Seneca

# 2017 – 18
# ANNUAL REPORT

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# Message from the Chair and President

This past year marked an important milestone for Seneca as we celebrated our 50th year. Since our first home opened at a temporary campus in North York in 1967, many accomplishments have been celebrated over the past five decades.

In June 2017, the Board of Governors approved a new Strategic Plan, which provides the direction for our annual initiatives through to 2022. This annual report marks the transition to the new plan from Seneca's 2012-17 Strategic Plan, which guided us through a period of unprecedented growth and activity.

Our past and current strategic plans share a foundation in our core mission – providing a great education for our students. That has been fundamental to Seneca since we opened our doors. A Seneca education is a valuable combination of practical and sophisticated skills underpinned by theoretical knowledge. It is a polytechnic education, enriched by technology-enabled learning.

This annual report documents an eventful and, at times, challenging year at Seneca. The five-week labour disruption during the fall semester was a difficult period for everyone, and resulted in an extended term. Through this time, we are proud to report that Seneca employees showed great respect and continued to provide tremendous support to our students.

Looking to the future, this year Seneca announced the biggest undertaking in our history—a series of program, school and department moves and facility expansions that we're calling Seneca2020. We are opening our two largest-ever construction projects: Magna Hall at King Campus and the Centre for Innovation, Technology and Entrepreneurship (CITE) at Newnham Campus, close to 500,000 square feet of new academic, student and administrative space. A team of academic and support areas have been carefully planning these moves, which will allow us to take full advantage of these beautiful new spaces and enhance our students' campus and academic experience.

This annual report highlights the many initiatives and accomplishments within our community last year. Anyone who knows Seneca knows there is no shortage of exciting activities taking place on our campuses at any given time. We launched Sustainable Seneca to promote and embed sustainability in the values and learnings we impart to our students and the way we conduct our business. New programs, pathways and partnerships were established provincially and globally to ensure mobility for students as they build on their Seneca credentials. And our students and faculty continued to demonstrate their excellence by being recognized locally and globally for their academic and professional accomplishments. They make us *#SenecaProud* every day.

We are also very proud that Seneca is an example of tolerance and inclusion. From our thousands of international students from nearly 150 countries to the extraordinary mix of backgrounds among our domestic students and employees, every day the world walks

our halls. Seneca reflects, promotes and embraces respect and diversity.
Since our founding 50 years ago, Seneca has strived to provide an education that equips students for a successful career. Equally important, we support them in becoming engaged and thoughtful citizens, building strong, healthy and inclusive communities around the world. That work continues each year and is reflected in our milestones celebrated in this annual report.

Janet Beed, Chair, Board of Governors

David Agnew, President

# Seneca at a Glance

## STUDENTS

**71,000** applications

**30,000** full-time students annually

**7,000** international students from more than **150** countries

**70,000** part-time registrants annually

## PROGRAMS

More than **500** career options and an abundance of program offerings, delivering more than **300** programs, including:

**17** degrees

**39** graduate certificates

**70** diplomas

**30** advanced diplomas

**21** certificates

# A Great Place to Learn

## WHO WE ARE

Seneca is a leading postsecondary educational institution with a reputation for offering high quality programs at the baccalaureate degree, graduate, diploma and certificate levels.

Our students, faculty, staff and alumni share a passion for our school. Hardworking, ambitious and compassionate: that approach, that culture, is what Seneca is all about. We also constantly look for ways to improve and innovate.

## OUR FUTURE

We're building a different kind of school with a different kind of graduate, and we are changing the way people think about colleges. Our world needs leaders who make a difference at work and in the community. By providing inspired learning, innovative opportunities and great student experiences, our graduates will be those leaders.

## OUR VALUES

Our values describe Senecans at our very best. They connect us, underpin the work we do, and the way we interact with each other and the world.

### EXCELLENCE

While we will always be flexible in our approach, we never compromise on quality, standards and results.

### INNOVATION

From the day our first students walked through our doors in 1967, we understood that the world is in constant evolution. We are always improving, innovating and looking ahead.

### COMMUNITY

We build bridges and networks within our college, to our community and across the world. And we give back, building and strengthening the communities where we live and work.

### DIVERSITY

Seneca celebrates its extraordinary diversity as an enriching strength and a competitive advantage in today's global economy.

# Seneca: 50 Years of Success, Growth and Transformation

2017-18 marked an important milestone for Seneca as we celebrated our 50th year. Along with this momentous anniversary came various developments, opportunities and challenges for which we rose to the occasion.

Seneca introduced the 2017-2022 Strategic Plan that renewed our high-level direction and set long-term goals to bring our vision to life. Recognizing the importance of our foundational work of providing a great teaching and learning experience rooted in an advanced applied, broad-based education, the plan highlights the need for Seneca to continue to evolve in exciting ways to serve new markets, a changing world of work and an expanding definition of student.

With preparations nearing completion for the openings of Magna Hall at King Campus and the Centre for Innovation, Technology and Entrepreneurship (CITE) at Newnham Campus, we announced Seneca2020 – the largest series of program and department moves in our history.

In recognition of the 50th anniversary of Ontario's college system, Seneca received $4.6M from the Ministry of Advanced Education and Skills Development (MAESD) in support of our legacy projects. With this funding, Seneca is revitalizing the School of Aviation's fleet of aircraft, building a new Indigenous student space for First Peoples@Seneca, creating a broadcast centre for our journalism students and expanding our student tablet and laptop loaning program.

Following the introduction of our 2017-2020 Strategic Mandate Agreement with MAESD, Seneca successfully responded to a proposal to fund the innovative hub-and-spoke student mobility model with other Ontario colleges. This funding will support Seneca's three-year project to develop joint credentials and student supports.

With the passing of the *Fair Workplaces, Better Jobs Act* (Bill 148), Seneca identified additional operating costs and developed a mitigation strategy, presenting projections for both to government.

The province-wide academic strike lasted five weeks in the fall. Seneca dedicated resources across the institution to mitigate the impact of the strike, including providing support for our students, and developing strike contingency and academic completion plans for when classes resumed. We were pleased that 57.6 per cent of the students who withdrew from their program because of the strike re-enrolled in a Seneca program.

# Business Planning: An Integrated Approach

Seneca uses an integrated process for business planning and budgeting to support the goals and commitments set out in our Strategic and Academic plans and Strategic Mandate Agreement. This approach ensures clear expectations and consistent information collection across the institution, while also allowing the flexibility to adapt to the changing landscape of higher education.

The 2017-18 Annual Report highlights our achievements and the accomplishments of our students, alumni, faculty and staff throughout the year.

In June 2017, the Board of Governors approved the 2017-2022 Strategic Plan, and 2017-18 marked a transitional year between the two strategic plans. The following key indicators and objectives stem from and frame the 2012-2017 Strategic Plan and mark the final report back from this transformational period in Seneca's history.

# Key Indicators

## INNOVATIVE PARTNERSHIPS

Seneca continues its work to be the preferred partner for colleges and universities, offering innovative pathways for students in Ontario.

### 2017-18 INITIATIVES

**Continue to build an academic foundation and community capable of developing, delivering and sustaining high-quality programs**

- Degrees launched in Behavioural Psychology, Community Mental Health, Healthcare Management and Marketing
- Graduate certificate program proposals approved for Global Hospitality Services Leadership, Advanced Accounting and Finance, Financial Technology and Chronic Disease Management
- Programs developed in Educational Support, Food Service Worker, Instructional Design and eLearning Developer

**Expand partnerships and pathways with universities and other colleges**

- New pathway agreements established at various credential levels with Arizona State University, Glendon College, International Management Institute Switzerland Ltd., Trent University, Western University and York University

### Continue provincial leadership role with Ontario Council on Articulation and Transfer (ONCAT) and expand reach of the Centre for Research in Student Mobility

- Student-mobility-focused research proposals submitted to ONCAT, including a collaborative project with Ryerson and York universities
- Centre for Research in Student Mobility published *The Changing Patterns of College-to-University Transfer: Examination of Ontario's Graduate Satisfaction Survey 2007-2015*, which describes provincial trends in college-to-university transfers using data from the Ontario college graduate satisfaction survey

## 2017-18 IN REVIEW: COMMUNITY OUTREACH AND NEW PARTNERSHIPS

### Record-breaking open houses

In April, August and November 2017, thousands of prospective students and their families and friends visited Newnham, Seneca@York, Markham, Jane and Peterborough campuses for Seneca's Open House.

### New partnerships established during Premier's missions in China and Vietnam

President David Agnew signed seven new agreements as part of Premier Kathleen Wynne's business mission to China and Vietnam in December 2017. Agreements were signed with postsecondary institutions in South China, Chongqing, Guangzhou, Hanoi, Saigon, Vinh Long and Shanghai.

### Seneca partners with Indian institutions

In February 2018, President Agnew hosted the Indo-Canadian Seminar on Skills Development and Entrepreneurship in India and announced an expanded, long-term collaboration between Seneca and a number of higher education partners in India. The partnerships secured during this visit are focused on advanced skills, innovation and entrepreneurship.

