

2015 2016

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A LETTER FROM OUR PRESIDENT

Durham College (DC) has realized another successful year. Working together, our employees, students, graduates, employers and partners continued to **CULTIVATE INNOVATION** here on campus, within the community and around the world.

This success has come across all our campuses and locations and includes the introduction of **16 NEW ACADEMIC PROGRAMS**, continued **ENROLMENT GROWTH**, the further **TRANSFORMATION** of our campus and the launch of **NEW INITIATIVES** for students, employees and the broader community.

One of the greatest examples of our success is our graduates, which is why we have chosen to highlight four of our **STAND-OUT ALUMNI** in this year's annual report. Proud of their DC roots, they are delighted to share how DC has given them the skills and experiences needed to lead rewarding careers and make significant contributions to the world.

As we grow closer to celebrating our **50TH ANNIVERSARY** in 2017, a remarkable milestone steeped in history, growth and accomplishment, DC continues to prepare students for success post-graduation in a complex and changing economy and world.

As you read through the pages of this annual report, you will see first-hand the many initiatives we have underway to **SUPPORT STUDENT LEARNING** while gaining important insight into how connecting graduates, employers, the community, and academic and industry partners makes us all stronger together.

Sincerely,



Don Lovisa
President

WORDS WE LIVE BY

OUR MISSION, VISION, VALUES AND GOALS

Our mission, vision, values were created to help ensure the success of our students, graduates, faculty and staff. We work tirelessly to follow these guiding principles.

MISSION

The student experience comes first at Durham College.

VISION

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

VALUES

Our values drive our organizational culture and behaviour in delivering our vision and mission.

We value:

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.

GOALS

Our students – To provide students with the best possible learning experiences by offering new opportunities for experiential learning, fostering greater mobility within the post-secondary system and ensuring all necessary supports are in place.

Our people – To capitalize on the vast experiences and expertise of our people and help them make the best possible contribution towards the student experience.

Our business – To be prudent stewards of all resources so that we are financially responsible; demonstrate good governance; and are system leaders in making decisions that support outstanding teaching and learning.

Our community – To ensure the college, in all its actions and decisions, is contributing to the economic and social prosperity of our communities.

SPOTLIGHT ON DC GRADUATES

PAUL VESSEY, 1975 BUSINESS ADMINISTRATION – MARKETING GRADUATE

Contributing in a meaningful way to the institution that gave him a promising career start has guided the personal and professional principles of Paul Vessey since he graduated from DC's Business Administration – Marketing program in 1975. In addition to his DC diploma, Paul is a graduate of the Advanced Management program at Harvard University's Graduate School of Business Administration. He has spent the past 40 years achieving increasingly prominent roles within the Canadian and U.S. financial services industry, while serving on, and in many cases leading, numerous non-profit and public company boards. Before retiring in 2015, Paul served as TD Bank Group's U.S. executive vice-president in Charge of Retail and Commercial Banking Product Lines. He holds a seat on the Board of Street Capital Financial Corporation and chairs the Board of Kingsway College School in Toronto's west end.

For over 15 years, Paul led the Durham College Foundation as a director, playing an integral role in its highly successful Creating Futures fundraising campaign. In addition, he funded a scholarship program to boost financial support for business students and established a bursary to assist DC graduates in furthering their studies at the University of Ontario Institute of Technology (UOIT). His personal and professional success continues to inspire graduates to take big leaps, while remembering their roots. For his numerous contributions to community and industry, he was named a DC Alumnus of Distinction in 1999, and is one of only five DC grads to receive the prestigious Premier's Award, accepting it in 2000.

He credits his time at the college with providing him with a highly practical education that was easily transferrable to the business world immediately upon entering the workforce. "In many respects my Durham College education gave me a competitive advantage over those who received a more theoretical education, and really prepared me for success in the next chapter of my life," noted Paul.

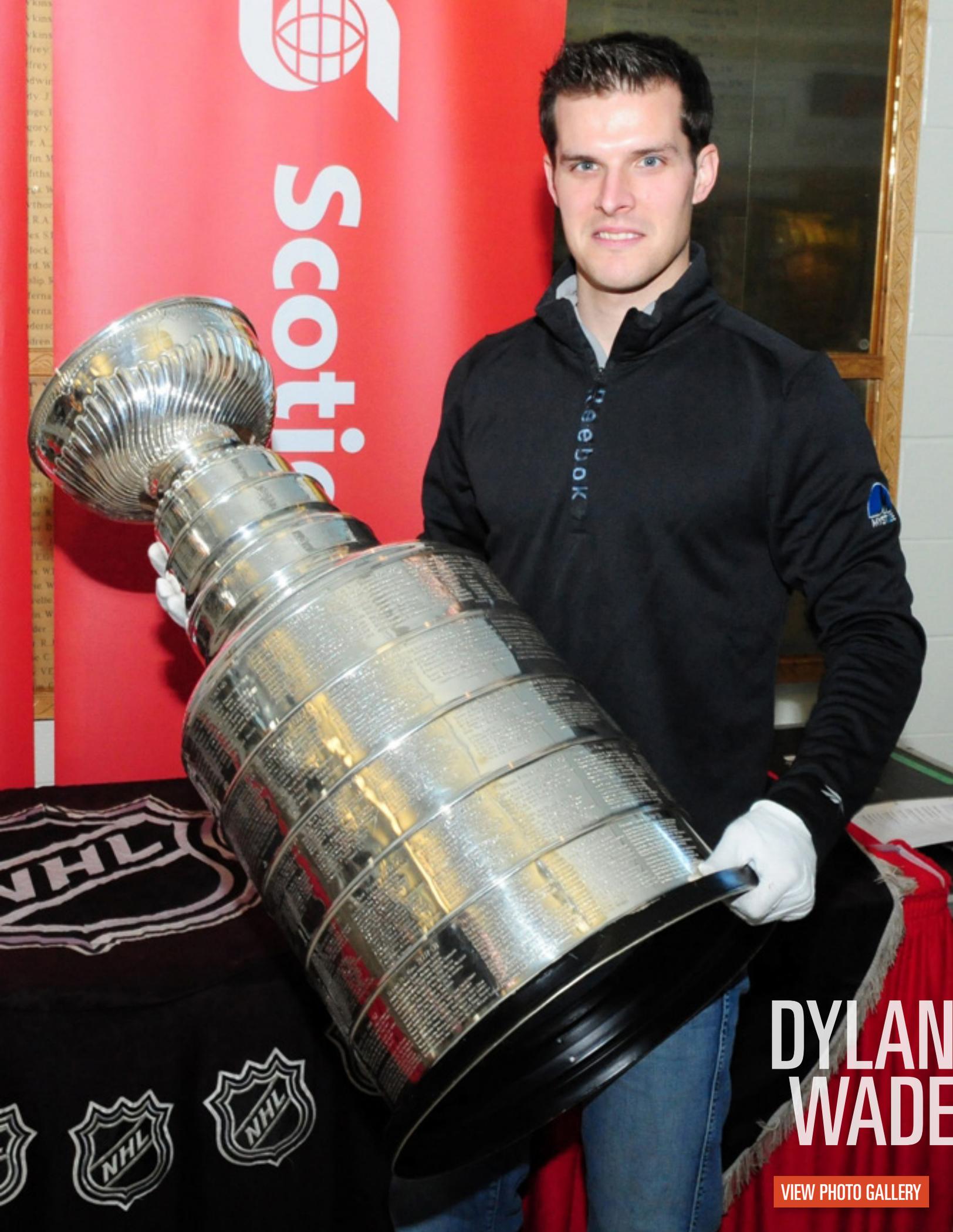
Learning from some of the best and brightest at DC, he attributes his teachers' passion and enthusiasm for business, and their ability to transfer their skill sets to students, as his greatest takeaway. "Faculty and staff engagement had a profound impact on my success in business and in life," said Paul. "I always felt everyone really cared about me and my ability to succeed in the future."

