

ANNUAL REPORT

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PRESIDENT'S MESSAGE

As we headed into 2020, we not only welcomed the new year, we also celebrated the start of a new decade. The passing of time, whether one year or ten, often leads to reflection and in Durham College's (DC) case, we have certainly come a long way.

When I think back to our humble beginnings as an institution – one temporary building, a small group of students and only a handful of programs – we may have been small but we had a strong sense of where we wanted to go. Anchored in a desire to lead, innovate and educate at the highest level, this commitment has remained unwavering as the decades passed and the college grew.

Throughout our history, we've remained nimble, adapting as times changed, evolving to meet the needs of our students, employees and community, and delivering market-driven programs that get grads jobs.

For the last ten years we have lived our mission – the student experience comes first. However, as we consulted with college and community stakeholders while developing our new 2020-2023 Strategic Plan, it became very clear that we have reached a tipping point. In looking at all that we have accomplished we are not only putting the student experience first; we are reinventing it.

As we find our way through the unprecedented times caused by the COVID-19 pandemic, DC continues to evolve. What is happening on our campuses, across our communities and around the globe is a transformation of the way we learn, teach, work, live and lead. What used to be a clear-cut path to post-secondary education is now varied and diverse, but no matter the format of delivery, we are not losing focus on advanced learning at home and abroad.

It truly is a team effort, both before and now, as we navigate this new reality, drawing on the strengths of our four pillars – our students, our people, our work and our community – to shape this transformation.

Together, we are leading the way.

As you read through this year's annual report, you will see examples of this leadership. From investing in capital projects including the Phase IV Whitby Campus Expansion, to driving innovation with the launch of two new applied research centres, we are incredibly DC proud of all we have achieved.

We are also eagerly anticipating our future and all that is to come. Guided by our new mission, which truly represents who we are as a college and what we stand for, I know our record of growth, development and student success will continue.



Sincerely,

A handwritten signature in black ink that reads "Don Lovisa". The signature is written in a cursive, flowing style.

Don Lovisa
President, Durham College

A DECADE IN REVIEW

In recognition of the start of a new decade at DC, we not only want to look at the past year, but also at the nine preceding it. Each achievement and milestone have helped lay the foundation for leading the way today and in the future.

As you will see, a lot can happen in 10 years. Here are some highlights.

OUR CAMPUS:

- » One new construction project started or completed per year since 2010. These include Phase 2 of the Whitby campus, the Centre For Food, the Student Services Building, the Pickering Learning Site, Whitby residence, the Centre for Collaborative Education and the Energy Innovation Centre.
- » Four satellite locations in Oshawa, Bowmanville, Port Hope and Uxbridge were launched.

OUR STUDENTS:

- » Domestic and international enrolment increased by **MORE THAN 80 PER CENT**.
- » While the college was home to 200 international students in 2010, **1,998** are now studying at DC.
- » The community of DC grads grew from 50,000 alumni to **95,000** in 2020.
- » The Whitby campus experienced a **130 PER CENT INCREASE** in the student population.



OUR LEADERSHIP:

- » There have been **10 YEARS** of consecutive, balanced budgets for the college.
- » DC President Don Lovisa has provided leadership and vision for the college since 2008.

OUR ACADEMICS:

- » The number of programs offered **NEARLY DOUBLED**, from 89 in 2010 to over 160 by 2020.
- » DC has launched two bachelor honours **DEGREE PROGRAMS**.
- » Students have accessed numerous experiential learning opportunities through the services offered to the broader community, as clients dine at DC's teaching-restaurant Bistro '67, book meetings, weddings and catering services through the W. Galen Weston Centre for Food and pamper themselves with spa services at the DC Spa.



OUR RESEARCH:

- » Four applied research centres were developed and launched – The AI Hub, The Centre for Craft Brewing Innovation, The Centre for Cybersecurity Innovation and the Mixed Reality Capture Studio.
- » DC was named one of Canada's **TOP 50 RESEARCH COLLEGE'S** for six consecutive years.

OUR AWARDS:

- » The college has been named one of Greater Toronto's Top Employers **NINE TIMES**.
- » DC has been recognized as one of Canada's Greenest Employers **THREE TIMES**.
- » Two alumni received **PREMIER'S AWARDS** since 2010 – Brent Lessard (2017) and Debbie Low (2015).
- » DC was honoured by Greater Oshawa Chamber of Commerce's Business Excellence Awards when it received the 2010 Innovative Technology Award.
- » The Centre for Collaborative Education won the 2018 Urban Design Award from the City of Oshawa.
- » The W. Galen Weston Centre for Food won second place in the prestigious Canadian Design-Build Institute Awards of Excellence, making it the **SECOND-BEST DESIGN-BUILD PROJECT** in all of Canada for 2014.
- » In 2016, DC was awarded the Whitby Chamber of Commerce Business Achievement Award in the category of Business Achievement (50+ employees).
- » The W. Galen Weston Centre for Food and its unique field-to-fork vision was recognized internationally, winning gold in the Green Colleges category at the World Federation of Colleges and Polytechnics Awards of Excellence in 2016.
- » DC succeeded in achieving a **SECOND SILVER RATING** from the Sustainability Tracking Assessment and Rating System (STARS), offered through the Association for the Advancement of Sustainability in Higher Education (AASHE), for its on-campus sustainability initiatives.



WORDS WE LIVE BY

MISSION

The student experience comes first.

VISION

Durham College is the premier post-secondary destination for students to succeed in a dynamic and supportive learning environment. Our graduates develop the professional and personal skills needed to realize meaningful careers and make a difference in the world.

VALUES

INTEGRITY AND TRANSPARENCY – we behave and communicate sincerely and honestly.

RESPECT – we treat everyone with dignity, deliver superior service and offer a safe environment.

EQUAL ACCESS AND DIVERSITY – we embrace diversity, ensure accessibility and champion all learners.

PERSONAL AND TEAM ACCOUNTABILITY – we do what we say we will do and are creative and innovative in how we conduct our business.

COLLABORATION – we create opportunities to work together to foster learning and achieve success.

GOALS

OUR STUDENTS

Goal: to provide students with the best possible learning experience.

OUR PEOPLE

Goal: to optimize the experience and expertise of our people and help them make the best possible contribution toward the student experience.

OUR BUSINESS

Goal: to manage resources responsibly and ensure that we are financially and environmentally sustainable, demonstrate good governance and are leaders in the support of outstanding teaching and learning.

OUR COMMUNITY

Goal: to contribute and respond to the economic, social and environmental well-being of our community.



DC BY THE NUMBERS

- » **13,000+** full-time post-secondary and apprenticeship students
- » **30,000+** part-time, continuing education and online students
- » **1,988** international students
- » **95,000** alumni
- » **2,259** employees
- » **2** campuses (Oshawa and Whitby)
- » **1** learning site (Pickering)
- » **4** satellite locations (Bowmanville, Oshawa, Port Hope and Uxbridge)
- » **10TH** consecutive balanced budget
- » **\$913+ MILLION** economic impact on Durham Region
- » **9,558** jobs supported in Durham Region
- » Top GTA Employer (for the **NINTH** time)
- » Canada's Greenest Employer (for the **THIRD** consecutive year)
- » Top 50 Research College (for the **SIXTH** consecutive year)



2019-2020 RESEARCH HIGHLIGHTS

DC's Office of Research Services, Innovation and Entrepreneurship (ORSIE) plays an integral role in helping the college drive its leadership stake into the ground. Growing at a rapid pace, ORSIE is now home to four applied research centres, which means students and faculty can participate in diverse learning opportunities, while creating real, viable solutions to help small and medium-sized businesses solve their operational challenges.

This year ORSIE pushed the envelope even further, deepening their expertise in the innovative fields of artificial intelligence, cybersecurity and mixed reality capture. The following are examples of just some of the projects ORSIE has engaged in over the past year.

DURHAM COLLEGE HOSTS ITS FIRST ENABLE AI SUMMIT

DC's Hub for Applied Research in Artificial Intelligence for Business Solutions (the AI Hub) held the Enable AI Summit, the first conference of its kind within the Durham Region.

Showcasing the potential of artificial intelligence (AI) both locally and across the Greater Toronto Area, more than 120 industry professionals, students and faculty members converged around core AI applications, with a focus on solving complex business operational problems.

Hands-on workshops that focused on block chain, compliance, machine learning in cybersecurity and solutions development were the core of the day's programming. Participants developed the cutting-edge skills required to adopt and apply AI into business strategies to improve efficiencies.

Housed within the ORSIE, the AI Hub offers industry partners access to technical expertise, state-of-the-art facilities and platforms, and student talent to uncover business insights while providing intelligent and autonomous solutions that increase companies' productivity and growth.

DC ANNOUNCES NEW BUSINESS INCUBATOR FOR SOCIAL ENTREPRENEURS

DC's FastStartDC program has launched SHIFT, a new business start-up accelerator service designed to support social enterprises and entrepreneurs, as they work towards making a positive social, environmental or economic impact on the world.

SHIFT is the first FastStartDC service to support both students and social entrepreneurs from across Durham Region. FastStartDC is an extra-curricular entrepreneurship program housed within DC's 360insights Entrepreneurship Centre in the Centre for Collaborative Education that offers DC students access to entrepreneurial services and training programs.

"Great things happen when entrepreneurship and social thinking go hand-in-hand. We have seen so many incredible student entrepreneurs working with the FastStartDC team to develop products, brands and businesses. Now the next generation of students will be able to take advantage of all that FastStartDC has to offer but can do so while building a culture of social change through entrepreneurial thinking and action all thanks to SHIFT."

-Dr. Elaine Popp, vice-president, Academic



DURHAM COLLEGE OPENS MIXED REALITY CAPTURE STUDIO

ORSIE once again found itself on the leading edge of technology with the opening of the Mixed Reality Capture Studio (the MRC Studio).

What is mixed reality? It's the result of blending the physical and digital worlds and refers to the merging or combination of virtual and real environments where both worlds can exist together.

