Consolidated Financial Statements of

SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

And Independent Auditor's Report thereon

Year ended March 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Finance and Administration Committee ("the Committee").

The Committee is appointed by the Board and meets regularly with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee must be satisfied that each party is properly discharging its responsibilities and is tasked with reviewing the consolidated financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditor.

The consolidated financial statements have been audited by KPMG LLP ("KPMG"), the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. KPMG has full and free access to the Committee.

David Agnew	Nevzat Gurmen
President	Vice-President, Finance and Administration

June 8, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Seneca College of Applied Arts and Technology (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter - Comparative Information

We draw attention to note 16 to the financial statements ("Note 16"), which explains that certain comparative information presented for the year ended March 31, 2022 has been restated.

Note 16 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 8, 2023

SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 16)
Assets		
Current assets:		
Cash	$ 126,697,281	$ 67,307,007
Short-term investments (note 14(a))	93,442,339	53,043,141
Grants receivable	4,794,453	2,388,370
Accounts receivable (notes 2 and 15)	6,821,322	12,171,862
Prepaid expenses	11,365,105	7,648,736
	243,120,500	142,559,116
Long-term receivable (note 2)	7,246,434	7,790,468
Long-term investments (note 14(a))	139,075,734	176,705,766
Restricted cash and investments (notes 11 and 12)	56,374,340	51,924,045
Capital assets (notes 3 and 16)	515,137,384	527,264,684
	$ 960,954,392	$ 906,244,079
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 60,739,148	$ 62,828,018
Current portion of long-term debt (note 4)	3,438,169	5,301,815
Due to student associations (note 6)	21,054,992	17,134,709
Deferred revenue	184,913,713	190,230,234
Employee vacation accrual	17,797,441	16,809,040
	287,943,463	292,303,816
Long-term debt (note 4)	12,351,776	15,789,945
Asset retirement obligation liabilities (notes 5 and 16)	6,731,626	7,279,115
Deferred derivative liability (note 14(c))	789,706	1,477,543
Post-employment benefits and compensated absences (note 7)	10,677,000	10,334,000
	30,550,108	34,880,603
Deferred contributions (note 8)	19,636,893	16,897,911
Deferred contributions for capital assets (note 9)	175,649,383	180,616,834
	195,286,276	197,514,745
Net assets:		
Unrestricted:		
Operating	115,054,508	50,629,622
Post-employment benefits and compensation absences	(10,677,000)	(10,334,000)
Employee vacation accrual	(17,797,441)	(16,809,040)
	86,580,067	23,486,582
Investment in capital assets (notes 10(a) and 16)	317,639,194	320,104,393
Internally restricted - endowment (note 11)	14,484,799	12,310,273
Externally restricted - endowments (note 12)	30,277,827	27,710,355
	448,981,887	383,611,603
Accumulated remeasurement losses	(1,807,342)	(2,066,688)
	447,174,545	381,544,915
Commitments and contingent liabilities (note 13)		
	$ 960,954,392	$ 906,244,079

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, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 16)
Revenue:		
Government operating grants	$ 107,903,120	$ 108,387,834
Tuition and related fees	407,540,021	377,684,381
Ancillary	19,403,562	8,331,452
Amortization of deferred contributions for capital assets (note 9)	11,574,529	11,418,099
Deferred contributions recognized	3,639,093	2,014,855
Net gain on disposals of capital assets	1,105	11,646,499
Other	29,149,099	25,572,735
	579,210,529	545,055,855
Expenses:		
Salaries and benefits	299,026,726	270,530,490
Operating (note 4)	119,590,101	106,787,997
Plant and property maintenance	15,049,086	12,788,590
Bursaries and scholarships	13,708,455	17,264,903
Ancillary	15,132,691	7,571,711
Amortization of capital assets (note 16)	53,900,658	47,204,499
	516,407,717	462,148,190
Excess of revenue over expenses	$ 62,802,812	$ 82,907,665

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, 2023, with comparative information for 2022