During the visit, President Agnew also joined Science Minister Kirsty Duncan on a panel at the Canada-India Business Council Forum in Mumbai, representing the Canadian postsecondary community. He spoke on the important relationship between innovation and a highly-skilled workforce and the role of polytechnics in higher education.

## Huawei Canada and Seneca win Markham Board of Trade Business Excellence Award

Huawei Canada, the global information and communications technology solutions provider, and Seneca received the Markham Board of Trade Business Excellence Award for Innovation. The award recognized the partnership that led to Seneca becoming the first Huawei Authorized Learning Partner in North America.

## Strengthening ties with Belgium

A Memorandum of Understanding was signed between Seneca and Belgium's Artevelde University College Ghent in March 2018, renewing a longstanding relationship dating back to 2001.

In recent years, students and faculty have participated in exchanges and virtual mobility projects between the two institutions. This was part of Belgium's official state visit to strengthen academic and business ties with Canada.

# CROSS-DISCIPLINARY, EXPERIENTIAL AND FLEXIBLE LEARNING

Every Seneca program embeds cross-disciplinary learning, experiential learning opportunities and flexible learning options that enable students to access courses offered in the day and evening, in person and online.

## 2017-18 INITIATIVES

### Increase flexible delivery options across all Seneca programs

- New online courses launched through the Faculty of Continuing Education and Training and made available on the eCampus OntarioLearn online portal, providing learners with access to additional course options province-wide.

## 2017-18 IN REVIEW: STUDENT AND PROGRAM EXCELLENCE

### Mechatronics students celebrated

In April 2017, Seneca and Siemens Canada celebrated the accomplishments of the first group of students to complete the Siemens Mechatronics Certification. Students were presented with their certificates by Dr. Tom Murad, Head of Siemens Canada's Engineering and Technology Academy.

### Showcasing research

In April 2017, the annual Applied Research, Innovation and Entrepreneurship Showcase took place at Newnham Campus. The interactive, gallery-style event highlighted the recent findings and ongoing studies of over 30 researchers and HELIX participants who worked in collaboration with various community partners.

### New HELIX Summer Institute a hit

The first-ever HELIX Summer Institute, an intensive two-week boot camp for entrepreneurs, was held in August 2017. The program was a collaboration among Seneca, Markham Stouffville Hospital and the IBM Innovation Space at the Markham Convergence Centre. It drew more than 40 participants, including 16 from India and Brazil.

### School of Media recognized at broadcast educators conference

Students from the School of Media were celebrated at the annual Broadcast Educators Association of Canada conference. Emily Zupnik was recognized for her podcast/current affairs show, *A Place Called Home*, and Alexa Chanelle Lauzon for her short feature/documentary, *The Sapphire Ring*. Alexa was also the recipient of the President's Award for Audio.

## Students help bring animated series to life

A collaboration between the School of Creative Arts and Animation and the Canadian Film Centre MEDIA LAB produced a pilot for a virtual reality animated series. Thirteen Seneca students and faculty worked on the pilot for the program, *Yumi and Boom,* which aims to teach young people about mindfulness and self-regulation by interacting with the characters.

## Floral Design student recognized at international competition

Jiseon Yun was among 830 global floral design students who participated in the American Institute of Floral Designers' annual Student Floral Design Competition in Seattle, Washington. Jiseon was awarded first place for interpretive design and tied for third place for designs for sympathy.

## Aviation student named top amateur pilot

Honours Bachelor of Aviation Technology student Liam Cohen was named winner of the 2017 Webster Memorial Trophy Competition, which is considered one of Canada's most prestigious events for amateur aviators. This marks the sixth time a Seneca Aviation student has won the trophy, which is on display at the Canada Aviation and Space Museum in Ottawa.

## Advertising students grip victory

Seneca students were crowned winners of the annual Orange Juicer competition held by ad agency Grip Limited. They placed first over 23 teams from various college and university advertising programs.

Pitching a case challenge for Grip's client, Honda Canada, all six members of the team have been granted interviews for paid positions with Grip's apprenticeship program. Team members included: Jessica Ash, Sarah Campbell, Jonathan Dawe, Kamila Gililova, Blair McAndrew and Lucas S. Ribeiro.

## Seneca students win 2018 VOICES competition

Public Relations – Corporate Communications students Sierra DiBiase and Brian Philips took first and second place, respectively, at the 2018 VOICES competition in March 2018.

VOICES offers students a competitive forum to learn how to deliver an engaging speech and includes public relations, advertising, business and marketing students from Georgian, Centennial, Humber and Seneca.

# INTEGRATED STUDENT SERVICES

It is our goal that every Seneca student has access to ongoing and integrated advisory opportunities – starting from their first contact to the day they graduate.

## 2017-18 INITIATIVES

### Enhance service offerings for students

- Phase one of the Q-nomy Customer Service Project was launched, decreasing wait times for student inquiries and adviser appointments
- Excellence in service initiative developed to infuse best practices in customer service Seneca-wide
- The on-campus Seneca Health Centre, expanded its hours and added psychiatric services to its offerings
- Phase one and two of the Seneca SAFE program were completed, including the launch of a mobile app and implementation of a mass notification system

### Improve student advising resources and supports

- New student advising model launched for full-time students with additional advisers, professional development and improved adviser-to-student ratios
- New 'Work Ready' workshops developed to help students improve email etiquette, networking, social media and professional skills
- Support staff were engaged in professional development that provided them with the skills to transition into an academic advising role

## 2017-18 IN REVIEW: PROVIDING A SUPPORTIVE ENVIRONMENT

### Seneca talks mental health

The Seneca community helped mark the eighth annual Bell Let's Talk Day in January 2018. Students and employees took part in the conversation by visiting information booths to speak out about mental health issues, share new ideas and offer hope for those who struggle.

### Ensuring health and safety on campus

Seneca continued to offer the Mental Health First Aid Program, providing training to 75 employees throughout 2017-18.

With the implementation of Seneca's new Sexual Assault and Sexual Violence Policy, online training was made available to all employees, with more than 1,700 employees completing the training throughout the year.

# SMART GROWTH

Seneca is planning for the largest infrastucture expansion in its history, with new facilities opening at King and Newnham campuses.

## 2017-18 INITIATIVES

### Move forward with construction of the Centre for Innovation, Technology and Entrepreneurship (CITE), Magna Hall and the artificial turf field and dome

- CITE’s programming, academic research and entrepreneurship space planning requirements were finalized in anticipation of the building’s opening in January 2019, while construction progressed on schedule and on budget
- Magna Hall’s construction remains on schedule and within budget; operational plans and agreements with the Seneca Student Federation and Student Athletic Association are being finalized

## 2017-18 IN REVIEW: MAXIMIZING OUR SPACES AND RESOURCES

### Seneca2020

The expected openings of Magna Hall at King Campus and CITE at Newnham Campus have provided Seneca with the opportunity to:

- Take maximum advantage of all of our spaces
- Provide synergy among programs and schools
- Ease crowding at our campuses
- Enhance our students’ campus and academic experience.

This series of phased and orderly program, school and department moves, known as Seneca2020, is the largest undertaking in Seneca’s history, involving 6,000 students and 900 employees by the time the moves are complete in 2020.

As outlined in our 2017-22 Strategic Plan, Seneca2020 underscores our commitment to great student and employee experiences and to cross-disciplinary learning. It also allows Seneca to unite all administrative areas in one location for the first time in our history. These exciting moves will shape Seneca’s future for years to come.

### Official openings of the StingDome at Seneca Fields

In fall 2017, Seneca opened a new state-of-the-art facility called the StingDome at Seneca Fields, consisting of a multi-purpose artificial turf field and a seasonal dome. The project was made possible by funding from the Student Athletic Association and the Canada 150 Community Infrastructure Program. An official opening for Seneca Fields was held in September 2017, and in January 2018, the official opening of the StingDome took place. Geng Tan, MP, Don Valley North, was in attendance at both events.

# Our Strategic Objectives

## GREAT TEACHING AND LEARNING

Building on our record of academic excellence, Seneca continues to expand cross-disciplinary learning in our programs; strengthen networks among students, faculty, staff and external partners; expand the core literacies that all students must master; reflect a diverse and international perspective in our programs; provide our students experiential learning opportunities and offer flexible delivery options in every program.

### 2017-18 INITIATIVES

#### Increase federal and provincial support for applied research

- Fifteen research grants received approval from Ontario Centres of Excellence in support of current and new projects
- An Industry Advisory Board was established to increase engagement in Applied Research, Innovation and Entrepreneurship (ARIE) activities at Seneca

#### Continue strategic approach to international recruitment and contract training initiatives

- Recruitment strategies developed for expanding activities into Colombia, Philippines and Turkey; September 2017 and January 2018 registration numbers reflected an increased diversity of international student origin countries
- A multi-year training program funded by Global Affairs Canada was established, and India's National Institute of Financial Management was secured as a long-term partner for program delivery

### 2017-18 IN REVIEW: CELEBRATING THE MANY ACCOMPLISHMENTS WITHIN THE SENECA COMMUNITY

#### HELIX participants win pitch competition

Six HELIX entrepreneurs competed in a *Dragon's Den*-style pitch competition at Markham Campus. The Indo-Canadian Innovative Project Competition was presented in partnership with the College of Engineering, Pune, a postsecondary institution in Pune, India.