Featuring one of only three Capture Live systems in Canada, the MRC Studio allows businesses to develop experiential applications that integrate motion capture, virtual reality, augmented reality and virtual production. Organizations benefit from access to technical expertise, student talent and a state-of-the-art motion capture technology.

The third applied research centre at DC, the MRC Studio has been established in collaboration with the School of Media, Art & Design. It joins the AI Hub and Centre for Craft Brewing Innovation in offering organizations opportunities to increase productivity, growth and market potential while also supporting student experiential learning.

DURHAM COLLEGE LAUNCHES CENTRE FOR CYBERSECURITY INNOVATION

DC is responding to the ever-changing and complex threat landscape of cyberattacks, including data breaches and service disruptions and misdirection, with the launch of the Centre for Cybersecurity Innovation, the fourth applied research centre at DC.

The centre is designed to be a collaborative enterprise between ORSIE and the Centre for Professional and Part-time Learning and School of Business, IT & Management.

Services include:

- » Applied research in cybersecurity with acute focus on technologies for cyber range deployments, threat intelligence, anomaly detection and incident management.
- » Micro-credentials that provide training in industry-accredited programs at various levels. These flexible part-time programs and courses appeal to individuals seeking development opportunities to advance or change their careers.
- » A Cybersecurity graduate certificate program that prepares aspiring cybersecurity professionals to work in the industry.



2019-2020 INTERNATIONAL HIGHLIGHTS

International education was alive and well at DC in 2019-2020, with students coming from 65 countries around the world to study on campus and others travelling abroad alongside faculty to participate in unique, experiential learning opportunities.

The following are some of the highlights as the college leads the way in bridging borders, supporting international development and winning awards on the global academic stage.

DC RECEIVES REAL LIFE LEARNING AWARD FOR ITS KEFEP DOCUMENTARY

DC took home a Real Life Learning Award at the PIONEER Awards 2019 in London, England in September.

The award, which recognizes organizations offering real-life learning programs overseas, was presented to DC for its Kenyan Education for Employment Program (KEFEP) documentary which premiered in 2018.

Captured, scripted, edited and produced by four DC students and two faculty from the School of Media, Art & Design, the crew spent three weeks in Kenya documenting KEFEP, a five-year initiative focused on strengthening and supporting technical and vocational education and training in Kenya, funded by the Government of Canada through Global Affairs Canada.

The PIONEER Awards are the only global awards that celebrate innovation and achievement across the whole of the international education industry. With a distinguished judging panel representing geographical and professional diversity, the PIONEER Awards recognize both individuals and organizations who are pushing professional standards, evolving their engagement or redefining the international student experience.



DC STUDENTS AND FACULTY TRAVEL TO GUATEMALA TO SUPPORT THE UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS

Students and faculty from DC's School of Media, Art & Design traveled for 10 days to rural regions of Guatemala as part of a new digital storytelling program, called Youth United 2030, contributing to the United Nation's Sustainable Development Goals (SDGs).

The program was delivered in partnership with the Canadian charity, Students Offering Support (SOS), which has facilitated youth service-learning programs throughout Latin America since 2008.

With the support of faculty member, and former CBC journalist Danielle Harder, students from DC's Video Production and Journalism – Mass Media/Journalism programs used the skills they developed in class to deliver interactive training workshops for 35 low-income Guatemalan youth to learn about using digital storytelling techniques as a tool for change.

In addition to delivering workshops, participants fundraised, purchased and donated iPads so youth from host communities have access to technology to put the training into action.

In February 2020, a second cohort of DC students travelled to Guatemala alongside Harder, to deliver follow-up training opportunities, and continue producing new media content, as part of the ongoing program.

Upon their return from Guatemala, the students produced short documentaries offering cross-cultural perspectives on the SDGs.

In total, more than 35 students and faculty had the opportunity to study abroad last year – in countries including Guatemala, Peru, and Barbados.

DC'S WORKING ACROSS BORDERS TILES THE WAY FOR A SUSTAINABLE FUTURE

DC launched Working Across Borders (WAB), a new course focused on international collaboration and sustainability through student-run consultancy projects.

Approximately 550 people from around the world joined DC students and faculty members for the launch, using the global classroom, DC's internationally live-streamed approach to global learning.

The WAB program teaches students how to achieve success in a global marketplace, while meeting the environmental needs of today's world. Students work in multi-national teams to develop and pitch sustainable solutions to combat issues that impact the world socially and environmentally.

These solutions, based on three of the 17 Sustainable Development Goals outlined by the United Nations, include: gender equality, clean water and sanitation, climate action and responsible consumption and production.

More than 128 students across the International Business Management and Project Management post-grad programs, alongside a group of students in the Finance program, enrolled in WAB this fall.



DC'S MISSION, VISION AND VALUES IN ACTION

Highlighting the 2019-2020 achievements of our students, our people, our business and our community as they lead the way at home and abroad.

OUR STUDENTS

Without our students there is no DC. Their talents and passion drive the college forward, creating a campus environment that honours collaboration and innovation. Thanks to their drive for excellence, DC students are learning the skills they need to succeed, today and in the future, benefitting themselves and the broader community.

DC STUDENTS AND PROFESSOR TAKE HOME PEOPLE'S CHOICE AWARD AT ALL-FEMALE CULINARY COMPETITION

DC professor Tanya Heck and second-year students Amira Elgindy and Arlinda Prenaj from DC's Culinary Management program, won the Up and Coming Chef's Challenge at the annual Eat to the Beat charity event.

Competing against teams from other colleges, DC placed first, winning the People's Choice Award for their team's roasted beet and panzanella salad made with feta cheese, heirloom tomato, red onion, basil, honey, garlic and micro-greens – all grown, harvested and produced at DC's Whitby campus.

Throughout the competition, DC's talented team of female chefs received great reviews and feedback from taste-testers, who were impressed that all ingredients used in the dish came directly from DC's fields, greenhouses and apiary.

Entering its 24th year, Eat to the Beat is a charity event that raises funds for the Canadian Cancer Society by welcoming urban foodies to taste the culinary creations of 60 female chefs – women supporting women through the challenges that come with a breast cancer diagnosis.

DC STUDENTS TEST THEIR SKILLS AND COLLABORATE IN EMERGENCY SIMULATION

In late February, 195 DC students, faculty and industry partners collaborated on an intense, large-scale emergency simulation exercise at the Oshawa campus that let students put their classroom and lab training into action.

Bringing together participants from the schools of Justice & Emergency Services, Health & Community Services and Media, Art & Design, as well as peers from Ontario Tech University's nursing program, the exercise followed a detailed script that saw volunteers simulate a mass-casualty emergency stemming from a sports-racing situation.

Unfolding in real-time, the exercise provided students with valuable experiential learning as well as a better understanding of how members of emergency services, health and social services, legal services and the media work together during an emergency. A second simulation exercise focused on mock legal proceedings in connection with the emergency was later held.

Students from the following DC programs participated:

- » 911 Emergency and Call Centre Communications
- » Advanced Law Enforcement and Investigations (graduate certificate)
- » Court Support Services
- » Emergency Services Fundamentals
- » Firefighter – Pre-service, Education and Training
- » Journalism – Mass Media
- » Paralegal
- » Paralegal (graduate certificate)
- » Paramedic
- » Police Foundations
- » Practical nursing
- » Pre-Health Sciences Pathway to Advanced Diplomas and Degrees
- » Protection, Security and Investigation

DC JOURNALISM STUDENT TARA SOTTILE EARNS DOUBLE WORK-INTEGRATED LEARNING AWARDS

Tara Sottile, a second-year student in DC's Journalism – Mass Media program, was named a Work-integrated Learning (WIL) Student of the Year at both the provincial and national level.

In March 2020, Education at Work Ontario (EWO) announced Sottile as their 2019 WIL Student of the Year. EWO awards the honour to students "who have showcased exceptional job accomplishment, extra-curricular involvement, academic achievement and a strong contribution to work-integrated learning."

Co-operative Education and Work-Integrated Learning Canada (CEWIL Canada) also announced Sottile as the WIL Student of the Year in the category of Other Forms of WIL – College. She was one of only four students to be honoured by CEWIL Canada out of more than 40 competitive nominations.

OUR PEOPLE

Each day DC's employees bring our mission to life, within the classroom and beyond. Underscored by a dedication to ensuring DC remains at the forefront of post-secondary education, our employees are mentors and leaders who embrace challenges, seek solutions and strive for excellence.

DC EMPLOYEES TAKE PART IN HOFSTEDER TRAINING, CONSIDERED THE STANDARD FOR INSTITUTIONAL CULTURAL UNDERSTANDING

Several DC employees took part in Hofstede Training workshops lead by Jan Vincent Meertens, from Hofstede Insights, a company dedicated to cross-cultural management and organizational change.

The purpose of this training was to help develop a community at DC that uses the Hofstede Model of National Culture, an approach often considered the standard for cultural understanding in institutions around the world.

Working towards certification, employees participated in workshops, e-learning classes, training exercises, consulting and much more. Certified employees are now using this newfound knowledge to educate others about positive international and inter-cultural learning, both inside and outside the classroom, ultimately enhancing the student and community experience at DC.

DC'S GLOBAL LEARNING FACILITATOR JOANNE SPICER LEADS WORKSHOP AT INTERNATIONAL CONFERENCE

Joanne Spicer from DC's Centre for Academic and Faculty Enrichment (CAFE), and colleague, Jenna Mittelmeier, professor at the University of Manchester in Manchester, U.K., presented a workshop at the Shaping Sustainable Futures for International Higher Education (SSFIHE) Conference in Toronto.

Their workshop, titled, Internationalization at a Distance: Global Classroom Technologies for Fostering Inclusion and Sustainable Access to International Education, focused on internationalization, a method of higher education aimed at developing intercultural and international awareness for students.