2023	Externally restricted - endowments	Investment in capital assets	Internally restricted - endowment	Unrestricted	Total
	(note 12)	(note 10)	(note 11)		
Net assets, beginning of year, as restated (note 16)	$ 27,710,355	$ 320,104,393	$ 12,310,273	$ 23,486,582	$ 383,611,603
Excess (deficiency) of revenue over expenses	–	(42,325,024)	–	105,127,836	62,802,812
Endowment contributions	2,567,472	–	–	–	2,567,472
Interfund transfer to internally restricted - endowment (note 11)	–	–	2,174,526	(2,174,526)	–
Net change in investment in capital assets (note 10(b))	–	39,859,825	–	(39,859,825)	–
Net assets, end of year	$ 30,277,827	$ 317,639,194	$ 14,484,799	$ 86,580,067	$ 448,981,887

2022 (restated - note 16)	Externally restricted - endowments	Investment in capital assets	Internally restricted - endowment	Unrestricted	Total
	(note 12)	(note 10)	(note 11)		
Net assets (deficiency), beginning of year, as previously reported	$ 25,969,261	$ 325,237,635	$ –	$ (45,895,161)	$ 305,311,735
Adoption of PS 3280, Asset Retirement Obligation (notes 10(b) and 16)	–	(6,348,891)	–	–	(6,348,891)
Excess (deficiency) of revenue over expenses	–	(24,139,901)	–	107,047,566	82,907,665
Endowment contributions	1,741,094	–	–	–	1,741,094
Interfund transfer to internally restricted - endowment	–	–	12,310,273	(12,310,273)	–
Net change in investment in capital assets (note 10(b))	–	25,355,550	–	(25,355,550)	–
Net assets, end of year, as restated (note 16)	$ 27,710,355	$ 320,104,393	$ 12,310,273	$ 23,486,582	$ 383,611,603

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, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement losses, beginning of year	$ (2,066,688)	$ (2,775,994)
Unrealized gain on derivative liability	687,837	1,298,451
Unrealized loss on investments held for internally restricted endowment	(428,491)	(589,145)
Accumulated remeasurement losses, end of year	$ (1,807,342)	$ (2,066,688)

See accompanying notes to consolidated financial statements.

SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 16)
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 62,802,812	$ 82,907,665
Items not involving cash:		
Amortization of capital assets	53,900,658	47,204,499
Net gain on disposals of capital assets	(1,105)	(11,646,499)
Amortization of deferred contributions for capital assets	(11,574,529)	(11,418,099)
Post-employment benefits and compensated absences	343,000	(82,045)
	105,470,836	106,965,521
Disbursement of post-employment benefits and compensated absences	–	(115,955)
Change in non-cash operating working capital:		
Increase in grants receivable	(2,406,083)	(1,668,952)
Decrease (increase) in accounts receivable	5,350,540	(6,251,162)
Decrease (increase) in prepaid expenses	(3,716,369)	670,526
Decrease in accounts payable and accrued liabilities	(2,088,870)	(863,769)
Increase (decrease) in due to student associations	3,920,283	(533,924)
increase (decrease) in deferred revenue	(5,316,521)	38,614,078
Increase in employee vacation accrual	988,401	827,335
	(3,268,619)	30,794,132
	102,202,217	137,643,698
Capital activities:		
Contributions received/committed for capital assets	6,607,078	6,968,758
Purchase of capital assets	(42,320,990)	(40,307,709)
Proceeds on disposal of capital assets	1,248	12,095,373
	(35,712,664)	(21,243,578)
Financing activities:		
Decrease in long-term receivable	544,034	44,286
Increase (decrease) in deferred contributions	2,738,982	(938,531)
Principal payments of long-term debt	(5,301,815)	(4,964,560)
Endowment contributions	2,567,472	1,741,094
	548,673	(4,117,711)
Investing activities:		
Net purchase of investments	(2,769,166)	(133,513,801)
Increase in restricted cash and investments	(4,878,786)	(15,705,658)
	(7,647,952)	(149,219,459)
Increase (decrease) in cash	59,390,274	(36,937,050)
Cash, beginning of year	67,307,007	104,244,057
Cash, end of year	$ 126,697,281	$ 67,307,007
Supplemental cash flow information:		
Interest paid on long-term debt	$ 1,189,458	$ 1,526,957

See accompanying notes to consolidated financial statements.

Seneca College of Applied Arts and Technology ("Seneca") was incorporated as a college in 1966 under legislation of the Province of Ontario. Seneca is an agency of the Crown and is a not-for profit organization and, therefore, exempt from payment of income tax under Section 149 of the Income Tax Act (Canada).

Seneca's mission is to deliver a polytechnic education that combines rigorous academic and practical training across a wide range of careers and professions.