He encourages all DC students and graduates to take some risks in life and in their careers, and not to be afraid to fail.

**I HOPE EVERY GRADUATE
WILL LOOK BACK ONE
DAY AND FEEL SATISFIED
THEY HAVE REALLY
STRETCHED THEMSELVES
TO ACHIEVE AS MUCH
AS POSSIBLE.**

PAUL
VESSEY





Scotiabank

Reebok

NHL

NHL NHL NHL

DYLAN WADE

[VIEW PHOTO GALLERY](#)

SPOTLIGHT ON DC GRADUATES

DYLAN WADE, 2007 SPORT BUSINESS MANAGEMENT GRADUATE

Hard work, determination and a deep respect for the dedication of sport have inspired the career path of Dylan Wade. In 2007, he completed DC's one-year [Sport Business Management](#) graduate certificate program. This streamlined and intensive program significantly amped up his marketability; following a game-changing internship.

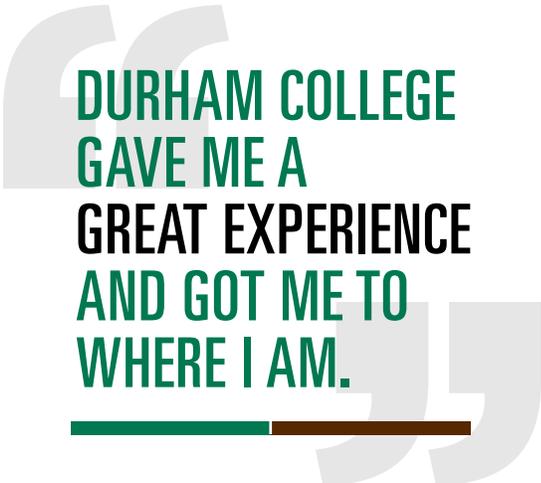
"Durham College provides abundant opportunity for quality internships that are second to none when it comes to hands-on experience," says Dylan. His keen interest in the National Collegiate Athletic Association landed him a five-month, student-athlete development and marketing internship at the University of Hawaii at Manoa. "It was a huge leap, but you have to go after what you really want in life."

His DC experience and passion for sport paved the way for a role with the National Hockey League Alumni Association, where he has successfully climbed the ranks since 2007. He is currently the association's director of Partnerships and Business Development, responsible for sport marketing and sponsorships, as well as the development and execution of charitable and corporate events and programs.

Building strong friendships and championing each other's success was a major highlight of Dylan's DC experience. The same can be said for the relationships he developed with faculty. His instructors shared valuable and relevant industry experience and expertise. Their sound advice on the reality of working in the sports industry really resonated with Dylan.

"Durham College gave me a great experience and got me to where I am," he said. His instructors continue to serve as mentors, offering sage career advice and support, while Dylan gives back by speaking to students in class and at alumni events.

He advises graduates to have patience and persistence in today's market. "You will run into a lot of obstacles in your career, especially in the early stages where patience is key," notes Dylan, adding, "there will be windows of opportunity where you can push for what you want and that's where persistence comes in."



**DURHAM COLLEGE
GAVE ME A
GREAT EXPERIENCE
AND GOT ME TO
WHERE I AM.**

SPOTLIGHT ON DC GRADUATES

SHELLEY JONES, 1985 LEGAL ADMINISTRATION GRADUATE

DC offers Ontario's only three-year [Law Clerk Advanced](#) (formerly Legal Administration) program. It encompasses the broader legal arena including corporate and real estate law, and civil litigation, and is rounded out by an intensive field placement. Lawyer Shelley Jones, a 1985 Legal Administration graduate and 1995 Alumna of Distinction Award recipient, believes this unique program laid the groundwork for her success. "The program introduced me to key concepts and principles of law that have served me well throughout my career," she said. For the past six years, she has served as in-house counsel at BlackBerry Limited and is currently senior legal counsel (Trademarks and Brand Enforcement) for the company.

The program's exceptional teachers are dedicated to providing excellent theoretical and practical legal education for students, and served as her mentors during her studies and over the course of her career. The friendships she developed with former classmates, including DC Law Clerk Advanced Program Professor Lesley Wagner have provided incredible support, and the opportunity to share her career experience. "Lesley has done a tremendous job in carrying on the traditions of our professors, in advocating for the program and in ensuring that her students are well-equipped for success in all aspects of their careers," notes Shelley.

**FOLLOWING GRADUATION,
IT'S ESSENTIAL TO CONTINUE
TO APPLY THE VALUES OF
DURHAM COLLEGE INCLUDING
INTEGRITY, TRANSPARENCY,
RESPECT AND PERSONAL
ACCOUNTABILITY.**

Invited to attend convocation in 2012, she recalls graduation as a special day and an exciting time full of promise and opportunities. "It brought back so many great memories and it is very inspiring to see the graduates as they are celebrating their accomplishments, and looking forward to the next chapter in their lives and careers," said Shelley.

She advises graduates to embrace change and always seek opportunities for professional growth, recognizing that learning and development is a lifelong process. "Following graduation, it's essential to continue to apply the values of Durham College including integrity, transparency, respect and personal accountability."

Staying connected to the DC Alumni Association provides opportunities to be involved in the community and exciting campus developments taking place, and ultimately pay it forward. Shelley has also been invited to participate in a president's panel to support construction of the college's new Centre for Collaborative Education at its Oshawa campus. The centre will house several innovative programs in a state-of-the-art learning environment that includes Global, Open and Collaborative space.