Joanne and Jenna's workshop put DC in the spotlight with a live demonstration of DC's Global Class. The Global Class, developed by Lon Appleby, professor, School of Interdisciplinary Studies, is DC's interactive, internationally live-streamed class created to connect with other educators and students around the world to discuss different topics and provide learners with an internationalised learning experience.

Hundreds of attendees from around the world came together both to take stock of internationalization in higher education as it is currently evolving in Canada and around the world, and to consider the ways in which it could be shaped sustainably into the future.

DC PUTS 3D PRINTERS INTO ACTION MAKING PPE FOR DONATION TO WORKERS ON FRONTLINE OF COVID-19

Working out of their garages and basements, DC students, employees, alumni and community members are using 3D printers to create the frames for face shields used by the healthcare workers on the frontlines of the COVID-19 pandemic. The initiative launched on March 26 and within 48 hours the first donation of personal protective equipment (PPE) built with the college's 3D-printed parts were delivered to Northumberland Hills Hospital in Cobourg, Ontario.

"Ontario PPE manufacturer InkSmith put out a call for support to the 3D printing community and Durham College immediately answered that call," said Chris Daniel, a professor with the college's School of Science & Engineering Technology.

"I am completely overwhelmed by the support we have received in such a short time," said Chris. "Thank you so much. In only four days, our team of 11 working with 16 printers has grown to 33 with 44 printers and your donations have supplied us with one and a half MONTHS of material that will allow us to make approximately 8,750 face shields at a rate of 220 per day."

DC staff, students and alumni used rapid prototyping machines across Durham Region to create the face shield frames. With community outreach being led by ORSIE, the college worked with industry partners to see the parts put to use.

Chris Daniel is a professor in the Mechanical Engineering Technology program at DC as well as a faculty advisor with the college's FastStart entrepreneurship team. DC also recognizes the efforts of Chris Gillis, Manager, Applied Research, Innovation and Entrepreneurship.



OUR BUSINESS

While education is at the heart of DC, we are so much more. Always evolving to meet the demands of the communities we serve, and responding to the changing marketplace, DC is committed to excellence in teaching and learning, applied research that solves business challenges and industry collaborations that enhance experiences for our students and partners.

DC BECOMES FIRST COLLEGE IN CANADA TO DELIVER COURSE THROUGH WALLS TO BRIDGES PROGRAM

DC is the first college in Canada to provide college courses in prison through the Walls to Bridges (W2B) education program, which facilitates for-credit post-secondary courses taught within correctional settings. Each W2B classroom sees equal numbers of incarcerated and non-incarcerated students learning together as peers.

When the program launched, DC Professor Dale Burt taught Resiliency in Society: The Bridges and Barriers at a federal correctional institution in Ontario. Each week she travelled to the prison with eight DC students who took the class alongside eight currently incarcerated students.

“The Walls to Bridges classroom offers a unique transformational learning experience that encourages diverse learners to build bridges with one another, recognizing that there are many ways of ‘knowing,’ including from each other and our experiences,” said Professor Burt. “We are really all students and teachers in the W2B classroom. Together we are able to break down barriers as we examine – and unlearn – assumptions and ‘othering.’”

DC CELEBRATES OPENING OF ENERGY INNOVATION CENTRE AND COMPLETION OF GEOTHERMAL FIELD

In October, DC celebrated the completion of its geothermal field and grand opening of its Energy Innovation Centre (EIC), which together leverage clean, sustainable underground thermal energy for the heating and cooling of the college’s Gordon Willey building.

Not only does the EIC work in tandem with DC’s green initiatives to reduce the college’s carbon footprint, it also provides our students with a unique living lab that offers self-guided experiential learning opportunities.

Open to students, employees and the public, the EIC facility provides an exhibit-like atmosphere where visitors can learn more about how the geothermal system works through displays and interactive touch screens that feature system diagrams and performance metrics. Additionally, a real-time energy dashboard provides insight on campus energy savings and the reduction of associated greenhouse gas emissions and is part of the ongoing transformation of DC’s energy infrastructure to support and implement sustainably focused initiatives on campus.



DC TO LAUNCH SECOND DEGREE PROGRAM: HONOURS BACHELOR OF BEHAVIOURAL SCIENCE

DC received consent from the Ministry of Training, Colleges and Universities to offer a new Honours Bachelor of Behavioural Science (BBS). Based at the college's Oshawa campus and beginning in September 2020, the Honours BBS will be DC's second, degree program following the successful launch of the Honours Bachelor of Health Care Technology Management in 2018.

"Ontario is seeing an increasing incidence of autism spectrum disorder (ASD) in children and youth, dementia in seniors, as well as individuals with addictions and acquired brain injuries," said Dr. Judeline Innocent, executive dean of DC's School of Health & Community Services (HCS). "As agencies and long-term care facilities prepare for the increasing numbers in these client populations, the need for more qualified professionals in the areas of health, community and social services will also increase. With the Honours Bachelor of Behavioural Science, our graduates will be ready to not only meet this need but become leaders in these fields as well."

Under the leadership of the college's HCS administration and faculty, the Honours BBS program was developed with guidance from psychologists, community and social service agencies, municipal services representatives, mental health workers and psychogeriatric services.

Students will gain vital work experience in a professional setting through a 420-hour supervised field placement. Upon graduation, they will be prepared to work with individuals of all ages within a variety of health and community settings, helping people with addictions and mental health challenges, acquired brain injuries, dementia and pervasive developmental disabilities, including ASD.

DC LAUNCHES CENTRE FOR PROFESSIONAL AND PART-TIME LEARNING

The School of Continuing Education at DC is now the Centre for Professional and Part-time Learning (PPL). With extraordinary customer service at its core, PPL delivers quality part-time programs and courses to individuals who are looking for professional development opportunities, as well as to students seeking credit towards a post-secondary credential.

"The world of learning is changing, especially when it comes to continuing education," said Dr. Elaine Popp, vice president, Academic, at DC. "Today's professionals understand that staying competitive in their field requires a commitment to continual upskilling and development. Durham College understands that these professionals require flexible learning that meets their needs. This is why we are so excited to introduce the Centre for Professional and Part-time Learning as the next step in the evolution of lifelong learning at DC."

The market-driven programming focuses primarily on the areas of health, technology, business, education and training, languages, and specialized trades.

Offering more than 1,000 courses and 75 programs across a broad range of disciplines, PPL leverages the wealth of experience provided by DC faculty and provide students with flexible learning opportunities via in-class, online and hybrid delivery.



CENTRE FOR PROFESSIONAL AND PART-TIME LEARNING

WWW.DURHAMCOLLEGE.CA/PPL

OUR COMMUNITY

An education goes beyond labs and lectures. Engaging with the community is weaved into the fabric of DC. Whether through collaborative research, partnerships or supports, it is DC's privilege to contribute to the communities in which we operate.

BISTRO '67 NAMED ONE OF THE 100 MOST SCENIC RESTAURANTS IN CANADA

Bistro '67, DC's full-service, teaching-inspired restaurant, has been named one of the 100 Most Scenic Restaurants in Canada for 2019. The accolade comes from OpenTable, the world's leading provider of online restaurant reservations.

In July, OpenTable released its list of unique local restaurants that allow diners to take in the best views while they travel this summer, drawing upon more than 500,000 reviews from more than 3,000 restaurants. They then narrowed the field by looking at establishments that offer breathtaking views of nature, cityscapes or travel-worthy landmarks with top scores in overall diner rating, total number of reviews and overall regional rating.

Bistro '67 was the only restaurant in Durham Region to make the list, and was one of 42 restaurants across Ontario selected. The resulting list highlights establishments that include everything from breathtaking mountain gorges to seaports off the east coast and everything in between. DC's field-to-fork-focused Bistro '67 boasts impressive views of the W. Galen Weston Centre for Food's (CFF) agricultural planting fields and gardens.

DC CONTINUES TO SUPPORT LOCAL AUTOWORKERS THROUGH TRANSITION

Minister of Labour, Training and Development, the Honourable Monte McNaughton announced the opening of the Unifor/GM Oshawa Action Centre, established in response to General Motors' (GM) announced closure of the Oshawa Assembly Plant. The centre is a resource for affected GM employees, offering employment guidance and job search support, referrals to service providers and access to computers and the internet.

As a proud member of our community, DC worked with GM, the provincial government and education partners, developing resources to support impacted auto-sector workers. Generously powered by TD Canada Trust (TD), a resource-filled, college-supported website provides these workers access to post-secondary and government information and offerings from regional partners and employers. The college seeks to connect those looking for work, with the right education and training solution and the right employer. Additionally, DC established a job portal specifically for GM employees affected by the changes.

DC's Oshawa campus also played host to a job fair for auto-sector employees. Sponsored and organized by GM, UNIFOR, and the Ontario Government, with sponsorship from TD, DC's event helped participants connect with 40 employers and community partners who were on hand to discuss employment and training opportunities.



CONSTRUCTION BEGINS ON DC'S WHITBY CAMPUS PHASE IV EXPANSION

In January, DC employees, students and members of the broader community gathered at the Whitby campus to celebrate the start of construction on its Phase IV expansion, designed to shine a spotlight on skilled trades training, innovation and education.

"The college continuously hears from its partners that they need more skilled workers and would like new programs developed to focus on emerging industries," said Lovisa. "Yet in spite of our current efforts, the ability to keep up with the demand remains a challenge due to the physical space constraints at the Whitby campus. For example, the student population has increased by 130 per cent in the past 10 years."

Given the skilled labour shortage at the regional, provincial and national level, the timing of this new project could not be better. Colleges Ontario forecasts that over the next decade, the province will continue to experience a skilled labour shortage.

To address this demand, Phase IV will result in a 60,000 square-foot expansion, allowing DC to increase its student intake in Whitby by 700 to 750 over three to five years.

The following are some of its unique features:

- » A double-height shop lab to address the specialized needs of both the mechanical and construction programs. Home to a two-storey building model, the lab will allow plumbing students to work underneath it while elevating devices students will be able to work in an easily accessible dual-level elevator shaft.
- » Training labs with dedicated space and equipment for a range of post-secondary and apprenticeship programs.