The winning entrepreneurs were Paulo Meneghel, EMERGE; Travis Clements-Khan, NextGen Labs; Kevin Bache, Medistream and Chester Wu, Besify. They each received an all-expenses paid trip to India and $5,000 in seed funding.

## Seneca Open Source researcher's grant renewed

With funding from the Natural Sciences and Engineering Research Council of Canada, Seneca Professor Chris Tyler will serve another term an Industrial Research Chair for Colleges. He will continue his research into open source software that can run on low-energy, high-performance computers. Chris will also focus on expanding into related areas of super-embedded computing and development practices.

## Youth shelter renamed in professor's honour

In June 2017, York Region's Blue Door Shelters renamed its Newmarket youth shelter "Kevin's Place" in honour of Social Service Worker Professor and alumnus Kevin Kennedy. For more than 25 years, Kevin has been an advocate for homeless individuals and families in the region.

## Dr. Elliot Coleshill earns highest honour from Governor General

Dr. Elliot Coleshill, Professor, School of Information and Communications Technology, received the Sovereign's Medal for Volunteers. He was recognized for his exceptional volunteer achievements in mentoring and inspiring young girls to pursue studies and careers in science, technology, engineering and math.

## Early childhood educator wins Prime Minister's Award

Tanya Farzaneh, an educator at Seneca's Early Childhood Education Lab School, was awarded the Prime Minister's Award for Excellence for her work at Seneca. Tanya has helped connect toddlers and preschoolers to nature by incorporating the environmental education into her lessons.

## Seneca Business Dean named board chair of accreditation council

Mary Vaughan, Dean, Seneca Business, was appointed the 2017-18 board chair of the Accreditation Council for Business Schools and Programs. This is the first time in the council's history that a female board chair affiliated with an institution outside the United States has been appointed.

## Three Senecans receive Canada 150 Citizenship Award

President David Agnew, Howard Doughty, Professor, School of English and Liberal Studies, and Linda Stapleton, Director, Sports and Recreation, were recipients of the Canada 150 Citizenship Award. The pins, recognizing outstanding constituents in MPs' ridings, were minted from the old copper roof from Parliament Hill.

## Professor named among top marketing professors on Twitter

OnlineEducation.com named Bhupesh Shah, Professor, School of Marketing, and Co-ordinator of the Social Media program, among the top 20 marketing professors on Twitter. This annual lists looks at professors of marketing who are actively engaged on Twitter and regularly share their expert perspectives and wisdom.

## Seneca and industry partners win national event award

A 12-year relationship between Seneca and the Canadian Foundation for AIDS Research (CANFAR) has garnered national recognition.

In March 2018, Professor John MacBride accepted a Canadian Event Industry Award for Seneca's collaborative work with CANFAR and Event Strategy Partners Inc. on Bloor Street Entertains—a fundraising event that involved the 2018 Event Management – Event and Exhibit Design class.

## Faculty member co-writes unprecedented comic series

Jim Zubkavich, Professor and Co-ordinator for Seneca's Animation program, co-wrote *Avengers: No Surrender,* a special 16-issue Marvel Comics story. *No Surrender* features one of Marvel's biggest collaborations to date, and new books were released weekly beginning in January 2018.

## Professor launches project to combat cyber fraud

Professor Samky Mak, along with the KnowledgeFlow Cybersafety Foundation, launched the first-ever Canadian Cyberfraud Community—an online ecosystem created by and for Canadians. It was developed following a Seneca-funded applied research project, focused on financial impact of malware and cybercrime.

## Baseball historian to enter Canadian Baseball Hall of Fame

Bill Humber, Director of Eco-Seneca Initiatives, will be the first academic researcher to be inducted into the Canadian Baseball Hall of Fame. As an educator and historian, Bill has written 12 books, including *Home Team* (1983); *Let's Play Ball: Inside the Perfect Game* (1989)*, The Baseball Book and Trophy* (1993) and *Diamonds of the North: A Concise History of Baseball in Canada* (1995).

## Inspired events recognition

Professor John MacBride was recognized as the International Live Event Association (ILEA) Toronto Chapter Member of the Year. John was celebrated for organizing a number of educational sessions for Toronto chapter members and the production of Inspired Spaces, Seneca's annual tabletop competition, in partnership with ILEA.

# GREAT STUDENT EXPERIENCES

Creating great student experiences means providing learning opportunities inside and outside the classroom. It means delivering great services and supports our students need, when and how they need them. Creating great Seneca experiences also means celebrating the achievements of our students, alumni, faculty and staff – and creating an environment that makes our students proud to have chosen Seneca and our employees proud to work here.

## 2017-18 INITIATIVES

### Improve academic learning services

- Online tutoring services made available between campuses through Blackboard Collaborate
- Supported Learning Groups launched in the schools of Accounting and Financial Services and Information and Communications Technology, with plans to expand in 2018

### Continue Seneca's efforts to further indigenize the institution

- Indigenous design elements finalized for CITE and the new government-funded First Peoples@Seneca centre, to be named "Odeyto," which means "the good journey"
- An Indigenous education framework developed for presentation to the Seneca Aboriginal Education Council

### Enhance student housing offerings

- Renovations completed at Newnham (65 suites) and King (33 suites) residences, with positive feedback received from students

## 2017-18 IN REVIEW: GREAT EXPERIENCES LEADING TO GREAT RESULTS

### Gold for men's basketball

The Seneca Sting won the 2017-18 Canadian Collegiate Athletic Association men's basketball national championship – the first in Seneca's history. Yusuf Ali was named championship MVP, Nabil Ibrahim was named a championship first team all-star and Khalil Miller was named a Championship Second Team All-Star.

## Celebrating Indigenous culture

Students, staff and alumni published *A Celebration of Indigenous Culture at Seneca* as part of Seneca's 50th anniversary. The book showcases Seneca's long history of supporting Indigenous education, art and culture.

## Creative graduates recognized

Mike Suta and Cameron Kerr, graduates of Seneca's Visual Effects for Film and Television program, were nominated for an Emmy Award for Outstanding Visual Effects in a Supporting Role for their work on the Hulu Original series, *The Handmaid's Tale*.

Also, the film *When They Awake*, by Pedro Marcelino, Documentary Filmmaking Institute graduate, was selected to open The Calgary International Film Festival, marking the first time a documentary has received this honour. The film, about a generation of Indigenous musicians, premiered in August 2017 at the Festival des Films du Monde in Montreal.

## A focus on action for of *Seneca Talks*

Seneca's second annual *Seneca Talks: A Conversation about Reconciliation* drew a large crowd at Newnham Campus in March 2018. President David Agnew moderated a discussion with Cree First Nations model, actor and activist Ashley Callingbull and CBC columnist Jesse Wente. Their conversation touched on topics like the power of social media and the lack of Indigenous representation in postsecondary education.

## Animation accomplishments

In April and May 2017, *Small Wonders: A Virtual Reality Experience* was displayed at the Metropolitan Museum of Art in New York City. The exhibit was created by Animation graduates Craig Alguire and Morgan Young, under the direction of Professor Priam Givord.

2D animation graduate Austen Payne's animated short *One Hell of a Party* was entered in seven film festivals across North America in 2017. At the Nevada International Film Festival, it won the Golden Reel Award, and at the Toronto After Dark Film Festival, it garnered the Best Canadian Short.

## Soccer stars, coach inducted into OCAA Hall of Fame

The Ontario Colleges Athletic Association honoured three Senecans with Hall of Fame inductions. Sabrina Henry and Kailen Murphy, veterans of the women's and men's soccer teams for four seasons, entered the hall along with indoor soccer coach Vito Colangelo.

## Fashion graduates showcased at the ROM

A group of recent graduates from the School of Fashion had the unique opportunity to showcase their design work at the Royal Ontario Museum (ROM). The graduates teamed up with up-and-coming Toronto designers for the ROM Speaks Signature Event: 21st Century Atelier: Redefining Fashion in a New Age of Design, which coincided with the ROM's Christian Dior exhibit.

## DAM! Nominated for Canadian Screen Award

*DAM! The Story of Kit the Beaver*, an animated short film produced by the Seneca Summer Animation Institute, was nominated for the 2018 Canadian Screen Awards in the Best Animated Short category.

## Governor General's Academic Award winners

Fashion Arts graduate Andree Nicole and Business Administration – International graduate Luis Antonio Yin Liao were recipients of the Governor General's Academic Award, given to students who achieve the highest academic standing in the final year of a full-time postsecondary diploma program.

## Seneca Cup – Seneca's highest student honour awarded

Lisa Katheryn Spencer, a graduate of the Honours Bachelor of Child Development degree program, was the 2017 recipient of the Seneca Cup. As a mother of two children with complex medical histories, Lisa knows first-hand how families struggle to navigate community and education resources. She was attracted to Seneca's program because it values diversity and emphasizes the importance of understanding different family perspectives and dynamics.