SHELLEY
JONES





HANNAH ELKINGTON

[VIEW PHOTO GALLERY](#)

SPOTLIGHT ON DC GRADUATES

HANNAH ELKINGTON, 2014 POLICE FOUNDATIONS GRADUATE

Keeping communities safe has always been on Hannah Elkington's radar in choosing a career path. Born in South Africa, she came to Canada in 1998 with her family. Inspired by her parents to always be a good citizen and give back, she is a Durham Regional Police Service (DRPS) constable and an international role model for youth.

Her first experience in police work came as a student in the DRPS Youth in Policing Initiative. Following graduation, she continued with the program, serving in various leadership roles for five years, and partnered with DRPS officers and the Ministry of Child and Youth Services to design and implement the first Youth in Policing After School Program. During this time, more than 500 youth successfully graduated from the program.

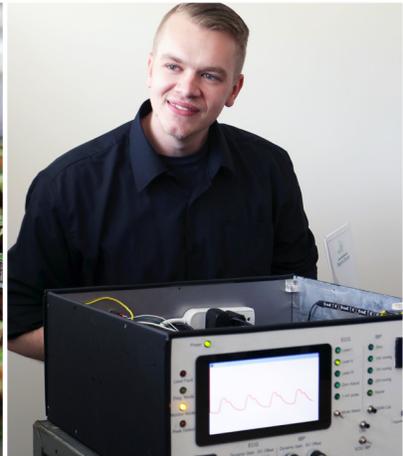
Before pursuing post-secondary studies, Hannah spent several months helping her family operate an orphan safe house in South Africa. Upon returning to Canada, she enrolled in the two-year DC [Police Foundations](#) program. Engaging professors made all the difference to her experience at DC. Instead of reading the criminal code, her class was instructed to find criminal offences in movies and then look them up in the code; something that she says made learning fun and engaging. "Learning from faculty who are passionate about their role in policing and care deeply about the career you want to pursue was meaningful to me as a student," Hannah said. Upon graduation, she was immediately hired as a York Regional Police Service officer.

DC's opportunities for active involvement on campus and within the community are extremely valuable for students who want to pursue policing. A problem-based learning component within her Community Policing course gave Hannah and her peers the opportunity to take a real safety issue, seek input from those affected, and develop a strategy for improvement. Since graduating, she often replicates that problem solving process in a real-world setting. She advises graduates to seek opportunities in areas they are passionate about and to get involved in their community. "Put yourself out there to do things you might not think you can do, a lot of that will end up translating to your career in policing one day," Hannah said. During her studies, she also served as runner and youth ambassador with Impossible 2 Possible, running 40 to 50 km through the Kalahari Desert several times and speaking to thousands of students via satellite about her experience.

LEARNING FROM FACULTY WHO ARE PASSIONATE ABOUT THEIR ROLE IN POLICING AND CARE DEEPLY ABOUT THE CAREER YOU WANT TO PURSUE WAS MEANINGFUL TO ME AS A STUDENT.



PLAY VIDEO



BRINGING RESEARCH TO LIFE

Research and innovation has always been at the heart of what DC does as one of Ontario's leading post-secondary institutions. In particular, the [Office of Research Services, Innovation and Entrepreneurship \(ORSIE\)](#) provides an important link to the community by supporting and advancing institutional effectiveness and contributing to the economic performance of the region. These are just a few examples:

TOP 50 RESEARCH COLLEGE

For the third year in a row, DC was ranked among [Canada's Top 50 Research Colleges](#), proving its commitment to providing real-world solutions, and advancing business and industry ideas to improve the overall economic performance of Durham Region and well beyond.

NEW STRATEGIC RESEARCH PLAN

Building on DC's strategic priorities, proposed growth and diversification, the Office of Research Services, Innovation and Entrepreneurship (ORSIE) released its [Strategic Research Plan](#) for 2015-2020. Its research themes concentrate on cultivating healthy lives and resilient communities; advancing agriculture, agri-business and tourism; enabling technologies of the future; and advancing scholarly teaching and learning. These themes are closely aligned with the college's market-driven academic programs and research capabilities, while supporting local business, industry and community organizations.

DATA-COLLECTING DRONES AID FARMERS

With an eye on aiding local farmers through technology and innovation, DC researchers are enhancing drone capabilities to acquire data useful for better crop management. Led by Riaz Shah, a professor with the [School of Science & Engineering Technology \(SET\)](#), DC is focused on research to improve pest management by local farmers with the goal of improving sustainability.

COLLABORATIVE RESEARCH

Both the annual [Research Day](#) and [Whitby Fall Research Showcase](#), held in spring and fall 2015, respectively, featured some of the latest faculty-led applied research underway with support from students, local business and industry partners. Projects focused on ways to grow fresh fruits and vegetables all year round using ethno-cultural vegetables and cold frame technology research, as well as pest management research with local apple growers using innovative technology; and new and innovative technology to heat liquid using electricity with the potential for commercial use as an alternate heating source to oil, propane and standard electrical heating technologies in homes and small-to-medium-sized buildings.

SPARKING ENTREPRENEURSHIP AT DC

Got a bright idea? Students with an entrepreneurial spark have additional backing in getting their ideas off the ground. [Spark Innovation Centre](#) now has a presence at DC's Oshawa campus, providing students with unprecedented access to entrepreneurial resources, mentorship and support in transforming business ideas into successful careers.

UNIQUE ACCELERATOR PROGRAM

As part of DC's Summer Accelerator program, seven DC students and youth spent the summer refining their innovative business ideas and vying for a cash prize of \$2,500 to help take their products to market sooner. The 15-week incubation program funded by [FastStart DC](#) and run by the Spark Centre, saw 25 applications narrowed to 10 before the final seven competed in the [Summer Accelerator Pitch Competition](#) for a cash investment to advance their goals.

Among the top ideas were a juicing company focused on natural and preservative-free products; a craft distillery aimed at producing craft spirits; Hockeypedia, an online database for minor hockey league tournaments; Ideal Compass, a web application that helps travel agents boost business efficiency and improve service quality; a video-blog series to guide post-secondary students through financial decisions; Logique One, a business aimed at creating custom computers for specific needs such as graphic design; and Belle in a Box, a luxury subscription box service designed to enhanced the users' product experience.