A capital campaign is also underway to raise \$10 million for this project. So far, the college has received just over \$4 million in commitments, including a \$1 million contribution from the Town of Whitby and \$2 million from the Regional Municipality of Durham.

REDRESS CAMPUS CAMPAIGN URGES MOVE FROM AWARENESS TO ACTION

Awareness is building; now it is time for action. This was the dominant message of the REDress Campus Campaign at DC, a week-long series of events focused on the crisis of Missing and Murdered Indigenous Women, Girls and Two-Spirited People (MMIWG2S). Led by the First Peoples Indigenous Centre (FPIC) at DC and Indigenous Education and Cultural Services at Ontario Tech University, the campaign brought together community partners including the Mississaugas of Scugog Island First Nation, Carea Community Health Centre, The Nourish and Develop Foundation and DC Students Inc. The week began with the reveal of an installation of red dresses across the college's shared Oshawa campus, each dress symbolizing someone taken by the MMIWG2S crisis. In addition to the dress installation, daily events culminated with a memorial march and closing ceremony feast. The campaign was inspired by Métis artist Jaime Black's, "The REDress Project", an aesthetic response to the MMIWG2S crisis. Black's work is now a permanent exhibit in the Canadian Museum for Human Rights. Much like Black's project, the red dresses installed across the Oshawa and Whitby campus and Pickering Learning Site, served as a visual reminder of the staggering number of MMIWG2S.

DC VIRTUAL OPEN HOUSE ENGAGES 2,300+ VISITORS IN ONLINE EXPERIENCE

More than 2,300 prospective students and their families explored DC – digitally. The college's first-ever Virtual Open House was a huge success, providing guests an inside look at the DC student experience from the comfort of their homes. DC welcomed guests from over 90 countries across the globe for virtual visits that included videos and live sessions about more than 140 career-focused programs, supportive student services, accessing financial aid, among many other topics. There were also virtual tours of campus spaces, including learning environments, residence and wellness facilities. Within virtual rooms and information sessions, guests were able to live chat with faculty and staff, ensuring questions were answered in real time and providing the meaningful connections between visitors and DC community members that are a hallmark of the in-person event. Developed in response to COVID-19's impact on the annual Spring Open House, one of DC's most popular events, the virtual edition came together quickly through the incredible efforts of employees from every corner of the college.





SPORTS SHORTS



- » DC wins Canadian Collegiate Athletic Association (CCAA) **MEN'S SOCCER NATIONAL CHAMPIONSHIP**.
- » DC wins **MEN'S NATIONAL COLLEGIATE BASEBALL CHAMPIONSHIP**.
- » DC teams capture school record-setting **SEVEN CHAMPIONSHIP MEDALS** in 2019-2020.
- » A record **SEVEN** DC teams were nationally ranked and four DC teams qualified for Nationals.
- » The Men's Rugby team won the Ontario College Athletic Association's (OCAA) **GOLD MEDAL**.
- » The Men's Volleyball team won the OCAA **SILVER MEDAL**.
- » The Women's Softball team OCAA **SILVER MEDAL**.
- » The Women's Rugby team won the OCAA **SILVER MEDAL**.
- » The Men's Baseball team won the OCAA **SILVER MEDAL**.
- » There was a **RECORD-HIGH** number of intramural sports offered, as well as a record-high number of participants.
- » A new Campus Rec Intramural **CHAMPIONS WALL** was installed to recognize winning intramural participants.
- » The DC Lords achieved a new college record with **48** student-athletes receiving provincial OCAA All Academic Award status by making the academic honour roll.
- » Three DC Lords student athletes named **NATIONAL CCAA ACADEMIC ALL CANADIANS**.
- » DC hosted the **2019 CCAA MEN'S SOCCER NATIONAL CHAMPIONSHIP** on campus welcoming the best college soccer teams from across the country. The event was recognized by the CCAA as one of the best hosted National Championships ever.



A LOOK AHEAD

Under the leadership of DC President Don Lovisa, whose contract has been extended for a fourth term, the college launched its new 2020-2023 Strategic Plan in May. Guided by its new mission “Together, we are leading the way”, the entire DC community will continue working together to drive innovation and growth in its programs, student experience, research and infrastructure.

As we consider the coming year, we know it will look very different from what employees and students are accustomed. The COVID-19 pandemic has caused us to reevaluate how education is delivered however, keeping our students, employees and community safe while also continuing to offer the quality programs we are known for – whether that be online, in the classroom, or both – will remain our number one priority.

To learn more about the Strategic Plan and the college’s intentions for the future, visit www.durhamcollege.ca/strategicplan.



**TOGETHER,
WE'RE LEADING
THE WAY.**

APPENDICES

MEMBERS OF THE DC BOARD OF GOVERNORS FOR 2019-2020:

- » Ivan DeJong, chair of the Board
- » Suzanne Beale
- » Elizabeth Cowie
- » Kevin Griffin, academic staff governor
- » Kristi Honey
- » Michele James, vice-chair of the Board
- » Gail Johnson Morris
- » Robert Lanc
- » Bart Lucyk, support staff governor
- » Debbie McKee Demczyk, administrative staff governor
- » Kenneth Michalko
- » Heather Quantrill
- » Gary Rose
- » Steve Stewart
- » Vasu Sukhija, student governor
- » Jim Wilson
- » Don Lovisa, president

DURHAM COLLEGE LEADERSHIP TEAM:

- » Don Lovisa, president
- » Dr. Elaine Popp, vice-president, Academic
- » Meri Kim Oliver, vice-president, Student Affairs
- » Dr. Scott Blakey, chief administrative officer
- » Barbara MacCheyne, chief financial officer

2019-2020 BUSINESS PLAN OVERVIEW

Achieving the objectives outlined in the annual Business Plan each year is critical to the success of the college's three-year strategic plan. The Ontario Minister's Binding Policy Directive for Annual Reports requires each college to summarize the results of its Business Plan from the previous year in their annual report, in recognition of the importance of these objectives to post-secondary institutions.

The fiscal year, 2019-2020 marks a year of two stories. While the COVID-19 crisis occurred near the end of the year, causing classes to shift online and some initiatives to be put on hold, it was also an incredibly successful year for students and staff.

Highlights of DC's achievements are as follows:

OUR STUDENTS

- » Launched two new programs:
 - » Artificial Intelligence Analysis, Design and Implementation Graduate Certificate.
 - » Carpentry and Renovation Technician Diploma.
- » Supported internationalization of curriculum with new training opportunities such as the Hofstede program.
- » The Ontario Post-secondary Access and Inclusion Program (OPAIP) conference was hosted at the Whitby campus with 16 colleges and universities in attendance.
- » Opened the new Mixed Reality Capture Studio (MRC Studio) and hosted a grand opening ceremony supported by NSERC.
- » Food service contract has been awarded to Chartwells through an RFP process.

OUR PEOPLE

- » CAFÉ provided 172 training sessions focused on new teaching and learning technology such as DC Connect, ED Tech and multimedia – reaching over 450 participants.
- » Developed new resources to support Indigenization efforts in curriculum, with several training modules provided to faculty and staff.

OUR BUSINESS

- » The 2020-2023 Strategic Plan was developed and approved by the board of governors, introducing a new mission, vision and values to ensure DC continues to lead the way.
- » The new Stellar Drive entrance to the Whitby campus was completed, providing new access for students, staff and patrons of Bistro 67'.
- » Awarded two new international projects being: the Pacific Alliance Project, and the Skills to Access the Green Economy (SAGE) Program.

OUR COMMUNITY

- » More than a dozen students participated in the Community Justice HUB stream – offering legal aid services to the community.
- » Eleven new AI projects initiated with new industry partners within the NSERC Innovation Enhancement portfolio. Forty-four students employed to deliver on these projects with industry partners.
- » 1,000 OPG staff have been provided training through DC's Corporate Training Services (CTS) over the course of the year through several custom training courses.
- » Successfully launched the GM/Unifor Action Centre online portal. Since September 2019, over 1,000 jobs within the GTA have been posted to the portal. DC hosted a career fair in which over 300 autoworkers attended.



FINANCIALS

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAS for Government NPOs"). 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.

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

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

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

The Audit and Finance Committee is appointed by the Board of Governors and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the 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 auditors.

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



College President



Chief Financial Officer

May 25, 2020

Independent Auditor's Report

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

Opinion

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

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

Basis for Opinion

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

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

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

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

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

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

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

Independent Auditor's Report (Continued)

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 3, 2020

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

Year ended March 31, 2020, with comparative figures for 2019

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 28,872,334 | \$ 40,147,530 |
| Investments (note 2) | 26,173,934 | 27,737,940 |
| Accounts receivable (note 2) | 15,510,191 | 13,887,861 |
| Current portion of long-term receivables (note 3) | 654,066 | 627,487 |
| Inventories | 835,694 | 872,260 |
| Prepaid expenses | 235,489 | 215,316 |
| | <u>72,281,708</u> | <u>83,488,394</u> |
| Long-term receivables (note 3) | 8,841,924 | 9,495,989 |
| Capital assets (note 4) | 238,382,910 | 227,954,275 |
| | <u>\$ 319,506,542</u> | <u>\$ 320,938,658</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 41,966,746 | \$ 40,038,356 |
| Accrued vacation | 8,231,616 | 8,653,270 |
| Deferred revenue (note 5(a)) | 16,347,954 | 18,099,482 |
| Current portion of debt (note 6) | 3,938,815 | 3,804,203 |
| | <u>70,485,131</u> | <u>70,595,311</u> |
| Term debt due on demand (note 6) | 8,720,461 | 32,891,526 |
| | <u>79,205,592</u> | <u>103,486,837</u> |
| Deferred contributions (note 5(b)) | 138,754,293 | 142,750,230 |
| Long-term debt (note 6) | 32,310,953 | 12,182,301 |
| Derivative liability (note 6) | 2,532,124 | 2,104,561 |
| Long-term liability (note 7) | 6,426,098 | 2,200,000 |
| Post-employment, retirement benefits and compensated absences | 4,620,036 | 4,686,695 |
| | <u>263,849,096</u> | <u>267,410,624</u> |
| Net assets: | | |
| Unrestricted | | |
| Operating | (30,929,333) | (24,623,626) |
| Post-employment, retirement benefits, and compensated absences | (4,620,036) | (4,686,695) |
| Vacation pay | (8,231,616) | (8,653,270) |
| | <u>(43,780,985)</u> | <u>(37,963,591)</u> |
| Invested in capital assets (note 12) | 59,284,913 | 47,999,535 |
| Internally restricted (note 9, note 17) | 22,363,628 | 25,817,159 |
| Endowments (note 9) | 16,274,828 | 15,732,306 |
| | <u>54,142,384</u> | <u>51,585,409</u> |
| Accumulated remeasurement gains | 1,515,062 | 1,942,625 |
| | <u>55,657,446</u> | <u>53,528,034</u> |
| Commitments (note 14) | | |
| Contingencies (note 15) | | |
| Guarantees (note 16) | | |
| | <u>\$ 319,506,542</u> | <u>\$ 320,938,658</u> |

See accompanying notes to the consolidated financial statements.