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.

These consolidated financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of operations and organizations controlled by Seneca. 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.

(b) Subsidiary:

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

(c) Revenue recognition:

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

All revenue relating to education and other services provided by Seneca, 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.

Tuition and related fees are recognized as revenue based on services provided during the fiscal year.

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. Contributions to externally restricted endowments are recognized as direct increases in endowment net assets.

Investment income from externally restricted endowment funds is maintained as restricted cash and investments of the endowment fund and are credited to deferred contributions until the related expense is incurred.

Investment income from internally restricted endowment funds is maintained as restricted cash and investments of the endowment fund and are recognized as revenue in the year they are earned.

Unrestricted investment income is recognized as revenue in the year it is earned.

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

(d) Vacation accrual:

Seneca recognizes vacation as an expense on the accrual basis.

1. Significant accounting policies (continued):

(e) Derivative financial instrument:

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

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently recorded at fair value or amortized cost.

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

(i) Fair value:

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

Unrealized changes in fair value associated with unrestricted and internally restricted investments carried at 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.

1. Significant accounting policies (continued):

Where a decline in the fair value of a financial asset 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.

(ii) Amortized cost:

This category includes short-term investments, grants receivable, accounts receivable, long-term receivable, 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.

1. Significant accounting policies (continued):

(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. Seneca amortizes the cost of capital assets on a straight-line basis over the estimated useful lives of the assets as follows:

Land and site improvements	10 years
Buildings	40 years
Building improvements	20 years
Leasehold improvements	Lease term
Furniture	5 years
Equipment	5 - 10 years
Computer equipment	3 - 5 years

Construction in progress relates to the continuing capital expenditure projects. Upon completion, Seneca will start amortizing such costs in accordance with defined useful life criteria.

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

(h) Asset retirement obligation:

An asset retirement obligation is recognized when all of the following criteria are met: there is a legal obligation to incur retirement costs in relation to a capital asset, a past transaction giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and is reasonably estimable.

On the adoption of the new standard PS 3280 - Asset Retirement Obligation, the modified retroactive method was used. Seneca recognized the liability for the removal of hazardous materials, close and post-closure care relating to leasehold improvements, buildings and other capital assets, based on estimated future expense, the recognition of which resulted in an increase to the respective capital assets.

1. Significant accounting policies (continued):

Seneca will review the asset retirement obligation requirements annually.

(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 owned or controlled by Seneca.

(j) Retirement and post-employment benefits and compensated absences:

Seneca 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, and non-vesting sick leave. Seneca 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.

(ii) Seneca's contributions to the multi-employer defined benefit pension plan are recorded as expenses in the consolidated statement of operations in the year they are due.

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

1. Significant accounting policies (continued):

(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, asset retirement obligations, useful lives of capital assets, accrued liabilities and post-employment benefits and compensated absences. Actual results could differ from those estimates.

2. Long-term receivable:

Long-term receivable held by Seneca consists of the following:

	2023	2022
Long-term receivable	$ 7,863,540	$ 8,642,336
Less current portion	617,106	851,868
	$ 7,246,434	$ 7,790,468

Seneca entered into agreements with student bodies and other donors who contributed $23,200,000 to the funding of the Seneca King Campus Expansion project. As at March 31, 2023, $7,863,540 (2022 - $8,642,336) remains outstanding on these commitments, of which $617,106 (2022 - $851,868) is included in accounts receivable.

3. Capital assets:

2023	Cost	Accumulated amortization	Net book value
Land	$ 14,143,980	$ –	$ 14,143,980
Land and site improvements	205,457,265	119,662,826	85,794,439
Buildings	498,172,634	174,831,766	323,340,868
Building improvements	4,781,222	857,251	3,923,971
Leasehold improvements	33,466,024	25,237,945	8,228,079
Furniture	36,659,770	30,274,011	6,385,759
Equipment	206,392,190	149,281,061	57,111,129
Computer equipment	113,132,372	104,254,795	8,877,577
Construction in progress	7,331,582	–	7,331,582
	$ 1,119,537,039	$ 604,399,655	$ 515,137,384

2022 (restated - note 16)	Cost	Accumulated amortization	Net book value
Land	$ 14,143,980	$ –	$ 14,143,980
Land and site improvements*	199,683,750	101,420,315	98,263,435
Buildings*	502,952,022	166,073,262	336,878,760
Building improvements	4,781,222	618,221	4,163,001
Leasehold improvements*	27,192,773	20,282,320	6,910,453
Furniture	34,452,092	27,301,877	7,150,215
Equipment*	188,077,213	134,773,794	53,303,419
Computer equipment	106,103,523	100,701,177	5,402,346
Construction in progress	1,049,075	–	1,049,075
	$ 1,078,435,650	$ 551,170,966	$ 527,264,684

*Cost at March 31, 2022 has been restated to include total asset retirement obligations of $7,279,115 due to adoption of the new standard PS 3280, Asset Retirement Obligation (note 16).