COLD FRAME TECHNOLOGY SHINES BRIGHT

Two DC professors are turning the idea of growing fresh, local produce all year long into a reality by working to perfect [cold frame technology](#). Greg Moran, a professor with the [School of Skilled Trades, Apprenticeship & Renewable Technology](#), and Shane Jones, a professor with the [School of Science & Engineering Technology \(SET\)](#), worked with students to build and install prototypes for testing at the [Centre for Food \(CFF\)](#) at the Whitby campus. The technology works by harnessing the sun's energy then redirecting it to support growth on cold days using framed boxes built from cedar wood that have special insulation and triple polycarbonate glass on top. Filled with sand, the boxes are buried underground and heat collected from the sun is directed below the plants to stimulate growth. Following a successful testing phase, the pair will now focus on economic viability for larger applications of the technology in order to provide businesses and consumers with locally grown, fresh vegetables during the winter months.

TOTAL NUMBER OF PROJECTS

23

STUDENTS INVOLVED

53

FACULTY AND STAFF INVOLVED

23

TOTAL FUNDING APPROVED

\$440,000

TOTAL AMOUNT OF ADMINISTRATION FUNDING

\$76,683

PROJECT FUNDING RECEIVED IN THE 2015-2016 FISCAL YEAR

\$290,517

TOTAL AMOUNT OF INDUSTRY CASH AND INDUSTRY IN-KIND CASH

\$73,200

SUCCESS STORIES

Highlighting our academic, graduate, community and employer achievements for 2015-2016.

MAINTAINING HIGH STANDARDS

DC is committed to providing students with quality learning experiences and support in securing meaningful employment to positively impact community growth and development. Results from the 2015-2016 Key Performance Indicator survey indicate a:

- Graduate employment rate of 83.2 per cent
- Employer satisfaction rate of 92.2 per cent
- Graduate satisfaction rate of 77.9 per cent



WORLD-CLASS INTERNSHIP OPPORTUNITIES

Following a rigorous selection process, 15 DC students were awarded highly sought-after, paid internships to contribute to the success of the 2015 Pan Am/Parapan Am Games. [Three students](#) from the [School of Media, Art & Design's](#) Broadcasting for Contemporary Media program assisted CBC in broadcasting the events, while [12 students](#) from the [School of Skilled Trades, Apprenticeship & Renewable Technology's](#) Construction Carpentry – Sustainable program demonstrated their skills by building and maintaining athlete residences.

TOP TEACHING HONOURS

In August 2015, Dr. Lynne Kennette, a professor of Psychology with the School of Interdisciplinary Studies, received the Wayne Weiten Teaching Excellence Award for her unconventional and engaging teaching methods. Presented at the annual American Psychological Association Convention held in Toronto, the award is handed out to college faculty who demonstrate innovative teaching methods and develop an interest and awareness of psychology among their students as well as a professional identity off campus.

LEARN MORE

HIGH PRAISE FOR FACULTY RESEARCHER

In June, Career Advisor and Part-time Faculty Member Anna De Grauwe received the Central Michigan University (CMU)/Ontario College Administration Staff Association Award for Outstanding Research based on her paper: College Faculty's Perceptions of Career Information. Nominated as part of her Master's degree with CMU, her research paper deals with the formal and informal methods used by faculty to deliver career information to students outside of class, and addresses how these efforts could be better supported.

In March 2016, Arlene de la Rocha, a professor with the DC/University of Ontario Institute of Technology Collaborative Bachelor of Science in Nursing Honours program, won the prestigious HUB Fellowship from the Registered Nurses' Association of Ontario. The fellowship is awarded annually in recognition of an individual's contributions to RNAO's mandate, Speaking Out for Nurses, Speaking Out for Health. Recipients are nominated by their peers and chosen for their achievements in nursing related to leadership, innovation and education; their strengths in communication, mentoring and teamwork; and their commitment to RNAO.

LEARN MORE



[VIEW PHOTO GALLERY](#)

AWARD-WINNING DESIGN

The CFF was honoured with a 2015 Association of Registered Interior Designers Ontario Award for its unique blend of creativity and innovation in design. Recognized in the Public and Institutional Spaces category, the 900-student capacity CFF is Durham Region's first-ever post-secondary space dedicated to the field-to-fork concept. The CFF features both Bistro '67, a 70-seat, teaching-inspired green-certified restaurant and Pantry, a retail store that sells items prepared by students in the college's culinary programs. Home to the Culinary Management, Culinary Skills, Hospitality – Hotel and Tourism Operations Management, Hospitality Skills, Event Management and Special Events Planning programs, the CFF features stunning eco-friendly elements, including a two-storey, living-wall herb garden and a window-filled, open atmosphere to showcase preparation in culinary labs.

[LEARN MORE](#)

HEALTHY HARVEST

In celebration of the fall season, DC hosted its first-ever Harvest Dinner at the CFF in September 2015. CFF Ambassador and Chef Jamie Kennedy was on hand to help co-ordinate the menu, featuring the first crop of fresh foods planted, harvested and prepared by DC culinary students for over 100 community members to enjoy.

[LEARN MORE](#)



CTV HELPS SHARE CFF VISION

In September, CTV's Anwar Knight got a taste of the unique field-to-fork experience DC's CFF brings to Durham Region and helped share that vision with viewers. During a live broadcast on CTV's News at Noon, Knight spent time touring CFF's fields and greenhouses where he learned about the cold-frame technology research underway and visited the culinary labs where students prepare dishes using freshly harvested produce.

[LEARN MORE](#)



CFF SHARES KITCHEN HACKS ON DAILY PLANET

In May, Chef Dave Hawey, professor and program co-ordinator for the Culinary Skills program at the CFF, along with culinary students, shared handy kitchen hacks (tips) with Daily Planet's Jay Ingram. A total of eight kitchen hacks were filmed at the CFF and featured on a segment of the Daily Planet's Seriously?! Topics included how to prevent tears while cutting an onion, sharpening knives on a cup and separating egg yolks with a water bottle.



CFF DONOR WALL UNVEILS GENEROSITY

In January, a donor wall was unveiled at the CFF in recognition of the community's generous support in helping the college realize its vision to bring a unique field-to-fork experience to Durham Region and to establish a distinct marker where all donors could be recognized for years to come. In addition to the unveiling, an additional donation of \$1 million to support the CFF was announced during the event.

[LEARN MORE](#)



DC WELCOMES CBC TELEVISION'S RICK MERCER TO CAMPUS

In March, the DC Oshawa campus became a battleground when the college and UOIT co-hosted the 2016 For Inspiration and Recognition of Science and Technology (FIRST) Robotics Canada Greater Toronto East Regional FIRST Robotics Competition (FRC). CBC Television's Rick Mercer was on hand for the fierce competition as 50 teams from across North America demonstrated their engineering skills and knowledge playing the medieval-themed FIRST Stronghold. Mercer's visit, including his attempt to navigate the robots in a match against students, was featured on an episode of the Rick Mercer Report, which aired on March 22.