On behalf of the Board:


 _____ Director


 _____ Director

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2020, with comparative figures for 2019

| | 2020 | 2019 |
|---|---------------------|----------------------|
| Revenue: | | |
| Grants and reimbursements | \$ 74,884,084 | \$ 83,752,580 |
| Student tuition fees | 76,143,772 | 75,196,296 |
| Ancillary operations | 12,274,829 | 13,296,821 |
| Rental income | 9,963,064 | 10,177,179 |
| Other income | 27,978,888 | 27,422,894 |
| Amortization of deferred capital contributions (note 5(b)(i)) | 8,045,829 | 6,695,483 |
| Total revenue | 209,290,466 | 216,541,253 |
| Expenditures: | | |
| Salaries and benefits | 130,729,263 | 125,541,135 |
| Instructional supplies | 3,870,069 | 4,314,159 |
| Contracted services | 8,782,083 | 8,190,356 |
| Utilities, maintenance and taxes | 13,491,321 | 12,628,800 |
| Interest and bank charges | 2,424,496 | 2,423,955 |
| Scholarships and bursaries | 3,154,938 | 3,230,682 |
| Supplies and other expenses | 26,162,902 | 26,929,347 |
| Amortization of capital assets (note 12(b)) | 18,660,941 | 15,853,482 |
| Total expenditures | 207,276,013 | 199,111,916 |
| Excess of revenue over expenditures | \$ 2,014,453 | \$ 17,429,337 |

See accompanying notes to the consolidated financial statements.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative figures for 2019

| | 2020 | 2019 |
|---|----------------------|----------------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenditures | \$ 2,014,453 | \$ 17,429,337 |
| Items not affecting cash: | | |
| Amortization of capital assets | 18,660,941 | 15,853,482 |
| Amortization of deferred capital contributions | (8,045,829) | (6,695,483) |
| Change in non-cash working capital: | | |
| Accounts receivable | (1,622,330) | 7,321,994 |
| Inventories | 36,566 | (120,191) |
| Prepaid expenses | (20,173) | (23,474) |
| Accounts payable and accrued liabilities | 1,928,390 | 6,727,297 |
| Accrued vacation | (421,654) | 762,094 |
| Post-employment, retirement benefits and compensated absences | (66,659) | 128,707 |
| Deferred revenue | (1,751,528) | 244,445 |
| | <u>10,712,177</u> | <u>41,628,208</u> |
| Financing activities: | | |
| Endowment contributions | 542,522 | 349,515 |
| Repayment of long-term debt | (3,907,801) | (3,787,000) |
| | <u>(3,365,279)</u> | <u>(3,437,485)</u> |
| Capital activities: | | |
| Contributions received for capital purposes (net of fair market value adjustment) | 4,049,893 | 11,159,785 |
| Purchase of capital assets | (24,863,479) | (46,165,733) |
| | <u>(20,813,586)</u> | <u>(35,005,948)</u> |
| Investing activities: | | |
| Decrease in long-term receivables | 627,486 | 602,237 |
| (Decrease) increase in investments | 1,564,006 | (1,457,666) |
| | <u>2,191,492</u> | <u>(855,429)</u> |
| (Decrease) increase in cash | (11,275,196) | 2,329,346 |
| Cash, beginning of year | 40,147,530 | 37,818,184 |
| Cash, end of year | <u>\$ 28,872,334</u> | <u>\$ 40,147,530</u> |
| Supplemental cash flow information: | | |
| Interest paid | \$ 1,520,591 | \$ 1,597,081 |

See accompanying notes to the consolidated financial statements.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2020, with comparative figures for 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| Accumulated remeasurement gains at beginning of year | \$ 1,942,625 | \$ 2,022,248 |
| Unrealized (losses) gains attributable to: | | |
| Derivative - interest rate swap | (427,563) | (79,623) |
| Net remeasurement losses for the year | (427,563) | (79,623) |
| Accumulated remeasurement gains at end of year | \$ 1,515,062 | \$ 1,942,625 |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

Durham College of Applied Arts and Technology (the "College") was established as a corporation without share capital, as set out in the Ontario Colleges of Applied Arts and Technology Act. The Corporations Act governs the corporate affairs of the College and became effective April 1, 2003. The College is principally involved in providing post-secondary educational services. Under the Income Tax Act (Canada), the College is considered a registered charity and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

(a) *Basis of presentation*

The consolidated financial statements of the College have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs"). These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the College and its subsidiary Durham College Foundation (the "Foundation"). All significant intercompany balances and transactions have been eliminated upon consolidation.

(b) *Revenue recognition*

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

Operating grants are recorded as revenue in the period to which they relate. Grants earned but not received at the end of an accounting period are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Tuition fees are recognized as income to the extent that the related courses and services are provided within the fiscal year of the College.

Ancillary revenues, including parking, bookstore, rental, contract training and other sundry revenues, are recognized when products are delivered or services are provided to the student or client, the sales price is fixed and determinable, and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received or receivable.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowed net assets.

Investment income earned on endowment funds is recognized as a direct increase in net assets when the related expense occurs. Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(c) *Financial Instruments*

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

Fair value

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

They are initially recognized at cost and subsequently carried at fair value. 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. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met.

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

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the consolidated statement of operations. On sale or settlement, 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 operations.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amortized cost

This category includes accounts receivable, long-term receivables, accounts payable and accrued liabilities, term debt due on demand 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, except for contributions, which are recognized at fair value.

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

Writedowns 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 writedown being recognized in the consolidated statement of operations.

(d) *Capital assets*

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value. Any unamortized deferred capital contribution amount related to the capital asset is recognized in revenue in the consolidated statement of operations, provided that all restrictions have been complied with.

Construction in progress costs are capitalized as incurred. They are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are placed in service.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which have been estimated to be as follows:

| | |
|-------------------------|----------------|
| Buildings | 40 or 69 years |
| Building improvements | 10 years |
| Equipment and furniture | 5 - 10 years |
| Computer equipment | 3 years |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

(e) *Inventories*

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(f) *Student organizations*

These consolidated financial statements do not reflect the assets, liabilities, and results of operations of the various student organizations as they are not controlled by the College.

(g) *Vacation pay*

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

(h) *Post-employment, retirement benefits and compensated absences*

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

- (i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.
- (ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- (iii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.
- (iv) The discount used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

(i) *Foreign currency translation*

Transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities are translated at current rates of exchange with the resulting gains and losses recognized in the consolidated statement of operations.

(j) *Management estimates*

The preparation of consolidated financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of consolidated financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Areas of key estimation include determination of fair value of investments, impairment allowances, amortization of capital assets, fair value of interest rate swaps, vacation pay and actuarial estimation of post-employment benefits and compensated absences liabilities.

2. FINANCIAL INSTRUMENT CLASSIFICATION

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) pandemic, resulting in economic uncertainties impacting the College's financial instrument risks as outlined below. At this time, the full potential impact of COVID-19 on the College is not known (Note 17).

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

| | 2020 | | |
|--|---------------|----------------|---------------|
| | Fair Value | Amortized Cost | Total |
| Cash | \$ 28,872,334 | \$ - | \$ 28,872,334 |
| Accounts receivable | - | 15,510,191 | 15,510,191 |
| Current portion of long-term receivables | - | 654,066 | 654,066 |
| Investments | 26,173,934 | - | 26,173,934 |
| Long-term receivable | - | 8,841,924 | 8,841,924 |
| Accounts payable and accrued liabilities | - | 41,966,746 | 41,966,746 |
| Accrued vacation | - | 8,231,616 | 8,231,616 |
| Current portion of debt | - | 3,938,815 | 3,938,815 |
| Term debt due on demand | - | 8,720,461 | 8,720,461 |
| Long-term debt | - | 32,310,953 | 32,310,953 |
| Derivative liability | 2,532,124 | - | 2,532,124 |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

| | 2019 | | |
|--|---------------|----------------|---------------|
| | Fair Value | Amortized Cost | Total |
| Cash | \$ 40,147,530 | \$ - | \$ 40,147,530 |
| Accounts receivable | - | 13,887,861 | 13,887,861 |
| Current portion of long-term receivables | - | 627,487 | 627,487 |
| Investments | 27,737,940 | - | 27,737,940 |
| Long-term receivable | - | 9,495,989 | 9,495,989 |
| Accounts payable and accrued liabilities | - | 40,038,356 | 40,038,356 |
| Accrued vacation | - | 8,653,270 | 8,653,270 |
| Current portion of debt | - | 3,804,203 | 3,804,203 |
| Term debt due on demand | - | 32,891,526 | 32,891,526 |
| Long-term debt | - | 12,182,301 | 12,182,301 |
| Derivative liability | 2,104,561 | - | 2,104,561 |

Investments consist of equity instruments in public companies (2020 - \$12,243,027, 2019 - \$13,849,656), bonds (2020 - \$3,356,354, 2019 - \$3,520,405) and Guaranteed Investment Certificates (2020 - \$10,574,553, 2019 - \$10,367,879). Investments include \$15,481,480 (2019 - \$17,201,790) of investments externally restricted for endowment purposes (see Note 8).