## Six graduates nominated for Premier's Award

Six experienced and accomplished Seneca alumni were nominated for the 2017 Premier's Award for College Graduates:

- **Gail Courneyea (Health Sciences),** President and CEAO, Angels of Flight Canada
- **Erin Grant (Aviation Technology),** Boeing 767 First Officer, Air Canada
- **Janelle Griffin (Creative Arts & Design),** Producer, CNN
- **Lalith Gunaratne (Technology),** Renewable energy entrepreneur
- **Vic Pynn (Business)**, Chief Operating Officer, Amadeus North America Inc.
- **Monica Rutledge (Community Services)**, Toronto Police Service Constable

# GREAT FOUNDATIONS

A different kind of school with a different kind of graduate is supported by great faculty and staff, processes and infrastructure. Our employees work in a progressive, respectful environment infused by an inspiring culture and our processes meet our current needs and support what we imagine we can do tomorrow. We are continually creating opportunities to innovate and improve within Seneca and around the world. And we are always putting quality first – for our students, for our employees and for our many stakeholders.

## 2017-18 INITIATIVES

### Develop new guiding plans

- The 2017-2022 Strategic Plan received Board approval. Building on the foundations of the 2012-17 plan, it focuses on Seneca's commitment to "bring great to the world"
- The 2017-2020 Strategic Mandate Agreement with the Ministry of Advanced Education and Skills Development was finalized, with funding received to grow Seneca's "hub-and-spoke" student mobility model

### Leveraging new technology and data-driven strategies

- A new strategy for improved data collection for the KPI Student Satisfaction and Engagement survey was implemented, resulting in a 12.5 per cent increase in the number of classes surveyed in winter 2018
- Remote learning technology piloted and tested for implementation in collaboration with Canadore College
- Seneca mobile app updated with tuition fee payment and wayfinding capabilities

### Continue sustainable approach to facilities management and capital planning

- Sustainability Seneca launched to celebrate and encourage Seneca's efforts in conservation and restoration, energy and climate change, green building, transportation, waste and food management, and water; Sustainability and Conservation Demand Management plans scheduled for completion by 2019
- $4.7 million in provincial government funding received through the Greenhouse Gas Campus Retrofits Program for a geothermal retrofit of the heating and cooling system at Garriock Hall. This retrofit will reduce greenhouse gas emissions Seneca-wide by 10 per cent

### Continue to build a culture of philanthropy to support Seneca students

- The Au Large Legacy Society launched, recognizing individuals who have made provisions in their estate plans to provide a legacy gift to Seneca
- Four million dollars in cash and new pledges secured in support of new capital builds, student financial aid and programs

### Expand Seneca's brand awareness and profile to support recruitment activities, benefitting enrolment, retention, reputation-building and community engagement

- Increased outreach efforts to direct and non-direct markets, participating in more than 700 off-campus events
- New opportunities provided for prospective students to visit our campuses, including an additional open house in summer 2017
- A redesigned, recruitment-focused homepage and program pages launched in September 2017 with a larger web renewal project scheduled for completion in summer 2018

## 2017-18 IN REVIEW: CELEBRATING OUR HISTORY AND BUILDING FOR THE FUTURE

### Once again, one of Greater Toronto's top employers

Seneca was named one of Greater Toronto's Top Employers for the ninth time. The list was included in a special editorial supplement in *the Globe and Mail.* Seneca was also cited for its work with newcomers through programs that bridge existing skills and credentials to in-demand occupations in Canada.

### Seneca hosts first Sustainability Fair

Seneca's first-ever Sustainability Fair took place at Newnham Campus in March 2018, organized by Paula Echeveste Petrone, a Sustainable Business Management graduate. It showcased a number of initiatives, including an energy dashboard that displays our power usage, our Green Citizen program, Seneca Sting Honey and the Ripple Farms urban farming unit. External organizations such as Smart Commute and Habitat for Humanity also participated.

### RED receives North American recognition

RED, Seneca's community magazine, earned silver in the 2017 CASE (Council for Advancement and Support of Education) Circle of Excellence Awards, Annual Magazines category. Chosen from 63 entries from across North America, judges acknowledged that RED stood out among the other annual magazines for its purposeful design and infographics.

### $100,000 pledge for the Campaign for King Campus

Winston Stewart, graduate of Seneca's Police Foundations program and founder of Wincon Security, continued his long-time support of Seneca with a $100,000 donation to the King Campus infrastructure expansion. A classroom at Magna Hall will be named in recognition of Winston and his family's generosity.

### United Way Campaign raises more than $150,000

The 2017 United Way Campaign raised $151,894 through employee donations and on-campus fundraising activities, which will benefit hundreds of community organizations funded by United Way throughout Toronto and York Region.

### Fifty years in the making

*Seneca 50 – Yesterday, Today and Tomorrow* was published by Seneca Press. This commemorative book, highlighting Seneca's past, present and future, was compiled and edited by Seneca Professor Tom Bartsiokas.

### Newnham Campus water savings recognized

Seneca's Facilities Management team received a Proof Not Promises award from General Electric in recognition of our ongoing sustainability and energy management initiatives.

### Teeing off in support of students and United Way

Seneca hosted its fifth annual charity golf tournament in September 2017, raising $194,870 for the Campaign for Students and United Way campaigns.

### Seneca Sting Honey debuts to benefit students

Seneca's apiary at King Campus harvested 900 pounds of honey, producing the first 1,500 bottles of Seneca Sting Honey. Don Forster, Senior Manager, Custodial and Support Services, and a registered beekeeper, runs 10 hives with approximately 600,000 honey bees.

# Enterprise Risk Management

Under Seneca's Enterprise Risk Management (ERM) Framework, strategic risks were identified to our operations through environmental scans and our integrated planning processes. For each risk identified, mitigation strategies were developed and implemented, as required.

The following academic and service-related issues were identified as the most significant risks to Seneca:

- Full-time enrolment
- Human resources
- Public policy environment/government
- Information technology
- Program offering and mix
- Business continuity/crisis management.

# Financial Sustainability

Seneca ended the 2017-18 fiscal year with net income of $18.1 million, reflecting the impact of increased international enrolment, winter-term enrolment outcomes and net costs associated with the academic strike. Our positive financial position support Seneca in funding its capital projects, including CITE and Magna Hall.

# Board of Governors

David Agnew, Seneca President

Fareed Amin

Janet Beed, Chair

Doug Brooks

Marc Caira

Ahmed Chakera (Support Staff Representative)

Lois Cormack, Vice-Chair

Shafiq Ebrahim

John Honderich

Warren Jestin, Vice-Chair

Alice Keung

Mina Mawani

Gagandeep Singh Sidhu (Student Representative)

Mark Solomon (Administrative Staff Representative)

Belinda Tang

Vince Timpano

Rashpal Uppal-Assi (Faculty Representative)

# Summary of Advertising and Marketing Complaints

For the period of April 1, 2017 to March 31, 2018, no complaints were received regarding Seneca's advertising and marketing activities.

| Nature of Complaint | Date Received | How resolved/addressed | Date resolution communicated to student | Number of working days to resolve |
|---|---|---|---|---|
| N/A | N/A | N/A | N/A | N/A |

Consolidated Financial Statements of

# SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2018

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

# INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Seneca College of
Applied Arts and Technology

We have audited the accompanying consolidated financial statements of Seneca College of Applied Arts and Technology, which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

*Management's Responsibility 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Seneca College of Applied Arts and Technology as at March 31, 2018, and its consolidated results of operations, its consolidated changes in net assets, its consolidated cash flows and its consolidated remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 7, 2018
Vaughan, Canada

# SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 49,043,970 | $ 53,281,014 |
| Short-term investments (note 11) | 35,905,131 | 22,552,089 |
| Grants receivable | 806,445 | 664,010 |
| Accounts receivable | 14,217,240 | 16,750,112 |
| Prepaid expenses | 8,017,033 | 5,893,701 |
| | 107,989,819 | 99,140,926 |
| Long-term investments (note 11) | 39,553,423 | 41,897,092 |
| Restricted cash and investments (note 8) | 26,337,734 | 25,323,007 |
| Capital assets (note 2) | 447,683,561 | 342,666,336 |
| | $ 621,564,537 | $ 509,027,361 |
| **Liabilities, Deferred Contributions and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 2) | $ 119,348,719 | $ 45,055,759 |
| Current portion of long-term debt (note 3) | 4,077,308 | 3,819,816 |
| Due to student associations (note 4) | 13,442,441 | 16,428,760 |
| Deferred revenue | 60,435,100 | 48,702,674 |
| Employee vacation accrual | 14,581,410 | 12,571,505 |
| | 211,884,978 | 126,578,514 |
| Long-term debt (note 3) | 35,060,375 | 39,137,683 |
| Deferred derivative liability (note 11) | 3,536,045 | 5,052,271 |
| Post-employment benefits and compensated absences (note 7) | 11,568,000 | 12,118,000 |
| | 262,049,398 | 182,886,468 |
| Deferred contributions (note 5) | 7,854,341 | 8,973,991 |
| Deferred contributions for capital assets (notes 2 and 6) | 120,174,319 | 106,414,796 |
| | 128,028,660 | 115,388,787 |
| Net assets: | | |
| Unrestricted: | | |
| Operating | (48,542,656) | 17,861,806 |
| Post-employment benefits and compensation absences | (11,568,000) | (12,118,000) |
| Vacation pay | (14,581,410) | (12,571,505) |
| | (74,692,066) | (6,827,699) |
| Investment in capital assets (note 9(a)) | 288,371,559 | 202,391,571 |
| Externally restricted - endowments (note 8) | 21,343,031 | 20,240,505 |
| | 235,022,524 | 215,804,377 |
| Accumulated remeasurement losses | (3,536,045) | (5,052,271) |
| | 231,486,479 | 210,752,106 |
| | $ 621,564,537 | $ 509,027,361 |

See accompanying notes to consolidated financial statements.