SKILLS SUMMIT HELD AT OSHAWA CAMPUS

In January, DC, in conjunction with UOIT, hosted the 2016 Summit on Talent and Skills in the New Economy, a day-long event aimed at addressing ways to meet Ontario's demands for a technology-driven, knowledge-centred economy.

Presented by the Ministry of Training, Colleges and Universities (MTCU), the summit included presentations and panel discussions by Premier Kathleen Wynne, MTCU Minister Reza Moridi and Education Minister Liz Sandals, and highlighted perspectives from student leaders, all with a view to informing the Premier's Highly Skilled Workforce Expert Panel. DC Culinary Management students displayed the CFF's unique field-to-fork philosophy by prepping food for the 300 summit participants.



[LEARN MORE](#)



GREEN LIGHT FOR CAMPUS MASTER PLAN

DC and UOIT finalized their joint Campus Master Plan (CMP). Following two years of consultation with stakeholders including students, employers, partners and the community, the CMP outlines a sweeping vision to show how both institutions will expand infrastructure to support the academic research, student life, athletics, and community partnership needs of their flourishing institutions over the next two decades. The vision focuses on a vibrant, integrated and sustainable campus community with plenty of open space and pedestrian-friendly ease of movement.

[LEARN MORE](#)

GO EAST — DC SUPPORTS TRANSIT EXPANSION

The expansion of GO Transit’s Lakeshore East train line through Oshawa to Bowmanville is vital to the ongoing growth and development of Durham Region, including the creation of the Durham Learning and Business District (dLAB), of which DC is playing a supporting role. This includes providing support for the release of a new economic study that shows the project has the potential to generate an estimated \$1.1 billion in development including the creation of 21,000 permanent jobs.

DC is playing a key leadership role in the GO East expansion project, working with municipal and provincial government representatives from across Durham Region and beyond to bring it closer to reality than ever before. A provincial environmental assessment calling for GO expansion across Hwy. 401 was a key driver of dLAB, which is moving closer to the start of construction and the settling of business tenants on land adjacent to the DC Whitby campus. This innovation hub will provide engaging opportunities for students and graduates to participate in research and development in key sectors, and contribute to long-term sustainability for the region.



PREMIER'S AWARD RECIPIENT

In November 2015, Debbie Low, chief executive officer of the Canadian Sport Institute of Ontario and a DC alumna, received the Premier's Award for her unwavering dedication to sports, and empowering Canadians with disabilities to pursue their athletic dreams.

A 1985 graduate of the Sports Administration program and pillar of the athletic community, Debbie has spent more than 30 years implementing sports programs, and developed the operational plans for the 2004 and 2008 Canadian teams at the Paralympic Games. She continues to support the success of athletes with disabilities by serving on numerous committees and boards.

[LEARN MORE](#)



INSPIRING STUDENTS FROM COLLEGE TO CAREER

Six talented and successful DC alumni shared their inspiring stories and offered advice to students about to begin careers at three Alumni in the Pit events held at the Oshawa campus. The April event featured 2008 DC graduates Amanda de Souza, a designer and professor, and Mike Arsenault, a broadcaster and author, followed in November by visits from Nicole Blackman, a registered nurse, and Dylan Wade, director of Partnerships and Business Development for the NHL Alumni Association. de Souza is an Advertising graduate, Blackman completed the Nursing program in 2004 and Arsenault and Wade both are graduates of the Sport Business Management program, in 2008 and 2007 respectively.



In February, the college welcomed Hannah Elkington, a 2014 Police Foundations graduate and Kyle Merkley, a 2009 Music Business Management program graduate, back to campus. Elkington is a police constable and Merkley is a music supervisor, hired by film, television and video game industries. All six graduates advised students to utilize the skills they gained at DC to passionately pursue careers they enjoy.



SPORTS SHORTS

DC's athletic department and its varsity teams enjoyed another successful year with several highlights. This includes:

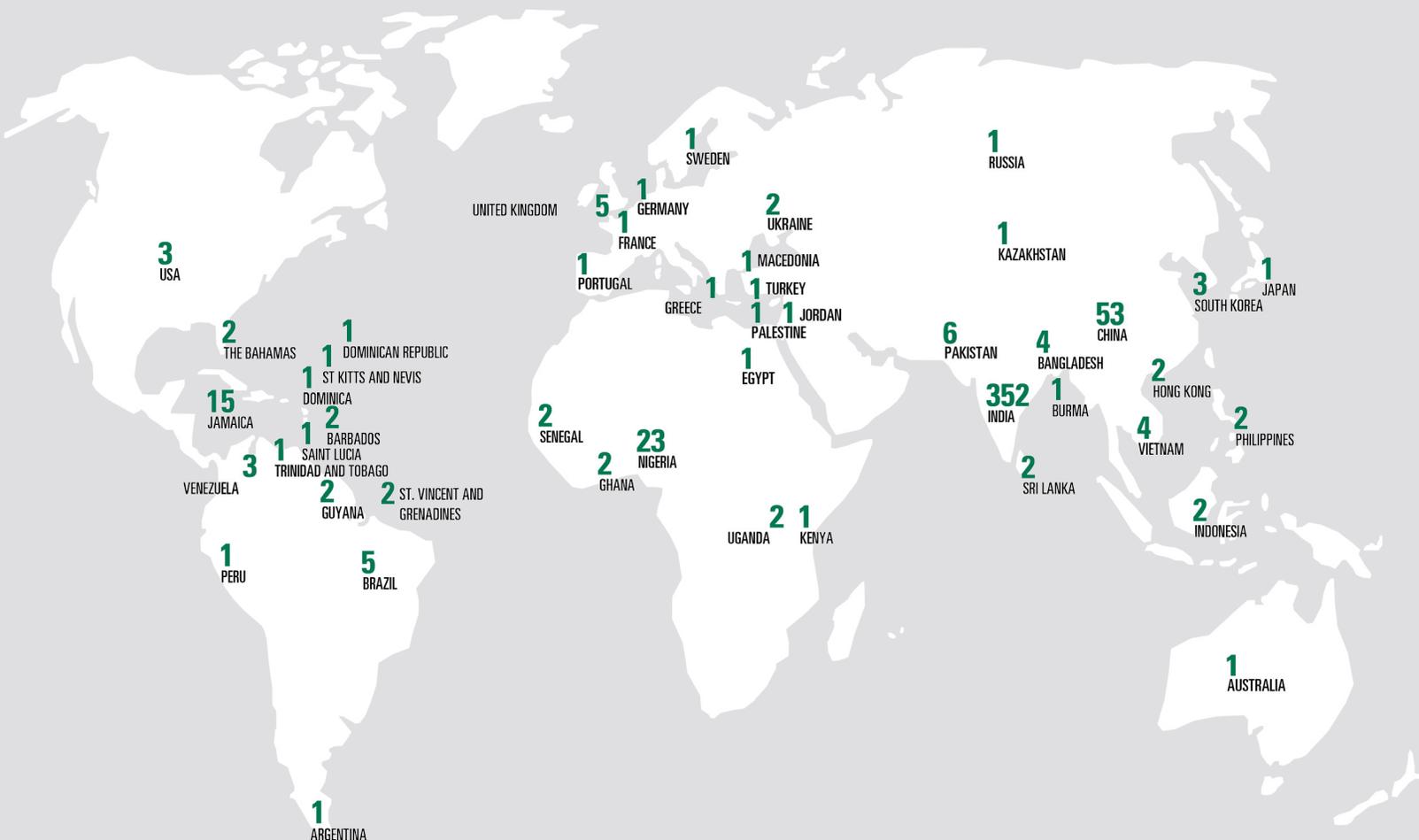
- Women's basketball player and second-year Sport Management student Lindsay Panchan being named to the All-Canadian squad by the Canadian Collegiate Athletic Association for the second consecutive year in addition to breaking the college's single-game scoring record by tallying 41 points in a match against Algonquin College.
- Varsity coaches Tony Clarke (women's volleyball) and David Ashfield (men's soccer), being named coaches of the year in their respective sports by the Ontario Colleges Athletic Association (OCAA).
- Mechanical Engineering Technician student and Durham Lords' third baseman Jake Legros being named the OCAA's rookie of the year for men's baseball.
- Hosting and winning the OCAA championships with the women's softball team taking first for the first time since 2011, and hosting the Canadian Collegiate Softball Association (CCSA) championships in October.
- Special Events Management student Jessica Broad setting a new program record for the women's volleyball team when she posted her 538th career kill.