During 2023, construction in progress of $835,753 (2022 - $24,248,880) was completed, transferred to capital assets and amortization commenced.

4. Long-term debt:

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

	2023	2022
Mortgage (a)	$ –	$ 2,076,822
Mortgage (b)	680,838	1,320,790
Mortgage (c)	2,924,107	3,957,148
Bankers' acceptance loan (d)	12,185,000	13,737,000
	15,789,945	21,091,760
Less current portion	3,438,169	5,301,815
	$ 12,351,776	$ 15,789,945

Interest on long-term debt amounted to $1,189,458 (2022 - $1,526,957), and is included in operating expenses.

(a) Mortgage on the student residence on the Newnham Campus (Phase I) was fully paid off by the maturity date March 1, 2023.

(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) Seneca 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. Seneca 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 14(c)).

4. Long-term debt (continued):

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

2024	$ 3,438,169
2025	2,943,107
2026	2,491,669
2027	1,984,000
2028	2,108,000
Thereafter	2,825,000
	$ 15,789,945

5. Asset retirement obligation liabilities:

The asset retirement obligation liabilities are related to retirement costs of capital assets and are based on estimated future expenses for the retirement of capital assets. The following table outlines the liability components for the stated obligation.

	2023	2022 (Restated - note 16)
Land and site improvements	$ –	$ 76,006
Buildings	4,006,465	4,477,948
Leasehold improvements	2,637,262	2,637,262
Equipment	87,899	87,899
	$ 6,731,626	$ 7,279,115

Asset retirement obligation liabilities of $547,489 were settled during the year.

6. Due to student associations:

The due to student associations represent restricted funds collected from students which remain unspent at year end. These are unsecured and due on demand.

7. Post-employment benefits and compensated absences:

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

2023	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$ 2,354,000	$ 9,743,000	$ 681,000	$ 12,778,000
Value of plan assets	(563,000)	–	–	(563,000)
Unamortized actuarial losses	(16,000)	(1,342,000)	(180,000)	(1,538,000)
Total liability	$ 1,775,000	$ 8,401,000	$ 501,000	$ 10,677,000

2022	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$ 2,051,000	$ 7,407,000	$ 443,000	$ 9,901,000
Value of plan assets	(543,000)	–	–	(543,000)
Unamortized actuarial gains (losses)	2,000	1,157,000	(183,000)	976,000
Total liability	$ 1,510,000	$ 8,564,000	$ 260,000	$ 10,334,000

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

2023	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit costs	$ 305,000	$ 477,000	$ 20,000	$ 802,000
Interest on accrued benefit obligation	6,000	216,000	11,000	233,000
Amortized actuarial losses (gains)	(31,000)	–	333,000	302,000
Total expenses	$ 280,000	$ 693,000	$ 364,000	$ 1,337,000

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

2022	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit costs (recovery)	$ (120,000)	$ 666,000	$ 20,000	$ 566,000
Interest on accrued benefit obligation	3,000	145,000	9,000	157,000
Amortized actuarial losses (gains)	(27,000)	–	172,000	145,000
Total expenses	$ (144,000)	$ 811,000	$ 201,000	$ 868,000

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:

All full-time employees of Seneca, and any part-time employees who opt to participate, are members of the Plan, which is a multi-employer, jointly sponsored defined benefit plan for eligible employees of public colleges in Ontario and other employers across Canada. Seneca 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. Since the Plan is a multi-employer plan, Seneca's contributions are accounted for as if the plan were a defined contribution plan with Seneca's contributions being expensed in the period they come due.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. Seneca does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify Seneca's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2023 indicated an actuarial surplus of $4.7 billion. Seneca made contributions to the Plan and its associated retirement compensation arrangement of $21,518,479 in 2023 (2022 - $20,610,144), which has been included in the consolidated statement of operations.