On behalf of the Board of Governors:

_______________ Chair _______________ President

# SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---|---|
| Revenue: | | |
| Government operating grant | $ 127,602,037 | $ 130,867,893 |
| Tuition and related fees | 203,716,773 | 196,614,649 |
| Ancillary | 20,240,689 | 19,520,983 |
| Amortization of deferred contributions for capital assets | 7,763,133 | 7,443,517 |
| Deferred contributions recognized | 1,141,106 | 1,923,601 |
| Student and alumni associations | 2,397,163 | 2,453,967 |
| Other | 34,616,590 | 30,264,622 |
| | 397,477,491 | 389,089,232 |
| Expenses: | | |
| Salaries and benefits | 224,435,950 | 223,897,354 |
| Operating | 83,988,670 | 79,488,961 |
| Plant and property maintenance | 14,812,716 | 16,496,412 |
| Bursaries and scholarships | 11,656,591 | 10,325,979 |
| Ancillary | 11,731,262 | 11,150,132 |
| Amortization of capital assets | 32,736,681 | 30,784,738 |
| | 379,361,870 | 372,143,576 |
| Excess of revenue over expenses | $ 18,115,621 | $ 16,945,656 |

See accompanying notes to consolidated financial statements.

# SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

| 2018 | Endowments | Investment in capital assets | Unrestricted | Total |
|---|---|---|---|---|
| Net assets (deficiency), beginning of year | $ 20,240,505 | $ 202,391,571 | $ (6,827,699) | $ 215,804,377 |
| Excess (deficiency) of revenue over expenses | – | (24,818,964) | 42,934,585 | 18,115,621 |
| Endowment contributions | 1,102,526 | – | – | 1,102,526 |
| Net change in investment in capital assets (note 9(b)) | – | 110,798,952 | (110,798,952) | – |
| Net assets (deficiency), end of year | $ 21,343,031 | $ 288,371,559 | $ (74,692,066) | $ 235,022,524 |

| 2017 | Endowments | Investment in capital assets | Unrestricted | Total |
|---|---|---|---|---|
| Net assets (deficiency), beginning of year | $ 18,710,765 | $ 199,343,168 | $ (20,724,952) | $ 197,328,981 |
| Excess (deficiency) of revenue over expenses | – | (21,385,264) | 38,330,920 | 16,945,656 |
| Endowment contributions | 1,529,740 | – | – | 1,529,740 |
| Net change in investment in capital assets (note 9(b)) | – | 24,433,667 | (24,433,667) | – |
| Net assets (deficiency), end of year | $ 20,240,505 | $ 202,391,571 | $ (6,827,699) | $ 215,804,377 |

See accompanying notes to consolidated financial statements.

# SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenses | $ 18,115,621 | $ 16,945,656 |
| Items not involving cash: | | |
| Amortization of capital assets | 32,736,681 | 30,784,738 |
| Gain on disposal of capital assets | (154,584) | (1,955,957) |
| Amortization of deferred contributions for capital assets | (7,763,133) | (7,443,517) |
| Post-employment benefits and compensated absences | (230,058) | 725,951 |
| | 42,704,527 | 39,056,871 |
| Change in non-cash operating working capital: | | |
| Decrease (increase) in grants receivable | (142,435) | 64,651 |
| Decrease (increase) in accounts receivable | 2,532,872 | (9,790,696) |
| Increase in prepaid expenses | (2,123,332) | (2,289,171) |
| Increase in accounts payable and accrued liabilities | 7,622,610 | 8,975,970 |
| Increase (decrease) in due to student associations | (2,986,319) | 2,625,079 |
| Increase in deferred revenue | 11,732,426 | 10,740,230 |
| Increase (decrease) in employee vacation accrual | 2,009,905 | (111,619) |
| Decrease in post-employment benefits and compensated absences | (319,942) | (798,951) |
| | 61,030,312 | 48,472,364 |
| Capital activities: | | |
| Contributions received for capital assets | 21,522,656 | 21,126,011 |
| Purchase of capital assets | (71,083,556) | (35,355,666) |
| Proceeds on disposal of capital assets | 154,584 | 2,470,000 |
| | (49,406,316) | (11,759,655) |
| Financing activities: | | |
| Decrease in deferred contributions | (1,119,650) | (249,355) |
| Principal payments of long-term debt | (3,819,816) | (3,576,482) |
| Endowment contributions | 1,102,526 | 1,529,740 |
| | (3,836,940) | (2,296,097) |
| Investing activities: | | |
| Net purchase of investments | (11,009,373) | (4,383,005) |
| Increase in restricted cash and investments | (1,014,727) | (4,403,190) |
| | (12,024,100) | (8,786,195) |
| Increase (decrease) in cash | (4,237,044) | 25,630,417 |
| Cash, beginning of year | 53,281,014 | 27,650,597 |
| Cash, end of year | $ 49,043,970 | $ 53,281,014 |
| Supplemental cash flow information: | | |
| Interest paid on long-term debt | $ 2,659,255 | $ 2,899,585 |
| Non-cash transactions: | | |
| King Campus construction costs financed through accounts payable and accrued liabilities (note 2(b)) | (66,670,350) | – |

See accompanying notes to consolidated financial statements.

# SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---|---|
| Accumulated remeasurement losses, beginning of year | $ (5,052,271) | $ (6,424,494) |
| Unrealized gain on derivative liability | 1,516,226 | 1,372,223 |
| Accumulated remeasurement losses, end of year | $ (3,536,045) | $ (5,052,271) |

See accompanying notes to consolidated financial statements.

Seneca College of Applied Arts and Technology (the "College") was incorporated as a college in 1966 under legislation of the Province of Ontario. The College is a registered charity and, therefore, exempt from payment of income tax under Section 149 of the Income Tax Act (Canada).

The mission of the College is to contribute to the Canadian society by being a leader in providing students with career-related education and training.

These consolidated financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of operations and organizations controlled by the College. As such, the consolidated financial statements include academic, administrative and other operating expenses that are funded by a combination of tuition and other fees, grants (federal, provincial and municipal), revenue from ancillary operations, and restricted purpose endowment funds.

## 1. Significant accounting policies:

(a) Basis of accounting:

These consolidated financial statements are the representation of management and have been prepared 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.

(b) Subsidiary:

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the College and its wholly owned subsidiary, Seneca Corporation. All inter-organizational balances and transactions are eliminated on consolidation.

(c) Revenue recognition:

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

All revenue relating to tuition and other services provided by the College, as well as revenue from ancillary operations and donations, are reflected in the consolidated statement of operations.

**1. Significant accounting policies (continued):**

Operating grants are recorded as revenue in the year in which they relate. Grants earned but not received at the end of a year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year when the related services are provided.

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

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

Restricted investment income that must be maintained as an endowment is credited to deferred contributions until the related expense is incurred. Unrestricted investment income is recognized as revenue when earned.

Tuition fees received in advance are recorded as deferred revenue and recognized as revenue when earned through the provision of service.

(d) Vacation accrual:

The College recognizes vacation as an expense on the accrual basis.

(e) Derivative financial instrument:

A derivative financial instrument is utilized by the College in the economic management of its interest rate exposure. The College does not enter into derivative financial instruments for trading or speculative purposes. The College uses an interest rate swap agreement to economically manage the floating interest rate of a portion of the debt portfolio and the related overall cost of borrowing.

**1. Significant accounting policies (continued):**

(f) 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:

(i) Fair value:

This category includes derivatives and equity instruments quoted in an active market. The College has elected to continue carrying externally restricted endowment investments, consisting of restricted cash and investments that would otherwise be classified into the amortized cost category at fair value as the College reports performance of it on a fair value basis.

Financial instruments are recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations.

Unrealized changes in fair value of a financial asset in a fair value category that is externally restricted are recorded in deferred contributions.

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

Where a decline in the fair value of the derivative liability 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 net assets and recognized in the consolidated statement of financial position for restricted investments and the consolidated statement of operations for unrestricted investments.

**1. Significant accounting policies (continued):**

(ii) Amortized cost:

This category includes grants receivable, accounts receivable, short-term investments, long-term investments, accounts payable and accrued liabilities, employee vacation accrual and long-term debt. They are initially recognized at cost 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.