OUR GLOBAL REACH

- In 2015-2016, 523 international students from 48 countries were enrolled in DC programs. The schools of Science & Engineering Technology and Business, IT & Management generated the highest international student enrolment.
- Fifteen international students received in-course Academic Excellence Scholarships.
- Building on its strong commitment to support international training and education, the college has significantly expanded its global reach, establishing partnerships and conducting corporate training in Barbados, India, Peru and Vietnam.

STUDENTS FROM 48 COUNTRIES WERE ENROLLED IN DC PROGRAMS



THE GLOBAL CLASS

DC's very successful Global Class, a learning environment that enables faculty, students and the broader community to use technology in creative ways to gain unprecedented access to students, educators, thought leaders, subject matter experts and other visionaries from all over the world continued to expand its reach. DC is now able to connect with more than 50 locations across the globe including Ahmadabad, Auckland, Budapest, Cairo, Hong Kong, Montreal, Moscow, New York, Oslo, Sao Paulo, Toronto, Vancouver and more.

SUPPORTING LEADERSHIP IN HIGHER EDUCATION IN BARBADOS

DC announced an exciting new partnership with the Government of Barbados Ministry of Education, Science, Technology and Innovation (METI), and Colleges and Institutes Canada (CICan) to advance leadership training in higher education. In March, the college hosted 25 management professionals, faculty and representatives from METI, the Barbados Vocational Training Board and Technical Vocational Education and Training, and shared best practices to enhance leadership skills in educational delivery and in developing valuable industry partnerships.

DC SIGNS TWO MOUs TO EXPLORE TRAINING AND EDUCATION IN INDIA

In May 2015, the college signed a memorandum of understanding (MOU) with India's National Skills Development Corporation to provide skills training and education to students in India's automotive and agricultural sectors. One of 10 MOUs announced by CICan, DC will be paired up with an institution in India to develop a joint venture for skills training.

In February 2016, DC further expanded its commitment to providing high-quality, international education by signing a MOU with Modi Edutech Private Limited in India, which focuses on early childhood/early years' education. The agreement was signed during President Don Lovisa's participation in Ontario Premier Kathleen Wynne's 10-day Indian trade mission.

BUILDING BEST PRACTICES FOR STUDENT EDUCATION AND EXPERIENCE IN PERU

DC is collaborating with the Centro Experimental de Formación Profesional (CEFOP), a technical and vocational college in Trujillo, Peru to share best practices to enable both institutions to excel at home and abroad.

The partnership examines ways to adapt DC's field-to-fork philosophy for CEFOP's urban centre; reinforces industry engagement strategies; highlights the importance of inclusive management and student-centred teaching strategies; and facilitates improvements to the revenue generation activities of CEFOP.

[LEARN MORE](#)

FIVE-YEAR PARTNERSHIP FOCUSES ON POST-HARVEST PRODUCTION EDUCATION IN VIETNAM

DC inked a five-year contract with Agriteam Consulting Ltd. to develop a technical vocational program in the area of post-harvest production with Vietnam's Hau Giang Community College (HGCC). The partnership brings together DC's School of Science & Engineering Technology and Centre for Academic and Faculty Enrichment to share their expertise in the areas of food and pharmaceuticals, agriculture and food sciences with HGCC. Funded by the Government of Canada, the project team will also aid in the development of a new national program model in Vietnam.





LOOKING AHEAD

With its 50th anniversary on the horizon in 2017, DC is excitedly preparing for the development of one of its most significant legacy projects, the Centre for Collaborative Education (CFCE). Bringing together local, Indigenous and global communities, the new state-of-the-art, multi-storey centre will house some of the college's most innovative and ground-breaking programs including:

- The Aboriginal Student Centre.
- The Entrepreneurship Centre, including new space for the Spark Centre.
- Global, Open and Collaborative Space that will enable faculty, students and the broader community to use technology in creative ways to gain unprecedented access to students, educators, thought leaders, subject matter experts and other visionaries from more than 40 countries around the world.
- Health science facilities including state-of-the art classrooms and labs.
- Foundation programs designed to prepare students for the continuation of post-secondary education at college or university.

The new CFCE will replace the college's original academic home, the Simcoe building, which was built as a temporary structure in 1969. DC has received \$22 million in funding from the provincial government to support the centre's construction, one of the largest investments from the Ontario government in the college's history. In collaboration with community stakeholders, alumni and industry, the college will soon launch a two-year capital campaign to raise support for the construction of the new building.

PLANNING FOR DC'S 50TH ANNIVERSARY UNDERWAY

Plans to celebrate DC's 50th anniversary in 2017 are well underway. For the past year, a cross-college 50th anniversary committee has been working on planning for events, communications, logo standards and more around this upcoming milestone. In April, the college, in conjunction with Colleges Ontario, officially kicked off a year-long celebration leading up to the 50th titled 'The Start of Something Amazing'. Next up is the launch of a website that will offer information on upcoming milestone events including monthly themes and activities.