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

(b) Post-employment benefits:

Seneca extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. Seneca 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 as at February 2020 for employee post-employment benefits, February 2020 for non-vesting sick leave and August 2019 for vesting sick leave and extrapolated to March 31, 2023.

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

(i) Discount rate:

The present value, as at March 31, 2023, of the future benefits was determined using a discount rate of 3.40% (2022 - 2.90%).

(ii) Medical premium:

Medical premiums are 6.16% in 2023 and decrease thereafter to 4.00% in 2040.

(iii) Dental costs:

Dental costs were assumed to increase at 4.00% per annum.

(c) Compensated absences:

(i) Vesting sick leave:

Seneca 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.

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

(ii) Non-vesting sick leave:

Seneca 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.

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

	2023	2022
Wage and salary escalation	1.00%	1.00% - 1.25%
Discount rate	3.40%	2.90%

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 26.20% and 0 to 51 days, respectively, for age groups ranging from 20 and under to 65 and over in bands of five years.

8. Deferred contributions:

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

	2023	2022
Balance, beginning of year	$ 16,897,911	$ 17,836,442
Add amount received from:		
Set aside tuition	6,881,609	7,332,654
Other sources	6,423,755	1,775,448
Realized investment income on endowments (note 12)	1,712,584	2,441,620
Unrealized loss on endowments (note 12)	(1,402,277)	(338,142)
Less amounts disbursed:		
Set aside tuition	(6,862,897)	(8,787,128)
Other sources	(4,013,792)	(3,362,983)
Balance, end of year	$ 19,636,893	$ 16,897,911

Deferred contributions comprise:		
Scholarships and bursaries	$ 6,298,181	$ 3,563,377
Joint employment stability reserve	692,517	636,000
Endowment income:		
Ontario Trust for Student Support and other	12,646,195	12,698,534
	$ 19,636,893	$ 16,897,911

9. Deferred contributions for capital assets:

Deferred contributions for capital assets represent the unamortized amount of grants and other contributions received or receivable 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:

	2023	2022
Balance, beginning of year	$ 180,616,834	$ 185,066,175
Amortization of deferred contributions for capital assets	(11,574,529)	(11,418,099)
Contributions received/committed for capital assets	6,607,078	6,968,758
Balance, end of year	$ 175,649,383	$ 180,616,834

Deferred contributions for capital assets include $672,764 (2022 - $1,827,418) of unspent contributions.

10. Investment in capital assets:

(a) Investment in capital assets represents the following:

	2023	2022 (Restated - note 16)
Capital assets (notes 3 and 16)	$ 515,137,384	$ 527,264,684
Less amounts financed by:		
Long-term debt (note 4)	15,789,945	21,091,760
Asset retirement obligation liability (notes 5 and 16)	6,731,626	7,279,115
Deferred contributions for capital assets (note 9)	174,976,619	178,789,416
	$ 317,639,194	$ 320,104,393

10. Investment in capital assets:

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

	2023	2022 (Restated - note 16)
Adjustment on adoption of PS 3280, Asset Retirement Obligation, effective April 1, 2021	$ –	$ (6,348,891)
Deficiency of revenue over expenses:		
Amortization of deferred contributions for capital assets	$ 11,574,529	$ 11,418,099
Amortization of capital assets (note 16)	(53,900,658)	(47,204,499)
Net gain on disposals of capital assets	1,105	11,646,499
	$ (42,325,024)	$ (24,139,901)
Net change in investment in capital assets:		
Purchase of capital assets	$ 42,320,990	$ 40,307,709
Proceeds on disposal of capital assets	(1,248)	(12,095,373)
Amounts funded by contributions received/committed for capital assets	(7,761,732)	(7,821,346)
Principal payments of long-term debt	5,301,815	4,964,560
	$ 39,859,825	$ 25,355,550

11. Internally restricted endowment:

Internally restricted endowment represents an endowment fund established by the Board of Governors of Seneca to support student-centred initiatives, student bursaries and scholarships. During the year, the Board of Governors approved an additional transfer of $2,174,526 to the fund.

Seneca's policy sets out an objective to maintain the purchasing power of the original contributions. Accordingly, on an annual basis, an amount based on inflation, is internally allocated to the endowment fund. The ending value of this fund is $14,484,799 (2022 - $12,310,273).