(g) Capital assets:

Capital assets are stated at cost with the exception of donated assets, which are recorded at their fair market value at the date of the receipt where fair market value is reasonably determinable; otherwise, they are recorded at a nominal amount. The College amortizes the cost of capital assets on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Land improvements | 10 years |
| Buildings | 40 years |
| Leasehold improvements | Lease term |
| Furniture | 5 years |
| Equipment | 5 - 10 years |
| Computer equipment | 3 - 5 years |

**1. Significant accounting policies (continued):**

Construction in progress relates to the ongoing campus expansion and the technology upgrade project. Upon completion, the College will start amortizing such costs in accordance with defined useful life criteria.

When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

(h) Equipment under capital leases:

The College leases equipment on terms which transfer substantially all the benefits and risks of ownership to the College. These leases have been accounted for as capital leases as though an asset had been purchased and a liability incurred.

(i) Student organizations:

These consolidated financial statements do not include the assets, liabilities or results of operations of the Seneca Student Federation, as this legal entity is not controlled by the College.

(j) 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, life insurance benefits, vesting sick leave, non-vesting sick leave, short-term disability and maternity 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.

**1. Significant accounting policies (continued):**

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

(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 lives of the employees.

(iv) The cost of short-term disability and maternity leave is determined using management's best estimate of the length of the compensated absences.

(k) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the year, in addition to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. The most significant items subject to management's estimation are the fair value of deferred derivative liability, allowance for doubtful accounts, carrying amounts and useful lives of capital assets, accrued liabilities and post-employment benefits and compensated absences. Actual results could differ from those estimates.

**2. Capital assets:**

(a) Capital assets:

| 2018 | Cost | Accumulated amortization | Net book value |
|---|---|---|---|
| Land | $ 14,533,980 | $ – | $ 14,533,980 |
| Land improvements | 109,000,109 | 58,445,047 | 50,555,062 |
| Buildings | 292,243,378 | 121,900,554 | 170,342,824 |
| Leasehold improvements | 24,972,049 | 15,023,860 | 9,948,189 |
| Furniture | 21,300,425 | 17,460,097 | 3,840,328 |
| Equipment | 154,007,595 | 83,659,664 | 70,347,931 |
| Computer equipment | 95,280,937 | 92,081,275 | 3,199,662 |
| Construction in progress | 124,915,585 | – | 124,915,585 |
| | $ 836,254,058 | $ 388,570,497 | $ 447,683,561 |

| 2017 | Cost | Accumulated amortization | Net book value |
|---|---|---|---|
| Land | $ 14,533,980 | $ – | $ 14,533,980 |
| Land improvements | 92,754,147 | 49,951,188 | 42,802,959 |
| Buildings | 292,243,378 | 115,095,481 | 177,147,897 |
| Leasehold improvements | 24,972,049 | 14,068,834 | 10,903,215 |
| Furniture | 20,188,527 | 15,612,205 | 4,576,322 |
| Equipment | 144,672,769 | 71,579,422 | 73,093,347 |
| Computer equipment | 96,222,613 | 93,128,292 | 3,094,321 |
| Construction in progress | 16,514,295 | – | 16,514,295 |
| | $ 702,101,758 | $ 359,435,422 | $ 342,666,336 |

During 2018, construction in progress of $7,095,191 (2017 - $787,170) was completed, transferred to capital assets and amortization commenced.

**2. Capital assets (continued):**

(b) Alternative financing arrangement:

In August 2016, the College entered into an alternative financing project agreement with a third party construction company to design, build and finance Seneca King Campus Expansion, a new building. The approved budget is $99,200,000, of which the building value is $70,826,000. Of the total project value, $6,084,665 was capitalized prior to 2017 as part of the early works and is included in land improvements.

As at March 31, 2018, the building is partially complete and as a result, $66,670,350 has been capitalized in construction in progress. A short term-liability in the amount of $66,670,350 has been recorded as accounts payable and accrued liabilities. The Ministry of Advanced Education and Skills Development ("MAESD") has partially funded the construction by $8,595,900, which is recorded in deferred capital contributions.

Subsequent to year end, the College received $50,404,100 from MAESD.

**3. Long-term debt:**

The College has negotiated or assumed the following long-term debt commitments:

| | 2018 | 2017 |
|---|---|---|
| Mortgage (a) | $ 9,113,364 | $ 10,594,941 |
| Mortgage (b) | 3,518,685 | 3,988,218 |
| Mortgage (c) | 7,433,634 | 8,160,340 |
| Bankers' acceptance loan (d) | 19,072,000 | 20,214,000 |
| | 39,137,683 | 42,957,499 |
| Less current portion | 4,077,308 | 3,819,816 |
| | $ 35,060,375 | $ 39,137,683 |

Interest on long-term debt amounted to $2,659,255 in 2018 (2017 - $2,899,585), and is included in operating expenses.

**3. Long-term debt (continued):**

(a) Mortgage on the student residence on the Newnham Campus (Phase I). The rate is fixed at 6.87% and the maturity date is March 1, 2023. Blended semi-annual payments of $1,092,216 commenced September 1, 1998.

(b) Mortgage on the student residence on the King campus. The rate is fixed at 6.29% and the maturity date is March 1, 2024. Blended semi-annual payments of $356,561 commenced September 1, 1999.

(c) Mortgage on the student residence on the Newnham Campus (Phase II). The rate is fixed at 7.16% and the maturity date is September 1, 2025. Blended semi-annual payments of $649,103 commenced September 1, 2000.

(d) The College negotiated a term bank loan, by way of a bankers' acceptance loan, to finance the acquisition of the Markham campus. The loan is repayable, commencing September 27, 2004, by blended quarterly payments of approximately $573,000, maturing June 25, 2029. The College has since entered into an interest rate swap agreement to modify the floating rate of interest on this loan to a fixed rate of 5.607% (note 11(c)).

Annual principal payments in each of the next five fiscal years and thereafter are as follows:

| | |
|---|---|
| 2019 | $ 4,077,308 |
| 2020 | 4,354,814 |
| 2021 | 4,649,241 |
| 2022 | 4,964,560 |
| 2023 | 5,301,815 |
| Thereafter | 15,789,945 |
| | $ 39,137,683 |

The fair value of these loans and mortgages as at March 31, 2018 is estimated by management to be $44,404,200 (2017 - $50,368,948).

## 4. Due to student associations:

The funds due to Seneca College Student Associations are unsecured, due on demand and non-interest bearing.

## 5. Deferred contributions:

Deferred contributions represent unspent externally restricted funding that has been received and relates to expenses of future years. Changes in the contributions deferred to future years are as follows:

| | 2018 | 2017 |
|---|---|---|
| Balance, beginning of year | $ 8,973,991 | $ 9,223,346 |
| Add amount received from: | | |
| Set aside tuition | 8,333,503 | 6,486,386 |
| Other sources | 2,003,426 | 536,654 |
| Realized investment income on endowments (note 8) | 1,065,848 | 1,613,114 |
| Unrealized gain (loss) on endowments (note 8) | (51,126) | 1,610,800 |
| Less amounts disbursed: | | |
| Set aside tuition | 9,902,947 | 8,572,708 |
| Other sources | 2,568,354 | 1,923,601 |
| Balance, end of year | $ 7,854,341 | $ 8,973,991 |
| Deferred contributions comprise: | | |
| Scholarships and bursaries | $ 757,347 | $ 2,385,508 |
| Joint employment stability reserve | 588,450 | 581,681 |
| Prepaid leave plan | – | 17,754 |
| Endowment income: | | |
| Ontario Trust for Student Support and other | 6,508,544 | 5,989,048 |
| | $ 7,854,341 | $ 8,973,991 |

## 6. Deferred contributions for capital assets:

Deferred contributions for capital assets represent the unamortized amount of grants and other contributions received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the consolidated statement of operations and is amortized in relation to the asset to which it relates. The changes in the deferred contributions for capital asset balances are as follows:

| | 2018 | 2017 |
|---|---|---|
| Balance, beginning of year | $ 106,414,796 | $ 92,732,302 |
| Amortization of deferred capital contributions | (7,763,133) | (7,443,517) |
| Contributions received for capital purposes | 21,522,656 | 21,126,011 |
| Balance, end of year | $ 120,174,319 | $ 106,414,796 |

Deferred contributions for capital assets include no unspent contributions (2017 - $9,097,530).

