable is mitigated by the ability of the College to retain out of the Student Administration Fee the Semi-Annual Payment and any other monies due and owing by Student Administrative Council.

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

	2020				
	Total	**0-120 Days**	**121-240 Days**	**241-360 Days**	**361+ Days**
Student Receivables	$5,041,923	$4,225,076	$660,262	$83,121	$73,464
Staff	34,427	34,427	---	---	---
Trade Balances	2,467,157	2,467,157	---	---	---
Grants Receivable	2,959,755	2,959,755	---	---	---
Net receivables	$10,503,262	$9,686,415	$660,262	$83,121	$73,464

	2019				
	Total	**0-120 Days**	**121-240 Days**	**241-360 Days**	**361+ Days**
Student Receivables	$4,556,367	$3,800,037	$456,402	$88,894	$211,034
Staff	49,124	49,124	---	---	---
Trade Balances	2,088,994	2,088,994	---	---	---
Grants Receivable	(10,249)	(10,249)	---	---	---
Net receivables	$6,684,236	$5,927,906	$456,402	$88,894	$211,034

Student receivables not impaired are collectible based on the College's assessment and past experience regarding collection rates.

Grants receivable are due from the Ontario Government. Georgian College mitigates credit risk by ensuring that all grants are entered into by way of a contract.

Subsequent to year end, the credit risk related to the College's accounts receivable has increased due to the impact of COVID-19, which could lead to potential losses.

25. FINANCIAL INSTRUMENT RISK MANAGEMENT (cont'd)

Market Risk

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

The College's investment policy operates within the constraints of the investment guidelines issued by MCU. The policy's application is administered by an investment manager and monitored by management, an independent investment consultant and the Finance and Audit Committee. The Georgian College Endowment – College Fund's risk tolerance is considered low and the Georgian College Endowment – Special Purposes Fund's risk tolerance is considered moderate. Diversification techniques are utilized and appropriate restrictions are placed on the investment manager in terms of asset mix and individual security concentrations in the portfolio to minimize risk.

Currency Risk

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

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

Interest Rate Risk

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

The College is exposed to this risk through its interest bearing investments, bank loans, and term debt.

The College mitigates interest rate risk on its term debt through a derivative financial instrument that exchanges the variable rate inherent in the term debt for a fixed rate (see Note 15 B). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

The College's bond portfolio has interest rates ranging from 0.25%-7.76% (2019 – 1.25% to 4.5%) with maturities ranging from June 15, 2020 to June 3, 2065 (2019 – May 6, 2019 to August 14, 2027).

25. FINANCIAL INSTRUMENT RISK MANAGEMENT (cont'd)

At March 31, 2020 a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds in the College and Special Purpose funds of $222,294 and $117,759 respectively, and an impact of $589,510 on the interest rate swap. A 1% fluctuation in interest rates would have an estimated impact on interest income related to the College's notes receivables of $3,862. The College's term debt as described in Note 15 A would not be impacted as the inherent variable rate of the debt has been fixed with the use of the aforementioned derivative interest rate swap.

Subsequent to year end, the credit risk related to the College's bond holdings has increased due to the impact of COVID-19, which could lead to additional potential losses.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2020, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the College's equities of $592,840.

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

Liquidity Risk

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting analysis. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities excluding interest):

	2020			
	Within 6 months	**6 months to 1 year**	**1-5 years**	**>5 years**
Accounts and grants payable and accrued liabilities	$50,099,699	$---	$---	$---
Operating Leases	379,500	311,426	1,438,330	---
Current and Long-term debt	605,000	877,000	8,761,000	3,787,000
Total Liabilities	$51,084,199	$1,188,426	$10,199,330	$3,787,000

25. FINANCIAL INSTRUMENT RISK MANAGEMENT (cont'd)

	2019			
	Within 6 months	**6 months to 1 year**	**1-5 years**	**>5 years**
Accounts and grants payable and accrued liabilities	$38,869,770	$---	$---	$---
Operating Leases	332,136	179,691	529,043	---
Current and Long-term debt	706,053	979,574	4,491,000	9,539,000
Total Liabilities	$39,907,959	$1,149,256	$5,009,095	$9,539,000

Financial liabilities mature as described in Note 15.

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

26. SUBSEQUENT EVENT

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of this, on March 23, 2020, the government of Ontario ordered the closure of all non-essential businesses effective March 24, 2020, through to at least June 12, 2020. In addition, the Canadian government has imposed travel restrictions to Canada until further notice.

On March 17, the College closed its campuses and learning sites and they remain closed to the date of the auditor's report. The plan for continuing education throughout the summer and fall semesters offered by the College will be through online curriculum which could have implications on number of course offerings, enrollment and ancillary revenues.

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

As the impacts of COVID-19 continue, there could be further impact on the College, its students and funding sources. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the College is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.