APPENDICES

2015-2016 DURHAM COLLEGE BOARD OF GOVERNORS

- Pierre Tremblay, chair of the Board
 - Dan Borowec, vice-chair of the Board
 - Douglas I. Allingham
 - Nneka Bowen
 - Ivan DeJong
 - Darren Fisher
 - Kevin Griffin
 - Kristi Honey
 - Paul Macklin
 - Debbie McKee Demczyk
 - Rick Johnson
 - Khalil (Charlie) Qaqish
 - Heather Quantrill
 - Steve Stewart
 - Jim Wilson
 - Don Lovisa, president, ex-officio
-

DURHAM COLLEGE LEADERSHIP TEAM

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

SUMMARY OF ADVERTISING AND MARKETING COMPLAINTS RECEIVED.

None received.

A YEAR OF SUCCESSES AND ACHIEVEMENTS AT DURHAM COLLEGE

The 2015-2016 fiscal year proved to be an overwhelming success for DC, enabling the college to further entrench itself as a destination of choice for students and employees. A year-end review of the college's annual Business Plan found that every department and academic school on campus had a role to play in carrying out hundreds of specific actions and activities. Taken together, these actions strengthened the college's academic operations, resulted in new international opportunities, revitalized areas of the campus, provided new opportunities for our employees, resulted in stronger partnerships than ever before and much more.

In total, 82 per cent of all strategic objectives in the 2015-2016 Business Plan were completed, while another 10 per cent were due to be completed within weeks of the year-end date of March 31. In all cases where objectives were not realized, factors beyond the college's control or changing priorities made completion not possible.

The objectives in the annual Business Plan play a crucial role in realizing success with the college's current four-year Strategic Plan, which is due to expire in 2017. The provincial government's Minister's Binding Policy Directive for Annual Reports requires that college annual reports include a summary of the results of the previous year's Business Plan.



Among the many highlights of the past year were:

OUR STUDENTS

- The introduction of new programs and redevelopment of several others.
- Launch of Coaching and Support Centre, resulting in positive impact on retention.
- Introduction of new Financial Literacy workshops to support student success.
- Expansion of credit transfer database.
- Significant growth in campus recreation program.
- Launch of rebranded 'SALS (Student Academic Learning Services) Online', with a focus on specific subject streams.

OUR PEOPLE

- New emergency management awareness training and resources to support everyone in the campus community, along with new mass emergency notification system.
- Introduction of new human resources applicant tracking system and attendance management program.
- Successful DC Experience campaign featuring students, employees and alumni.
- Completion of work-study analysis of academic schools to optimize resources.
- Successful succession planning that saw the hiring of senior academic leadership to fill roles vacated due to retirement.

OUR BUSINESS

- Reported an annual surplus of \$5.8 million.
- Received \$22 million commitment from the provincial government for the building of the new CFCE.
- Development and assessment of new Program Health Matrix 2.0 performance tool.
- Further reorganization of Strategic Enrolment Services allowed for increased recruitment activities.
- Completion of Joint Campus Master Plan with UOIT.
- Growth of international students to 5.4 per cent of total enrolment, along with partnerships in Vietnam, Guyana, Bermuda and Peru.
- Establishment of a Corporate Council to foster new partnerships in the community.
- Preparation work on the introduction of the college's first co-op program, to be launched in 2017.
- Creation of new enrolment management framework and Enrolment Advisory Committee to establish strategic and future-based enrolment plan.

OUR COMMUNITY

- Commissioning of new brew line and introduction of growth chambers to support applied research projects.
- Dozens of FastStart events and programs to support entrepreneurship in students and the broader community.
- New clients added to the roster of work led through Corporate Training Services.
- Preparations underway for the college's 50th anniversary in 2017, along with the creation of a President's Panel of successful alumni.
- Plans developed for launch of capital campaign to support building of the new CFCE.



AUDITED FINANCIAL STATEMENTS

Consolidated Financial Statements of

**DURHAM COLLEGE OF
APPLIED ARTS
AND TECHNOLOGY**

Year ended March 31, 2016

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 ("PSAB 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.

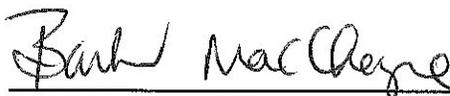
The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit and Finance 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 BDO Canada LLP, the external auditors in accordance with Canadian generally accepted auditing standards, on behalf of the Board. BDO Canada LLP has full and free access to the Audit and Finance Committee.



College President



Chief Financial Officer

June 13, 2016

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Durham College of Applied Arts and Technology, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Durham College of Applied Arts and Technology as at March 31, 2016 and the results of its operations, cash flows and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 13, 2016

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
ASSETS		
Current assets:		
Cash	\$ 5,692,926	\$ 3,914,621
Investments (note 2)	15,092,016	14,880,592
Accounts receivable (note 2)	13,095,887	11,441,663
Current portion of long-term receivables (note 3)	766,347	738,731
Inventories	708,312	889,276
Prepaid expenses	407,389	148,439
	<u>35,762,877</u>	<u>32,013,322</u>
Long-term receivables (note 3)	11,612,873	12,379,154
Capital assets (note 4)	176,513,705	182,343,757
	<u>\$ 223,889,455</u>	<u>\$ 226,736,233</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 18,895,957	\$ 21,497,876
Accrued vacation	6,969,458	6,687,240
Deferred revenue (note 5(a))	12,468,292	9,601,852
Current portion of debt (note 6)	4,988,581	5,765,145
	<u>43,322,288</u>	<u>43,552,113</u>
Term debt due on demand (note 6)	39,604,861	41,458,877
	<u>82,927,149</u>	<u>85,010,990</u>
Deferred contributions (note 5(b))	97,228,907	100,977,853
Long-term debt (note 6)	16,744,343	19,471,209
Derivative liability (note 6)	3,408,336	3,650,362
Post-employment, retirement benefits and compensated absences (note 7)	4,815,730	4,943,222
	<u>122,197,316</u>	<u>129,042,646</u>
Net assets:		
Unrestricted		
Operating	(20,093,811)	(19,031,635)
Post-employment, retirement benefits, and compensated absences	(4,815,730)	(4,943,222)
Vacation pay	(6,969,458)	(6,687,240)
	<u>(31,878,999)</u>	<u>(30,662,097)</u>
Invested in capital assets (note 11)	30,638,415	28,321,613
Internally restricted (note 8)	5,414,385	722,787
Endowments (note 8)	13,952,337	13,903,468
	<u>18,126,138</u>	<u>12,285,771</u>
Accumulated remeasurement gains	638,852	396,826
	<u>18,764,990</u>	<u>12,682,597</u>
Commitments (note 13)		
Contingencies (note 14)		
Guarantees (note 15)		
	<u>\$ 223,889,455</u>	<u>\$ 226,736,233</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, 2016, with comparative figures for 2015