12. 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. Seneca 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 $30,277,827 (2022 - $27,710,355) consist of restricted cash and investments. The fair value of the restricted cash and investments at March 31, 2023 is $41,889,541 (2022 - $39,613,772), which represents funds restricted as to use and are not available for general operations.

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

	OTSS	Non-OTSS	2023 Total	2022 Total
Unrealized losses	$ (991,395)	$ (410,882)	$ (1,402,277)	$ (338,142)
Realized investment income	1,210,779	501,805	1,712,584	2,441,620
	$ 219,384	$ 90,923	$ 310,307	$ 2,103,478

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 donors' conditions were met.

12. Externally restricted endowments (continued):

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. Seneca has recorded the following amounts under the program:

	2023	2022
Schedule of Changes in Endowment Fund Balance		
Fund balance, beginning of year	$ 20,768,404	$ 20,221,737
Cash donations received and receivable	637,707	546,667
Fund balance, end of year	$ 21,406,111	$ 20,768,404

	2023	2022
Schedule of Changes in Expendable Funds Available for Awards		
Balance, beginning of year	$ 9,890,401	$ 9,291,713
Investment income	1,210,779	1,829,950
Bursaries awarded (total number - 607; 2022 - 1,446)	(403,827)	(977,831)
Unrealized loss on endowment funds	(991,395)	(253,431)
Balance, end of year	$ 9,705,958	$ 9,890,401

13. Commitments and contingent liabilities:

(a) Service agreements and lease commitments:

Seneca 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:

2024	$ 18,022,208
2025	13,675,723
2026	12,518,759
2027	11,807,265
2028	4,728,463
Thereafter	1,598,798
	$ 62,351,216

(b) Contractual commitments:

The primary services contracted by Seneca through contractual agreements with external companies include facilities management, security, grounds maintenance and technology management services.

(c) Contingent liabilities:

In the normal course of its operations, Seneca 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, Seneca'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:

Seneca issues letters of guarantee through its financial institutions to provide guarantees to certain vendors. Outstanding letters of guarantee amount to $2,937,786 as at March 31, 2023 (2022 - $2,937,786).

13. Commitments and contingent liabilities (continued):

(e) Indemnification agreements:

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

(i) Seneca has provided indemnities under lease agreements for the use of various operating facilities and equipment. Under the terms of these agreements, Seneca 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 Seneca for various items including, but not limited to, all costs to settle suits or actions due to association with Seneca, subject to certain restrictions. Seneca 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 Seneca. The maximum amount of any potential future payment cannot be reasonably estimated.

(iii) In the normal course of business, Seneca has entered into agreements that include indemnities in favour of third parties, such as student work placement agreements. These indemnification agreements may require Seneca 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.

13. Commitments and contingent liabilities (continued):

The nature of these indemnification agreements prevents Seneca 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, Seneca 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.

(f) Insurance:

During 2023, Seneca became a member of the Canadian University Reciprocal Insurance Exchange ("CURIE"). CURIE insures general liability, university property and errors and omissions. Annual premiums paid by Seneca are actuarially determined by CURIE. There is a provision under the agreement for further assessments to all member colleges and universities if these premiums are not sufficient to cover losses.

Additional insurance for automobiles, artwork, miscellaneous property, and major construction projects is purchased through commercial insurers to provide coverage for potential losses not insured by CURIE.

14. Financial instruments classification:

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:

2023	Fair value	Amortized cost
Cash	$ 126,697,281	$ –
Short-term investments (a)	–	93,442,339
Grants receivable	–	4,794,453
Accounts receivable	–	6,821,322
Long-term receivable	–	7,246,434
Long-term investments (a)	–	139,075,734
Restricted cash and investments (b)	56,374,340	–
Accounts payable and accrued liabilities	–	60,739,148
Current portion of long-term debt	–	3,438,169
Employee vacation accrual	–	17,797,441
Long-term debt	–	12,351,776
Deferred derivative liability (c)	789,706	–

2022	Fair value	Amortized cost
Cash	$ 67,307,007	$ –
Short-term investments (a)	–	53,043,141
Grants receivable	–	2,388,370
Accounts receivable	–	12,171,862
Long-term receivable	–	7,790,468
Long-term investments (a)	–	176,705,766
Restricted cash and investments (b)	51,924,045	–
Accounts payable and accrued liabilities	–	62,828,018
Current portion of long-term debt	–	5,301,815
Employee vacation accrual	–	16,809,040
Long-term debt	–	15,789,945
Deferred derivative liability (c)	1,477,543	–

14. Financial instruments classification (continued):

(a) Excess operating funds are invested in liquid securities that are accessible when required. Short-term investments consist of 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.