Maturity profile of bonds held is as follows:

| | 2020 | | | | |
|---------------------|---------------|--------------|---------------|---------------|-------------|
| | Within 1 year | 2 to 5 years | 6 to 10 years | Over 10 years | Total |
| Carrying value | \$ - | \$ 2,742,879 | \$ 523,450 | \$ 90,025 | \$3,356,354 |
| Percentage of Total | 0% | 81% | 16% | 3% | |

| | 2019 | | | | |
|---------------------|---------------|--------------|---------------|---------------|-------------|
| | Within 1 year | 2 to 5 years | 6 to 10 years | Over 10 years | Total |
| Carrying value | \$ 52,477 | \$ 2,617,909 | \$ 781,476 | \$ 68,543 | \$3,520,405 |
| Percentage of Total | 1% | 75% | 22% | 2% | |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset 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).

| | 2020 | | | |
|----------------------|----------------------|---------------------|---------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash | \$ 28,872,334 | \$ - | \$ - | \$ 28,872,334 |
| Investments | 22,817,580 | 3,356,354 | - | 26,173,934 |
| Derivative liability | - | - | 2,532,124 | 2,532,124 |
| Total | \$ 51,689,914 | \$ 3,356,354 | \$ 2,532,124 | \$ 57,578,392 |

| | 2019 | | | |
|----------------------|----------------------|---------------------|---------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash | \$ 40,147,530 | \$ - | \$ - | \$ 40,147,530 |
| Investments | 24,217,535 | 3,520,405 | - | 27,737,940 |
| Derivative liability | - | - | 2,104,561 | 2,104,561 |
| Total | \$ 64,365,065 | \$ 3,520,405 | \$ 2,104,561 | \$ 69,990,031 |

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2020 and 2019. There were also no transfers in or out of Level 3.

Risk management relates to the understanding and active management of risks associated with all areas of the College's activities and the associated operating environment. Investments are primarily exposed to market, credit, interest rate, foreign currency and liquidity risks. The College has formal policies and procedures that establish target asset mix. The College's policies also require diversification of investments within categories, and set limits on exposure to individual investments.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

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

(i) *Market risk:*

The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. Fluctuation in the market exposes the College to a risk of loss.

The College is exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2020, a 10.00% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the College's equities of \$894,236 (2019 - \$1,043,496).

(ii) Credit, interest rate and maturity 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, bonds, long-term receivables and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to \$100,000 (2019 - \$100,000).

The investment policy of the Foundation operates within the confines of the Trustees Act which places limitations on the composition of the investment portfolio. All other College investments not held within the Foundation operate within the constraints of the Ministry's Binding Directive on Banking, Investments and Borrowing which 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.

Accounts receivable and long-term receivables are ultimately due from students and the University of Ontario Institute of Technology ("UOIT"). 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 at year-end are as follows:

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

| | 2020 | | | | | |
|-----------------------------|---------------|---------------|--------------|------------|------------|---------------|
| | Total | Current | Past Due | | | |
| | | | 1-30 days | 31-60 days | 61-90 days | 91 - 120 days |
| Government receivables | \$ 5,163,641 | \$ 5,163,641 | \$ - | \$ - | \$ - | \$ - |
| Student receivables | 4,399,418 | - | 79,468 | 79,157 | 472,413 | 3,768,380 |
| Other receivables | 8,426,348 | 6,502,682 | 1,074,816 | 719,111 | 22,577 | 107,162 |
| Gross receivables | 17,989,407 | 11,666,323 | 1,154,284 | 798,268 | 494,990 | 3,875,542 |
| Less: impairment allowances | (2,479,216) | - | - | - | - | (2,479,216) |
| Net receivables | \$ 15,510,191 | \$ 11,666,323 | \$ 1,154,284 | \$ 798,268 | \$ 494,990 | \$ 1,396,326 |

| | 2019 | | | | | |
|-----------------------------|---------------|---------------|--------------|------------|------------|---------------|
| | Total | Current | Past Due | | | |
| | | | 1-30 days | 31-60 days | 61-90 days | 91 - 120 days |
| Government receivables | \$ 4,469,376 | \$ 4,469,376 | \$ - | \$ - | \$ - | \$ - |
| Student receivables | 3,359,048 | - | 40,844 | 74,372 | 351,636 | 2,892,196 |
| Other receivables | 7,732,911 | 6,055,918 | 978,953 | 566,490 | 8,565 | 122,985 |
| Gross receivables | 15,561,335 | 10,525,294 | 1,019,797 | 640,862 | 360,201 | 3,015,181 |
| Less: impairment allowances | (1,673,474) | - | - | - | - | (1,673,474) |
| Net receivables | \$ 13,887,861 | \$ 10,525,294 | \$ 1,019,797 | \$ 640,862 | \$ 360,201 | \$ 1,341,707 |

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

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

The College is exposed to this risk through its interest bearing investments and debt.

The College mitigates interest rate risk on a portion of its term debt through a derivative financial instrument that exchanges the variable rate inherent in a portion of the term debt for a fixed rate (see Note 6). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

The College's bond portfolio has interest rates ranging from 1.25% to 6.50% (2019 - 1.25% to 6.50%) with maturities ranging from June 2, 2021 to June 18, 2048 (2019 – October 7, 2019 to December 1, 2045).

At March 31, 2020, a 1.00% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds and the interest rate swap of \$721,433 (2019 - \$73,226). The College's term debt as described in Note 6 would not be impacted as the inherent variable rate of the debt has been fixed with the use of the aforementioned derivative interest rate swap.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

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

Credit risk on accounts receivables and long-term receivables are mitigated by financial and system controls on past due accounts. 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. Subsequent to year-end, the credit risk related to the College's accounts receivable for tuition revenue has increased due to the impact of COVID-19, which could lead to potential losses.

(iii) Foreign currency risk:

Foreign currency risk arises when the value of securities denominated in a currency other than Canadian dollars is affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. U.S. equities are held in U.S. dollars, which have been converted to Canadian dollars as at year-end, using the exchange rate at that date. Investments held in U.S. dollars at March 31, 2020 were approximately \$5,592,115 (2019 - \$5,726,779) stated in Canadian dollars.

(iv) 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 table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

| | 2020 | | | |
|--|----------------------|---------------------|----------------------|----------------------|
| | Within 6 months | 6 months to 1 year | 1 - 5 years | > 5 years |
| Accounts payable and accrued liabilities | \$ 41,966,746 | \$ - | \$ - | \$ - |
| Accrued vacation | 6,173,712 | 2,057,904 | - | - |
| Debt | 2,007,492 | 1,931,323 | 14,727,249 | 26,304,165 |
| | <u>\$ 50,147,950</u> | <u>\$ 3,989,227</u> | <u>\$ 14,727,249</u> | <u>\$ 26,304,165</u> |
| | 2019 | | | |
| | Within 6 months | 6 months to 1 year | 1 - 5 years | > 5 years |
| Accounts payable and accrued liabilities | \$ 40,038,356 | \$ - | \$ - | \$ - |
| Accrued vacation | 4,326,635 | 4,326,635 | - | - |
| Debt | 1,942,237 | 1,861,966 | 19,724,617 | 25,349,210 |
| | <u>\$ 46,307,228</u> | <u>\$ 6,188,601</u> | <u>\$ 19,724,617</u> | <u>\$ 25,349,210</u> |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

The College is also exposed to liquidity risk on its line of credit described in Note 6.

Derivative financial liabilities mature as described in Note 6.

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.

3. LONG-TERM RECEIVABLES

(a) Student levy receivable for campus recreation and wellness centre

Includes a receivable from future student levies as approved by the Durham College Student Association Incorporated, with a long-term portion of \$8,720,461 (2019 - \$9,253,063) and a current portion of \$532,603 (2019 - \$506,024) for the financing of a new Campus Recreation and Wellness Centre ("the Centre"). It is repayable from an annual special levy on student fees and bears interest equal to the debt incurred to construct the Centre (Note 6). The receivable is secured by the variable rate mortgage due on demand with underlying swap on the Centre.

(b) Other long-term receivable

Includes an unsecured interest-free receivable from UOIT, with a long-term portion of \$121,463 (2019 - \$242,926) which is repayable at a fixed amount of \$121,463 annually until September 2021.

4. CAPITAL ASSETS

| | 2020 | | 2019 | |
|--------------------------|----------------|--------------------------|----------------|----------------|
| | Ending Cost | Accumulated Amortization | Net book Value | Net book Value |
| Land | \$ 4,521,201 | \$ - | \$ 4,521,201 | \$ 4,521,201 |
| Buildings | 279,532,968 | 108,747,807 | 170,785,161 | 169,536,316 |
| Building improvements | 91,083,718 | 53,010,006 | 38,073,712 | 31,835,670 |
| Equipment and furniture | 94,125,994 | 79,431,430 | 14,694,564 | 14,999,902 |
| Computer equipment | 38,136,468 | 33,551,996 | 4,584,472 | 4,494,670 |
| Construction-in-progress | 5,723,800 | - | 5,723,800 | 2,566,516 |
| | \$ 513,124,149 | \$ 274,741,239 | \$ 238,382,910 | \$ 227,954,275 |

Construction in progress relates to various ongoing capital projects that are not yet complete. In the current year, construction in progress is primarily related to The Skills Training Centre, an academic building, scheduled to be insubstantially completed in August 2021.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

5. DEFERRED CONTRIBUTIONS

(a) *Deferred revenue*

Deferred revenue represents grants - \$1,953,234 (2019 - \$2,005,170), tuition fees - \$7,776,275 (2019 - \$7,580,623) and other revenue - \$6,618,445 (2019 - \$8,513,689) related to expenses of future periods.