## 7. Post-employment benefits and compensated absences:

The following tables outline the liability components of the College's post-employment benefits and compensated absences:

| 2018 | Post-employment benefits | Non-vesting sick leave | Vesting sick leave | Total liability |
|---|---|---|---|---|
| Accrued employee future benefits obligations | $ 2,126,000 | $ 6,920,000 | $ 1,321,000 | $ 10,367,000 |
| Value of plan assets | (467,000) | – | – | (467,000) |
| Unamortized actuarial gains | 33,000 | 1,762,000 | (127,000) | 1,668,000 |
| Total liability | $ 1,692,000 | $ 8,682,000 | $ 1,194,000 | $ 11,568,000 |

## 7. Post-employment benefits and compensated absences (continued):

| 2017 | Post-employment benefits | Non-vesting sick leave | Vesting sick leave | Total liability |
|---|---|---|---|---|
| Accrued employee future benefits obligations | $ 2,087,000 | $ 7,219,000 | $ 370,000 | $ 9,676,000 |
| Value of plan assets | (298,000) | – | – | (298,000) |
| Unamortized actuarial gains | 93,000 | 1,576,000 | 1,071,000 | 2,740,000 |
| Total liability | $ 1,882,000 | $ 8,795,000 | $ 1,441,000 | $ 12,118,000 |

The following tables outline the expense component of the College's post-employment benefits and compensated absences:

| 2018 | Post-employment benefits | Non-vesting sick leave | Vesting sick leave | Total expense |
|---|---|---|---|---|
| Current year benefit costs | $ (155,000) | $ 374,000 | $ 46,000 | $ 265,000 |
| Interest on accrued benefit obligation | 4,000 | 134,000 | 30,000 | 168,000 |
| Amortized actuarial losses (gains) | (22,000) | (5,000) | 48,000 | 21,000 |
| Total expenses | $ (173,000) | $ 503,000 | $ 124,000 | $ 454,000 |

| 2017 | Post-employment benefits | Non-vesting sick leave | Vesting sick leave | Total expense |
|---|---|---|---|---|
| Current year benefit costs | $ (29,000) | $ 388,000 | $ 23,000 | $ 382,000 |
| Interest on accrued benefit obligation | 4,000 | 103,000 | 8,000 | 115,000 |
| Amortized actuarial losses (gains) | (19,000) | (130,000) | 43,000 | (106,000) |
| Total expenses | $ (44,000) | $ 361,000 | $ 74,000 | $ 391,000 |

## 7. Post-employment benefits and compensated absences (continued):

Above amounts exclude pension contributions to the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), a multi-employer plan, described below:

(a) Pension plan:

Employees of the College are members of the Plan, which is a multi-employer, jointly sponsored defined benefit plan for eligible employees of public colleges and other employers in Ontario. The College 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. 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, 2018 indicated an actuarial surplus of $2.3 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of $17,863,961 in 2018 (2017 - $18,033,736), 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:

(i) Discount rate:

The present value, as at March 31, 2018, of the future benefits was determined using a discount rate of 2.6% (2017 - 2.0%).

**7. Post-employment benefits and compensated absences (continued):**

(ii) Drug costs:

Drug costs were assumed to increase at a rate of 8.00% in 2018 and decrease proportionately thereafter to an ultimate rate of 4.00% in 2034.

(iii) Other medical:

Other medical costs and vision/hearing care were assumed to increase at 4.0% per annum.

(iv) Dental costs:

Dental costs were assumed to increase at 4.0% per annum.

(c) Compensated absences:

(i) 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 six 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.

(ii) 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 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 an actuarial valuation study commissioned by the College Employer Council.

## 7. Post-employment benefits and compensated absences (continued):

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

| | 2018 | 2017 |
|---|---|---|
| Wage and salary escalation | 1.50% - 2.00% | 0.50% - 1.50% |
| Discount rate | 2.60% | 2.00% |

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0.00% to 23.70% and 0 to 48 days, respectively, for age groups ranging from 20 and under to 65 and over in bands of five years.

## 8. Externally restricted endowments:

Externally restricted net assets include endowment funds which have been donated for specific purposes. The principal sum must be held for investment, while the income earned is expendable for the specific purposes outlined when the funds are donated. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they are provided.

Endowment funds of $21,343,031 consist of restricted cash and investments. The fair value of the restricted cash and investments at March 31, 2018 is $26,337,734 (2017 - $25,323,007), which represents funds restricted as to use and are not available for general operations.

Unrealized gains (losses) and realized investment income earned on endowment funds during the year, and reported in deferred contributions is as follows:

| | | | 2018 | 2017 |
|---|---|---|---|---|
| | OTSS | Non-OTSS | Total | Total |
| Unrealized gains (losses) | $ (42,493) | $ (8,633) | $ (51,126) | $ 1,610,800 |
| Realized investment income | 885,867 | 179,981 | 1,065,848 | 1,613,114 |
| | $ 843,374 | $ 171,348 | $ 1,014,722 | $ 3,223,914 |

## 8. Externally restricted endowments (continued):

Investment income on externally restricted endowments that was disbursed during the year has been recorded in the consolidated statement of operations since this income is available for disbursement as scholarships and bursaries and the donor's conditions were met.

**Ontario Trust for Student Support ("OTSS") fund:**

The externally restricted endowments include monies provided by the Government of Ontario through the OTSS matching funds program to award student aid as a result of raising an equal amount of endowed donations. The College has recorded the following amounts under the program:

| | 2018 | 2017 |
|---|---|---|
| **Schedule of Changes in Endowment Fund Balance** | | |
| Fund balance, beginning of year | $ 16,941,248 | $ 16,098,365 |
| Cash donations received and receivable | 797,824 | 842,883 |
| Fund balance, end of year | $ 17,739,072 | $ 16,941,248 |

| | 2018 | 2017 |
|---|---|---|
| **Schedule of Changes in Expendable Funds Available for Awards** | | |
| Balance, beginning of year | $ 5,245,690 | $ 3,410,383 |
| Investment income | 885,867 | 1,350,172 |
| Bursaries awarded (total number - 856; 2017 - 966) | (519,405) | (863,100) |
| Unrealized gain (loss) on endowment funds | (42,493) | 1,348,235 |
| Balance, end of year | $ 5,569,659 | $ 5,245,690 |

## 9. Investment in capital assets:

(a) Investment in capital assets represents the following:

| | 2018 | 2017 |
|---|---|---|
| Capital assets | $ 447,683,561 | $ 342,666,336 |
| Less amounts financed by: | | |
| Long-term debt (note 3) | 39,137,683 | 42,957,499 |
| Deferred contributions for capital assets (note 6) | 120,174,319 | 97,317,266 |
| | $ 288,371,559 | $ 202,391,571 |

(b) Change in net assets invested in capital assets is calculated as follows:

| | 2018 | 2017 |
|---|---|---|
| Deficiency of revenue over expenses: | | |
| Amortization of deferred contributions related to capital assets | $ 7,763,133 | $ 7,443,517 |
| Amortization of capital assets | (32,736,681) | (30,784,738) |
| Gain on disposal of capital assets | 154,584 | 1,955,957 |
| | $ (24,818,964) | $ (21,385,264) |
| Net change in investment in capital assets: | | |
| Purchase of capital assets | $ 137,753,906 | $ 35,355,666 |
| Proceeds on disposal of capital assets | (154,584) | (2,470,000) |
| Amounts funded by contributions received for capital assets | (30,620,186) | (12,028,481) |
| Principal payments of long-term debt | 3,819,816 | 3,576,482 |
| | $ 110,798,952 | $ 24,433,667 |

## 10. Commitments and contingent liabilities:

(a) Service agreements and lease commitments:

The College has entered into various service agreements, as well as other commitments, to lease premises and equipment. The anticipated annual payments in each of the next five years and thereafter in aggregate under current arrangements are as follows:

| | |
|---|---|
| 2019 | $ 16,575,158 |
| 2020 | 16,657,038 |
| 2021 | 9,960,160 |
| 2022 | 4,164,806 |
| 2023 | 2,838,477 |
| Thereafter | 13,716,146 |
| | $ 63,911,785 |

(b) Contractual commitments:

The primary services contracted by the College through contractual agreements with external companies include facilities management, security, grounds maintenance and print/copy services.

(c) Contingent liabilities:

In the normal course of its operations, the College is subject to various litigation and claims. Where management has assessed the likelihood of financial exposure for a claim as more than likely and where a reasonable estimate as to the exposure can be made, an accrual has been recorded in these consolidated financial statements. In some instances, the ultimate outcome of these claims cannot be determined at this time. However, the College's management believes that the ultimate disposition of these matters will not have a material adverse effect on its consolidated financial position.

(d) Letters of guarantee:

The College issues letters of guarantee through its financial institutions to provide guarantees to certain vendors. Outstanding letters of guarantee amount to $3,376,536 as at March 31, 2018 (2017 - $1,944,900).

**10. Commitments and contingent liabilities (continued):**

(e) Indemnification agreements:

In the normal course of business, the College enters into agreements that meet the definition of a guarantee. The College's primary guarantees subject to the disclosure requirements are as follows:

(i) The College has provided indemnities under lease agreements for the use of various operating facilities and equipment. Under the terms of these agreements, the College agrees to indemnify the counterparties for various items, including, but not limited to, all liabilities, loss, suits and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(ii) Indemnity has been provided to all directors and/or officers of the College for various items including, but not limited to, all costs to settle suits or actions due to association with the College, subject to certain restrictions. The College has purchased directors' and officers' liability insurance to mitigate the cost of any potential future lawsuits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the College. The maximum amount of any potential future payment cannot be reasonably estimated.

(iii) In the normal course of business, the College has entered into agreements that include indemnities in favour of third parties, such as student work placement agreements. These indemnification agreements may require the College to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the College from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the College has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been accrued in the consolidated statement of financial position with respect to these agreements.