Excess operating funds held in short-term investments have yields varying from 1.50% to 4.37% (2022 - 0.40% to 3.15%) with maturity dates ranging from April 2023 to March 2024 (2022 - April 2022 to January 2023). Excess operating funds held in long-term investments have yields varying from 0.75% to 3.40% (2022 - 0.75% to 3.90%) with maturity dates ranging from April 2024 to June 2028 (2022 - April 2023 to June 2026).

Below is a summary of the fair value of short-term and long-term investments held by Seneca:

	2023		2022	
	Fair value	Amortized cost	Fair value	Amortized cost
Short-term investments	$ 92,287,947	$ 93,442,339	$ 52,795,368	$ 53,043,141
Long-term investments	134,716,185	139,075,734	171,387,060	176,705,766
	$ 227,004,132	$ 232,518,073	$ 224,182,428	$ 229,748,907

As at March 31, 2023, Seneca's investments measured at amortized cost exceed fair value, representing a temporary decline in value. There is no impairment due to the low-risk nature of the investments, the high credit ratings of the issuers, and Seneca's ability to hold these investments to their maturities.

(b) Restricted cash and investments are internally and externally restricted funds for endowment purposes (notes 11 and 12) and consist of cash and pooled funds invested in the securities market.

14. Financial instruments classification (continued):

(c) Seneca entered into an interest rate swap agreement in a prior year to manage the floating interest rate of the bankers' acceptance loan (note 4(d)). Under the terms of the interest rate swap agreement, Seneca has contracted with the counterparty to pay a fixed rate of interest of 5.607% (2022 - 5.607%), while receiving interest at a variable rate to be set quarterly based on the bankers' acceptance rates which ranged from 2.66% to 5.02% (2022 - 0.44% to 1.15%) 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, 2023 is $12,185,000 (2022 - $13,737,000) 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, 2023 is $789,706 (2022 - $1,477,543) 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

- 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 $53,249,080 (2022 - $50,614,554) invested in a Canadian Equity Fund, US Equity Funds, 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.

14. Financial instruments classification (continued):

There were no transfers among levels for the years ended March 31, 2023 and 2022. For a sensitivity analysis of financial instruments recognized in Level 3, see note 15(d), interest rate risk, as the prevailing interest rate is the most significant input into the fair value of the instrument.

15. Risk management:

(a) Credit risk:

Credit risk is the risk of financial loss to Seneca if a debtor fails to make payments of interest and principal when due. Seneca is exposed to this risk relating to its cash and accounts receivable. Seneca holds its cash accounts with federally regulated chartered banks which are insured by the Canadian Deposit Insurance Corporation. In the event of default, Seneca's cash accounts are insured up to $100,000 (2022 - $100,000).

Seneca'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 Seneca's funds to be invested in government bonds, bonds by a bank-listed in Schedule I or Schedule II or a branch in Canada of an authorized foreign bank under the Bank Act. All other funds are restricted to corporate bonds with a rating of AAA.

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.

The maximum exposure to investment credit risk is outlined in note 14.

Grants receivable are due from government for program grants.

15. Risk management (continued):

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

Student receivables and long-term receivable, that are not impaired, are collectible based on Seneca's assessment and past experience regarding collection rates.

Long-term receivable is as outlined in note 2. The maximum exposure to credit risk is the carrying value of this asset. As at March 31, 2023 and March 31, 2022, the full balances of the long-term receivable were not past due and were not impaired.

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

			Past due		
2023	Total	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days
Grants receivable	$ 4,794,453	$ 4,794,453	$ –	$ –	$ –
Accounts receivable	8,448,731	5,342,471	112,428	1,279,943	1,713,889
Less impairment allowances	1,627,409	–	–	445,350	1,182,059
	6,821,322	5,342,471	112,428	834,593	531,830
	$ 11,615,775	$ 10,136,924	$ 112,428	$ 834,593	$ 531,830

			Past due		
2022	Total	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days
Grants receivable	$ 2,388,370	$ 2,388,370	$ –	$ –	$ –
Accounts receivable	14,141,021	4,963,658	883,602	1,660,517	6,633,244
Less impairment allowances	1,969,159	–	–	493,992	1,475,167
	12,171,862	4,963,658	883,602	1,166,525	5,158,077
	$ 14,560,232	$ 7,352,028	$ 883,602	$ 1,166,525	$ 5,158,077

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.