(b) *Deferred contributions*

(i) Capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Consolidated Statement of Operations at the same rate as amortization is recorded on the related capital assets.

| | 2020 | 2019 |
|-----------------------------------|-----------------------|----------------|
| Balance, beginning of year | \$ 140,896,023 | \$ 136,371,945 |
| Contributions received | 5,378,154 | 11,219,561 |
| Less amounts amortized to revenue | (8,045,829) | (6,695,483) |
| Balance, end of year | \$ 138,228,348 | \$ 140,896,023 |

(ii) Foundation

| | 2020 | 2019 |
|--|-------------------|--------------|
| Balance, beginning of year | \$ 1,779,228 | \$ 1,764,247 |
| Transfers | (106,500) | (120,150) |
| Net investment income and deferred contributions | (670,212) | 634,081 |
| Scholarships & Bursaries | (552,550) | (498,950) |
| Balance, end of year | \$ 449,966 | \$ 1,779,228 |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

5. DEFERRED CONTRIBUTIONS (continued)

(iii) Expenses of future periods

Deferred contributions represent unspent restricted donations for scholarships and bursaries.

| | 2020 | | 2019 | |
|------------------------------|------|-------------|------|-------------|
| Balance, beginning of year | \$ | 74,979 | \$ | 149,736 |
| Contributions received | | 250,500 | | 92,700 |
| Disbursements | | (249,500) | | (167,457) |
| Balance, end of year | \$ | 75,979 | \$ | 74,979 |
| Total deferred contributions | \$ | 138,754,293 | \$ | 142,750,230 |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

6. DEBT

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| 2.06% secured mortgage on the Whitby campus, repayable in monthly instalments of \$41,231 principal and interest, due November 2031. | \$ 5,129,720 | \$ 5,514,972 |
| 3.12% unsecured mortgage on student residence, repayable in semi-annual instalments of \$753,625 principal and interest, due February 2024. | 2,813,247 | 3,463,738 |
| 2.77% commercial mortgage loan on student residence, repayable in monthly instalments of \$202,919 principal and interest, due June 2031, interest rate renewal in June 2024. | 23,535,098 | 25,380,100 |
| Variable rate secured mortgage due on demand, with an underlying swap fixing the rate at 5.38% on the Campus Recreation and Wellness Centre, due in November 2032, interest and principal paid monthly. | 9,253,063 | 9,759,088 |
| 2.46% unsecured mortgage on student residence, repayable in monthly instalments of \$52,701.47 principal and interest, due July 2027, interest rate renewal in July 2022. | 4,239,101 | 4,760,132 |
| | 44,970,229 | 48,878,030 |
| Less current portion | 3,938,815 | 3,804,203 |
| Less term debt due on demand | 8,720,461 | 32,891,526 |
| | \$ 32,310,953 | \$ 12,182,301 |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

6. DEBT (continued)

| | | |
|------------|-----------|-------------------|
| 2021 | \$ | 3,938,815 |
| 2022 | | 4,060,086 |
| 2023 | | 4,185,036 |
| 2024 | | 4,313,685 |
| 2025 | | 2,168,441 |
| Thereafter | | 26,304,166 |
| | \$ | 44,970,229 |

Interest expense on long-term debt of \$1,520,591 (2019 - \$1,597,081) is included in interest and bank charges.

The College has an interest rate swap to manage the interest rate variability arising on the 25 year mortgage for the Athletic and Health Centre. The mortgage bears interest at floating rates based on banker's acceptances. The swap effectively fixes the interest rate at 5.38% on an initial principal amount of \$14,000,000 over the 25 year life of the mortgage. The fair value of the interest rate swap, in favour of the counterparty, of \$2,532,124 (2019 - \$2,104,561) is recorded in the consolidated statement of financial position with the fluctuations in fair value being recorded in the consolidated statement of remeasurement gains and losses.

The College has a credit facility agreement with a Canadian chartered bank, which provides for a revolving operating line of credit up to \$15,000,000, bearing interest at prime less 0.75%. At March 31, 2020, the College had utilized \$nil (2019 - \$nil) of the operating line of credit.

The College has entered into Irrevocable Standby Letters of Credit with a Canadian chartered bank. The letters of credit consist of \$177,200 bearing interest at 1.50%, \$15,000 bearing interest at 1.20% and \$18,025 bearing interest at 1.20%.

The College negotiated a commercial mortgage on the student residence during the fiscal year at a rate 2.77%. This was previously an unsecured mortgage due on demand at a rate of 2.67%. This change in classification from Term debt due on demand to Long-term debt has been reflected in the consolidated statement of financial position for 2020.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

7. LONG-TERM PAYABLE – WHITBY RESIDENCE

The College has entered into an alternative financing arrangement for the construction and operation of a student residence in Whitby on College land. Under the terms of the agreement, the third party partner is responsible for constructing, maintaining and operating the student residence in exchange for monthly payments of \$31,465 over the period of 69 years. At the end of the period, the legal title of the building will transfer to the College.

The building was completed and opened for student use in September 2019. The value recognized when the building was complete resulted in a capital asset and corresponding long-term liability of \$6,630,762. The capital asset is included in the building class in the consolidated financial statements and is being amortized over its estimated useful life of 69 years.

8. POST-EMPLOYMENT, RETIREMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

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

| | 2020 | | | | |
|--|---------------------------------|------------------------|---------------------------|-----------------------|---------------------|
| | Post- employment Benefits | Retirement Benefits | Non-vesting sick leave | Vesting sick leave | Total liability |
| Accrued employee future benefits obligations | \$ 1,185,000 | \$ 678,036 | \$ 4,724,000 | \$ 89,000 | \$ 6,676,036 |
| Value of plan assets | (268,000) | - | - | - | (268,000) |
| Unamortized actuarial gains/(losses) | 29,000 | - | (1,873,000) | 56,000 | (1,788,000) |
| Total liability | \$ 946,000 | \$ 678,036 | \$ 2,851,000 | \$ 145,000 | \$ 4,620,036 |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

8. POST-EMPLOYMENT, RETIREMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

| | 2019 | | | | |
|--|--------------------------|---------------------|------------------------|--------------------|---------------------|
| | Post-employment Benefits | Retirement Benefits | Non-vesting sick leave | Vesting sick leave | Total liability |
| Accrued employee future benefits obligations | \$ 1,197,000 | \$ 616,695 | \$ 3,734,000 | \$ 199,000 | \$ 5,746,695 |
| Value of plan assets | (223,000) | - | - | - | (223,000) |
| Unamortized actuarial gains/(losses) | 28,000 | - | (857,000) | (8,000) | (837,000) |
| Total liability | \$ 1,002,000 | \$ 616,695 | \$ 2,877,000 | \$ 191,000 | \$ 4,686,695 |

| | 2020 | | | | |
|--|--------------------------|---------------------|------------------------|--------------------|-------------------|
| | Post-employment Benefits | Retirement Benefits | Non-vesting sick leave | Vesting sick leave | Total expense |
| Current year benefit (recovery) cost | \$ (41,000) | \$ - | \$ 204,000 | \$ 9,000 | \$ 172,000 |
| Interest on accrued benefit obligation | 2,000 | 13,567 | 77,000 | 4,000 | 96,567 |
| Amortized actuarial (gains) | (9,000) | - | (3,000) | (13,000) | (25,000) |
| Total (recovery) expense | \$ (48,000) | \$ 13,567 | \$ 278,000 | \$ - | \$ 243,567 |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

8. POST-EMPLOYMENT, RETIREMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

| | 2019 | | | | |
|--|--------------------------|---------------------|------------------------|--------------------|-------------------|
| | Post-employment Benefits | Retirement Benefits | Non-vesting sick leave | Vesting sick leave | Total expense |
| Current year benefit cost | \$ 93,000 | \$ - | \$ 192,000 | \$ 9,000 | \$ 294,000 |
| Interest on accrued benefit obligation | 3,000 | 10,648 | 96,000 | 6,000 | 115,648 |
| Amortized actuarial (gains)/losses | (9,000) | - | (14,000) | 1,000 | (22,000) |
| Total expense | \$ 87,000 | \$ 10,648 | \$ 274,000 | \$ 16,000 | \$ 387,648 |

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

Retirement Benefits

CAAT Pension Plan

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2020 indicated an actuarial surplus of \$2.9 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of \$10,823,468 in 2019 (2019 - \$10,356,270), which has been included in the consolidated statement of operations.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

8. POST-EMPLOYMENT, RETIREMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

Post-Employment Benefits

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

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

a) *Discount rate*

The present value as at March 31, 2020 of the future benefits was determined using a discount rate of 1.60% (2019 – 2.20%).

b) *Drug Costs*

Drug costs were assumed to increase at a 8.00% rate for 2020 and decrease proportionately thereafter to an ultimate rate of 4.00% in 2040.

c) *Hospital and other medical*

Hospital and other medical costs were assumed to increase at 4.00% per annum in 2020 (2019 – 4.00%).

Medical premium increases were assumed to increase at 6.55% per annum in 2020 and decrease proportionately thereafter to an ultimate rate of 4.00% in 2040 for fiscal 2020.

d) *Dental costs*

For the fiscal 2020 disclosure, dental costs and premiums were assumed to increase at 4.00% per annum (2019 – 4.00%).

e) *Retirement rates*

3.10% per annum starting at eligibility for reduced pension, increasing to 16.00% per annum after reaching eligibility for unreduced pension, with the remainder at age 65.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

8. POST-EMPLOYMENT, RETIREMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

Compensated Absences

Vesting Sick Leave

The College has provided for vesting sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive 50.00% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

Non-Vesting Sick Leave

The College allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in 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 the College's best estimate of expected rates of:

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 48.0 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. RESTRICTED NET ASSETS

Internally restricted

Capital Investments: These funds are expendable for major capital expenditures for the future. Income earned is expendable.