## 11. Financial instruments:

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

| 2018 | Fair value | Amortized cost |
|---|---|---|
| Cash | $ 49,043,970 | $ – |
| Short-term investments (a) | – | 35,905,131 |
| Grants receivable | – | 806,445 |
| Accounts receivable | – | 14,217,240 |
| Long-term investments (a) | – | 39,553,423 |
| Restricted cash and investments (b) | 26,337,734 | – |
| Accounts payable and accrued liabilities | – | 119,348,719 |
| Current portion of long-term debt | – | 4,077,308 |
| Employee vacation accrual | – | 14,581,410 |
| Long-term debt | – | 35,060,375 |
| Deferred derivative liability (c) | 3,536,045 | – |

| 2017 | Fair value | Amortized cost |
|---|---|---|
| Cash | $ 53,281,014 | $ – |
| Short-term investments (a) | – | 22,552,089 |
| Grants receivable | – | 664,010 |
| Accounts receivable | – | 16,750,112 |
| Long-term investments (a) | – | 41,897,092 |
| Restricted cash and investments (b) | 25,323,007 | – |
| Accounts payable and accrued liabilities | – | 45,055,759 |
| Current portion of long-term debt | – | 3,819,816 |
| Employee vacation accrual | – | 12,571,505 |
| Long-term debt | – | 39,137,683 |
| Deferred derivative liability (c) | 5,052,271 | – |

(a) Excess operating funds are invested in liquid securities that are accessible when required. Short-term investments consist of T-bills, government and corporate bonds with maturities of less than one year. Long-term investments consist of government and corporate bonds with maturities that are greater than one year. All investments follow the Government of Ontario Binding Policy Directive on Banking, Investments and Borrowing.

## 11. Financial instruments (continued):

Excess operating funds held in short-term investments have yields varying from 1.13% to 5.00% (2017 - 0.425% to 3.50%) with maturity dates ranging from April 2018 to December 2018 (2017 - April 2017 to March 2018). The fair value of short-term investments as at March 31, 2018 was $35,873,933 (2017 - $22,557,782). Excess operating funds held in long-term investments have yields varying from 1.37% to 5.00% (2017 - 1.24% to 5.00%) with maturity dates ranging from April 2019 to April 2024 (2017 - June 2018 to December 2025). The fair value of long-term investments as at March 31, 2018 was $39,183,643 (2017 - $42,103,320).

(b) Restricted cash and investments are externally restricted for endowment purposes (note 8) and consist of pooled funds invested in money market, bonds and Canadian and international equity funds.

(c) The College entered into an interest rate swap agreement in a prior year to economically manage the floating interest rate of the bankers' acceptance loan (note 3(d)). Under the terms of the interest rate swap agreement, the College has contracted with the counterparty to pay a fixed rate of interest of 5.607% (2017 - 5.607%), while receiving interest at a variable rate to be set quarterly based on the bankers' acceptance rates which ranged from 0.96% to 1.72% (2017 - 0.86% to 0.93%) during the year. The effective date of the interest rate swap agreement was June 25, 2004, with a maturity date of June 25, 2029. The notional value of the interest rate swap agreement at March 31, 2018 is $19,072,000 (2017 - $20,214,000) and is amortized quarterly during the term of the interest rate swap agreement. The fair value of the interest rate swap agreement at March 31, 2018 is $3,536,045 (2017 - $5,052,271) and is recorded as a deferred derivative liability on the consolidated statement of financial position.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 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 or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

## 11. Financial instruments (continued):

- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All cash and restricted cash and investments are classified as Level 1 financial instruments, except for $25,252,480 (2017 - $24,321,254) invested in a Canadian Equity Fund, a US Equity Fund, a Fixed Income Fund and an International Equity Fund, which are classified as Level 2 financial instruments. The deferred derivative liability is classified as a Level 3 financial instrument.

There were no transfers among levels for the years ended March 31, 2018 and 2017. For a sensitivity analysis of financial instruments recognized in Level 3, see note 12, interest rate risk, as the prevailing interest rate is the most significant input into the fair value of the instrument.

## 12. Financial instruments and risk management:

(a) Credit risk:

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 and accounts receivable. The College holds its cash accounts with federally regulated chartered banks which are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to $100,000 (2017 - $100,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the Government of Ontario Binding Policy Directive on Banking, Investments and Borrowing 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 government bonds, bank-listed Schedule I or Schedule II or a branch in Canada of an authorized foreign bank under the Bank Act. Externally restricted and endowment funds, which are generally money and donations for scholarships and bursaries, can be invested in corporate bonds with a credit rating of A(R-1) or better. All other College funds are restricted to corporate bonds with a rating of AAA.

## 12. Financial instruments and risk management (continued):

The maximum exposure to investment credit risk is outlined in note 11.

Accounts receivable are primarily due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population.

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 were as follows:

| | | | Past due | | |
|---|---|---|---|---|---|
| 2018 | Total | 1 - 30 days | 31 - 60 days | 61 - 90 days | > 90 days |
| Grants receivable | $ 806,445 | $ 806,445 | $ – | $ – | $ – |
| Accounts receivable | 26,173,560 | 6,118,655 | 127,488 | 8,101,143 | 11,826,274 |
| Gross receivables | 26,980,005 | $ 6,925,100 | $ 127,488 | $ 8,101,143 | $ 11,826,274 |
| Less impairment allowances | 11,956,320 | | | | |
| | $ 15,023,685 | | | | |

| | | | Past due | | |
|---|---|---|---|---|---|
| 2017 | Total | 1 - 30 days | 31 - 60 days | 61 - 90 days | > 90 days |
| Grants receivable | $ 664,010 | $ 664,010 | $ – | $ – | $ – |
| Accounts receivable | 25,372,391 | 5,616,950 | 317,666 | 8,610,990 | 10,826,785 |
| Gross receivables | 26,036,401 | $ 6,280,960 | $ 317,666 | $ 8,610,990 | $ 10,826,785 |
| Less impairment allowances | 8,622,279 | | | | |
| | $ 17,414,122 | | | | |

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

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.

**12. Financial instruments and risk management (continued):**

(b) Market risk:

Market risk is the risk that the fair value or 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 risks.

The College's investment policy operates within the constraints of the investment guidelines issued by the MAESD. The policy's application is monitored by management, the investment managers and the Board of Governors. Diversification techniques are utilized to minimize risk.

The investment policy outlines an asset mix comprising:

| | |
|---|---|
| Fixed income | 25% - 50% |
| Equities | 50% - 65% |
| Cash and short-term investments | 0% - 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.

(c) Currency risk:

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange rates when adverse changes in foreign currency 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 risk.

(d) 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.

**12. Financial instruments and risk management (continued):**

The College is exposed to this risk through the fixed income securities and long-term debt.

The College mitigates interest rate risk on its long-term debt (note 3(d)) through a derivative financial instrument that exchanges the variable rate inherent in the long-term debt for a fixed rate (note 11). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt. In addition, the College's other long-term debt, as described in note 3(a) to (c), would not be impacted as the inherent rates are fixed.

Fixed income securities have yields varying from 0.52% to 4.50% (2017 - 0.43% to 4.15%) with maturity dates ranging from April 2018 to December 2064 (2017 - April 2017 to December 2064).

At March 31, 2018, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of the bonds and the interest rate swap of $1,635,393 (2017 - $2,147,545) and $1,205,100 (2017 - $1,474,325), respectively.

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

(e) 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 the equity holdings with its investment portfolio. At March 31, 2018, a 10% movement in the stock markets with all variables held constant would have an estimated effect on the fair values of the College's equities of $1,554,964 (2017 - $1,477,017).

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

## 12. Financial instruments and risk management (continued):

(f) 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 and maintaining investments that may be converted to cash in the near term if unexpected cash outflows arise. The following tables set out the contractual maturities (representing undiscounted contractual cash flows of financial liabilities):

| 2018 | Within 6 months | 6 months to 1 year | 1 - 5 years | Greater than 5 years | Total |
|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ 117,542,194 | $ 1,806,525 | $ – | $ – | $ 119,348,719 |
| Employee vacation accrual | 14,581,410 | – | – | – | 14,581,410 |
| Current portion of long-term debt | 2,005,049 | 2,072,259 | – | – | 4,077,308 |
| Long-term debt | – | – | 22,708,599 | 12,351,776 | 35,060,375 |
| | $ 134,128,653 | $ 3,878,784 | $ 22,708,599 | $ 12,351,776 | $ 173,067,812 |

| 2017 | Within 6 months | 6 months to 1 year | 1 - 5 years | Greater than 5 years | Total |
|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ 43,371,046 | $ 1,684,713 | $ – | $ – | $ 45,055,759 |
| Employee vacation accrual | 11,344,117 | 1,227,388 | – | – | 12,571,505 |
| Current portion of long-term debt | 1,878,376 | 1,941,440 | – | – | 3,819,816 |
| Long-term debt | – | – | 23,347,738 | 15,789,945 | 39,137,683 |
| | $ 56,593,539 | $ 4,853,541 | $ 23,347,738 | $ 15,789,945 | $ 100,584,763 |

Derivative financial liabilities mature, as described in note 11.

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