15. 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 risk.

Seneca's investment policy operates within the constraints of the investment guidelines issued by the Ministry of Colleges and Universities ("MCU") for operating funds and the Ontario Trustee Act for the endowment funds. The policy's application is monitored by management, the investment manager and the Board of Governors. Diversification techniques are utilized to minimize risk.

The investment policy outlines an asset mix comprising:

Fixed income	25% - 55%
Equities	45% - 70%
Cash and short-term investments	0% - 25%
Illiquid alternative assets	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 Seneca 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. Seneca does not have any material transactions or financial instruments denominated in foreign currencies.

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

15. Risk management (continued):

(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.

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

Seneca mitigates interest rate risk on its long-term debt (note 4(d)) through a derivative financial instrument that exchanges the variable rate inherent in the long-term debt for a fixed rate (note 14(c)). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt. In addition, Seneca's other long-term debt, as described in note 4(b) to (c), would not be impacted as the inherent rates are fixed.

Fixed income securities have yields varying from 2.86% to 13.69% (2022 - 0.38% to 5.51%) with maturity dates ranging from April 2023 to June 2065 (2022 - April 2022 to June 2071).

At March 31, 2023, 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 $4,622,205 (2022 - $5,084,522) and $389,300 (2022 - $528,900), 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) Other price risk:

Other price risk is the uncertainty associated with the valuation of assets arising from changes in market prices. Seneca is exposed to this risk through the equity holdings with its investment portfolio. At March 31, 2023, a 10% movement in the stock markets with all variables held constant would have an estimated effect on the fair values of Seneca's equities of $3,458,408 (2022 - $3,337,897).

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.

15. Risk management (continued):

(f) Liquidity risk:

Liquidity risk is the risk that Seneca will not be able to meet all cash outflow obligations as they come due. Seneca 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):

2023	Within 6 months	6 months to 1 year	2 - 5 years	Greater than 5 years	Total
Accounts payable and accrued liabilities	$ 59,005,986	$ 1,733,162	$ –	$ –	$ 60,739,148
Employee vacation accrual	17,797,441	–	–	–	17,797,441
Current portion of long-term debt	1,691,569	1,746,600	–	–	3,438,169
Long-term debt	–	–	9,526,776	2,825,000	12,351,776
	$ 78,494,996	$ 3,479,762	$ 9,526,776	$ 2,825,000	$ 94,326,534

2022	Within 6 months	6 months to 1 year	2 - 5 years	Greater than 5 years	Total
Accounts payable and accrued liabilities	$ 61,536,266	$ 1,291,752	$ –	$ –	$ 62,828,018
Employee vacation accrual	16,809,040	–	–	–	16,809,040
Current portion of long-term debt	2,607,336	2,694,479	–	–	5,301,815
Long-term debt	–	–	10,856,945	4,933,000	15,789,945
	$ 80,952,642	$ 3,986,231	$ 10,856,945	$ 4,933,000	$ 100,728,818

Derivative financial liabilities mature, as described in note 14(c).

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.

16. Adoption of PS 3280, Asset Retirement Obligations:

Effective April 1, 2021, Seneca adopted Public Sector Accounting Standard PS 3280 - Asset Retirement Obligations. Using the modified retroactive application, the comparative information has been restated accordingly. The related significant accounting policy and required disclosures are included in note 1(h) and note 5, respectively. The adjustment to opening net assets as at April 1, 2021 is disclosed in the restated statement of changes in net assets, with a corresponding change in asset retirement obligation liabilities and capital assets.

The information below summarizes the effect of the adoption of the new standard as at and for the year ended March 31, 2022.

	As previously reported, March 31, 2022	Adjustment	As restated, March 31, 2022
Amortization of capital assets	$ 46,939,026	$ 265,473	$ 47,204,499
Excess of revenue over expenses	83,173,138	(265,473)	82,907,665
Capital assets	526,599,933	664,751	527,264,684
Asset retirement obligation liabilities	–	7,279,115	7,279,115
Investment in capital assets	326,718,757	(6,614,364)	320,104,393