Capital Investments – Residence: These funds are expendable for major capital refurbishments to the student residences. Income earned is expendable.

Foundation: These funds are expendable for future unforeseen operating expenditures. Income earned is expendable.

The College, by resolution of the Board of Governors, internally restricts amounts from net assets as follows:

| | 2020 | | | |
|---------------------------------|----------------------------------|---------------------|---|-------------------------|
| | Balance, Beginning of Year | Additions | Transfers, Adjustments, Disbursements | Balance, End of Year |
| Operating Contingency | \$ - | \$ 1,718,483 | \$ 14,830,123 | \$ 16,548,606 |
| Capital Investments | 25,061,355 | - | (20,061,355) | 5,000,000 |
| Capital Investments - Residence | 575,612 | 289,412 | (236,752) | 628,272 |
| Foundation | 180,192 | 6,558 | - | 186,750 |
| | \$ 25,817,159 | \$ 2,014,453 | \$ (5,467,984) | \$ 22,363,628 |

| | 2019 | | | |
|---------------------------------|----------------------------------|----------------------|---|-------------------------|
| | Balance, Beginning of Year | Additions | Transfers, Adjustments, Disbursements | Balance, End of Year |
| Capital Investments | \$ 17,532,253 | \$ 17,000,000 | \$ (9,470,898) | \$ 25,061,355 |
| Capital Investments - Residence | 570,576 | 316,098 | (311,062) | 575,612 |
| Foundation | 175,342 | 4,850 | - | 180,192 |
| | \$ 18,278,171 | \$ 17,320,948 | \$ (9,781,960) | \$ 25,817,159 |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. RESTRICTED NET ASSETS (continued)

Endowments

Endowment funds are restricted donations received by the College where the endowment principal is required to be maintained. The investment income generated from these endowments must be used in accordance with the various purposes established by donors. The College ensures, as part of its fiduciary responsibilities, that all funds received and transferred to the Foundation with a restricted purpose are expended for the purpose for which they were provided.

Endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund ("OSOTF") and the Ontario Trust for Student Support ("OTSS"). Under these programs, the government matches funds raised by the College. The purpose of these programs is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend College.

The balance of endowments at March 31 consists of the following:

| | 2020 | 2019 |
|-----------------|----------------------|----------------------|
| OSOTF (Note 10) | \$ 5,175,223 | \$ 5,165,818 |
| OTSS (Note 11) | 6,363,625 | 6,352,059 |
| Other | 4,735,980 | 4,214,429 |
| | \$ 16,274,828 | \$ 15,732,306 |

These funds are donated specifically for student assistance. Income earned is expendable to provide financial assistance to students.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

10. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS

Net assets restricted for endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program to award student aid as a result of raising an equal amount of endowment donations.

The College has recorded the following amounts under the program:

(a) OSOTF I:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Schedule of Changes in Endowment Fund Balance | | |
| Endowment fund balance, beginning of year | \$ 2,584,782 | \$ 2,558,904 |
| Preservation of capital | 4,706 | 25,878 |
| Endowment fund balance, end of year | \$ 2,589,488 | \$ 2,584,782 |
| Schedule of Changes in Expendable Funds Available for Awards | | |
| Expendable balance, beginning of year | \$ 426,889 | \$ 362,797 |
| Realized investment (loss) income | (93,315) | 131,663 |
| Bursaries awarded | (78,276) | (67,571) |
| Expendable balance, end of year | 255,298 | 426,889 |
| Number of bursaries awarded | 61 | 65 |
| Market value of endowment | \$ 3,054,867 | \$ 3,400,190 |

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

10. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS (continued)

(b) OSOTF II:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Schedule of Changes in Endowment Fund Balance | | |
| Endowment fund balance, beginning of year | \$ 2,581,036 | \$ 2,555,195 |
| Preservation of capital | 4,699 | 25,840 |
| Endowment fund balance, end of year | \$ 2,585,735 | \$ 2,581,036 |
| Schedule of Changes in Expendable Funds Available for Awards | | |
| Expendable balance, beginning of year | \$ 426,495 | \$ 362,496 |
| Realized investment (loss) income | (93,180) | 131,472 |
| Bursaries awarded | (78,162) | (67,473) |
| Expendable balance, end of year | 255,153 | 426,495 |
| Number of bursaries awarded | 61 | 64 |
| Market value of endowment | \$ 3,050,664 | \$ 3,395,487 |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

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11. ONTARIO TRUST FOR STUDENT SUPPORT

Net assets restricted for endowments include monies provided by the Government of Ontario from the Ontario Trust for Student Support matching program to award student aid as a result of raising an equal amount of endowment donations.

The College has recorded the following amounts in this program:

| | 2020 | 2019 |
|---|--------------|--------------|
| Schedule of Changes in Endowment Fund Balance | | |
| Endowment balance, beginning of year | \$ 6,352,059 | \$ 6,288,465 |
| Preservation of capital | | 11,566 |
| 63,594 Endowment fund balance, end of year | \$ 6,363,625 | \$ 6,352,059 |
| Schedule of Changes in Expendable Funds Available for Awards | | |
| Expendable balance, beginning of year | \$ 1,079,730 | \$ 921,690 |
| Realized Investment (loss) income | (246,760) | 324,096 |
| Bursaries awarded | (192,362) | (166,056) |
| Expendable balance, end of year | \$ 640,608 | \$ 1,079,730 |
| Number of Bursaries awarded | 151 | 159 |
| Market value of endowment | \$ 7,520,505 | \$ 8,386,572 |

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

12. INVESTED IN CAPITAL ASSETS

(a) Investment in capital assets represents the following:

| | 2020 | 2019 |
|--|----------------------|----------------------|
| Capital assets - net book value | \$ 238,382,910 | \$ 227,954,275 |
| Less amounts financed by deferred capital contributions (Note 5(b)(i)) | (138,228,347) | (140,896,023) |
| Add unspent deferred capital contributions | 1,273,614 | 2,260,225 |
| Less amount financed by debt and lease | (42,143,264) | (41,318,942) |
| Investment in capital assets | \$ 59,284,913 | \$ 47,999,535 |

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

| | 2020 | 2019 |
|--|------------------------|-----------------------|
| Amortization of deferred capital contributions | \$ 8,045,829 | \$ 6,695,483 |
| Amortization of capital assets | (18,660,941) | (15,853,482) |
| | \$ (10,615,112) | \$ (9,157,999) |
| Net change in investment in capital assets: | | |
| Purchase of capital assets | \$ 24,863,479 | \$ 46,165,733 |
| Amounts funded by: | | |
| Deferred capital contributions (Note 5(b)(i)) | (5,378,154) | (11,219,561) |
| (Spent)/Unspent deferred capital contributions | (986,611) | (17,159,296) |
| Repayment of debt | 3,401,776 | 3,306,228 |
| | \$ 21,900,490 | \$ 21,093,104 |
| | \$ 11,285,378 | \$ 11,935,105 |

13. SERVICE COSTS

Durham College provides certain administrative services to UOIT under a shared service agreement. The cost of salaries, benefits and operating expenses allocated to the University has been calculated based on an individual percentage per department.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

13. SERVICE COSTS (continued)

During 2009, the College and University began reviewing the organization of the integrated services departments in order to best serve both institutions going forward. In the review, a need was recognized for both the College and University to have certain dedicated teams to meet each of the institution's objectives and, as such, some of the departments were segregated.

Both institutions have continued to review the remaining services to formalize service level agreements where collaboration is required. During 2011, a master service level agreement was signed and service level agreements for three departments were finalized. During 2012, a subsequent Memorandum of Agreement in Principle was signed with the remaining service level agreements to be finalized in 2015. In March 2015, a new Service Level Agreement was signed further clarifying the expectations and obligations of each party. The Agreement is effective April 1, 2015 and shall continue until terminated in writing by the Parties in accordance with the Agreement or until April 1 of any year in which there are no Services to be provided under any Work Description Document.

14. COMMITMENTS

Premises and equipment

Future minimum lease payments, exclusive of taxes and operating costs, for premises and equipment under operating leases at March 31, 2020 are as follows:

| | | |
|------------|----|-----------|
| 2021 | \$ | 557,884 |
| 2022 | | 539,702 |
| 2023 | | 388,766 |
| Thereafter | | 97,755 |
| | \$ | 1,584,107 |

The College has a commitment with a third-party contractor to construct The Skills Training Centre. As at March 31, 2020, outstanding commitments are \$23,171,498. In addition, the college has a long-term liability for the construction, maintenance and operation of the student residence in Whitby which has been disclosed in note 7.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2020

15. CONTINGENCIES

The College is involved in various legal actions that are within the normal course of operations. In the opinion of management, any resulting liabilities are not expected to have a material adverse effect on the consolidated financial position or net operations.

16. GUARANTEES

The College's primary guarantees are as follows:

- (a) Indemnity has been provided to all directors and or officers of the College for various items including, but not limited to, all settled 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 suits or actions. The term of indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a governor, director or officer of the College. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) 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, purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service 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.
- (c) The College received approval from the Ministry of Finance, Ontario to guarantee \$220,000,000 in Series A Debentures for the University of Ontario Institute of Technology. These debentures bear interest at 6.351%, payable semi-annually, with the principal due in 2034. The outstanding balance of the debenture debt on the financial statements of the University of Ontario Institute of Technology at March 31, 2020 was \$158,105,761 (2019 - \$164,270,307).

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Notes to Consolidated Financial Statements

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17. SIGNIFICANT EVENT

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of this, on March 23, 2020, the government of Ontario ordered the closure of all non-essential businesses effective March 24, 2020, through to at least June 3, 2020. In addition, the Canadian government has imposed travel restrictions to Canada until further notice.

On March 24, the College closed its campuses and learning sites and they remain closed to the date of the auditor’s report. The plan for continuing education throughout the summer and fall semesters offered by the College will be through online curriculum, which could have implications on a number of course offerings and enrollment. Additionally, the continued closure of the College’s campuses will have a negative impact on ancillary revenues.

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

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