	2016	2015
Revenue:		
Grants and reimbursements	\$ 69,278,773	\$ 64,929,382
Student tuition fees	44,935,079	42,050,718
Ancillary operations	11,816,309	11,393,307
Rental income	9,341,319	9,314,920
Other income	22,539,761	22,432,150
Amortization of deferred capital contributions (note 5(b)(i))	6,246,759	6,402,733
Total revenue	164,158,000	156,523,210
Expenditures:		
Salaries and benefits	100,328,069	96,222,544
Instructional supplies	3,139,053	3,040,818
Contracted services	6,237,153	6,090,613
Utilities, maintenance and taxes	11,118,606	10,998,992
Interest and bank charges	3,022,834	3,477,960
Scholarships and bursaries	1,765,402	1,677,854
Supplies and other expenses	18,669,164	20,078,152
Amortization of capital assets (note 11(b))	14,086,221	14,414,819
Total expenditures	158,366,502	156,001,752
Excess of revenue over expenditures	\$ 5,791,498	\$ 521,458

See accompanying notes to the consolidated financial statements.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 5,791,498	\$ 521,458
Items not affecting cash:		
Amortization of capital assets	14,086,221	14,414,819
Amortization of deferred capital contributions	(6,246,759)	(6,402,733)
Endowment contributions	48,869	626,031
Change in non-cash working capital:		
Accounts receivable	(1,654,224)	4,255,369
Inventories	180,964	(68,567)
Prepaid expenses	(258,950)	(70,204)
Accounts payable and accrued liabilities	(2,601,919)	1,358,789
Accrued vacation	282,218	420,818
Post-employment, retirement benefits and compensated absences	(127,490)	(85,501)
Deferred revenue	2,866,440	1,373,317
	<u>12,366,868</u>	<u>16,343,596</u>
Financing activities:		
Repayment of long-term debt	(5,357,446)	(5,460,243)
	<u>(5,357,446)</u>	<u>(5,460,243)</u>
Capital activities:		
Contributions received for capital purposes	2,497,813	3,674,459
Purchase of capital assets	(8,256,169)	(9,314,359)
	<u>(5,758,356)</u>	<u>(5,639,899)</u>
Investing activities:		
Decrease in long-term receivables	738,664	745,371
Increase in investments	(211,425)	(406,277)
	<u>527,239</u>	<u>339,094</u>
Increase in cash	1,778,305	5,582,547
Cash / (indebtedness), beginning of year	3,914,621	(1,667,926)
	<u>\$ 5,692,926</u>	<u>\$ 3,914,621</u>
Supplemental cash flow information:		
Interest paid	\$ 2,381,606	\$ 2,443,916

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, 2016, with comparative figures for 2015

	2016	2015
Accumulated remeasurement gains at beginning of year	\$ 396,826	\$ 1,207,154
Unrealized gains / (losses) attributable to:		
Derivative - interest rate swap	242,026	(810,328)
Net remeasurement gains (losses) for the year	242,026	(810,328)
Accumulated remeasurement gains at end of year	\$ 638,852	\$ 396,826

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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, 2016

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Contributions restricted 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 endowment net assets.

Investment income earned on endowment funds which will be expended 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 bond portfolio that would otherwise be classified into the amortized cost category at fair value as the College manages and reports performance of it on a fair value basis.

They are initially recognized at cost and subsequently carried at fair value. 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, 2016

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 when fair value is reasonably determinable. Otherwise, contributed assets are recorded at a nominal value. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

Construction in progress is not amortized until construction is complete and the asset is put into service.

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

Buildings	40 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, 2016

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, 2016

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

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.

	2016		
	Fair Value	Amortized Cost	Total
Cash	\$ 5,692,926	\$ -	\$ 5,692,926
Accounts receivable	-	13,095,887	13,095,887
Current portion of long-term receivables	-	766,347	766,347
Investments	15,092,016	-	15,092,016
Long-term receivable	-	11,612,873	11,612,873
Accounts payable and accrued liabilities	-	18,895,957	18,895,957
Current portion of debt	-	4,988,581	4,988,581
Term debt due on demand	-	39,604,861	39,604,861
Long-term debt	-	16,744,343	16,744,343
Derivative liability	3,408,336	-	3,408,336

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2015		
	Fair Value	Amortized Cost	Total
Cash	\$ 3,914,621	\$ -	\$ 3,914,621
Accounts receivable	-	11,441,663	11,441,663
Current portion of long-term receivables	-	738,731	738,731
Investments	14,880,592	-	14,880,592
Long-term receivable	-	12,379,154	12,379,154
Accounts payable and accrued liabilities	-	21,497,876	21,497,876
Current portion of debt	-	5,765,145	5,765,145
Term debt due on demand	-	41,458,877	41,458,877
Long-term debt	-	19,471,209	19,471,209
Derivative liability	3,650,362	-	3,650,362

Investments consist of equity instruments in public companies (2016 - \$10,607,305, 2015 - \$10,739,702) and fixed income instruments (2016 - \$4,484,711, 2015 - \$4,140,890). Investments include \$14,972,369 (2015 - \$14,731,962) of investments externally restricted for endowment purposes (see Note 9).

Maturity profile of bonds held is as follows:

	2016				Total
	Within 1 year	2 to 5 Years	6 to 10 Years	Over 10 years	
Carrying value	\$ 287,008	\$ 2,452,558	\$ 995,078	\$ 750,067	\$ 4,484,711
Percentage of Total	6%	55%	22%	17%	

	2015				Total
	Within 1 year	2 to 5 years	6 to 10 Years	Over 10 years	
Carrying value	\$ 77,167	\$ 2,509,906	\$ 925,436	\$ 628,381	\$ 4,140,890
Percentage of Total	2%	61%	22%	15%	

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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).

	2016			
	Level 1	Level 2	Level 3	Total
Cash	\$ 5,692,926	\$ -	\$ -	\$ 5,692,926
Investments	10,607,305	4,484,711	-	15,092,016
Derivative liability	-	-	3,408,336	3,408,336
Total	\$ 16,300,231	\$ 4,484,711	\$ 3,408,336	\$ 24,193,278

	2015			
	Level 1	Level 2	Level 3	Total
Cash	\$ 3,914,621	\$ -	\$ -	\$ 3,914,621
Investments	10,739,702	4,140,890	-	14,880,592
Derivative liability	-	-	3,650,362	3,650,362
Total	\$ 14,654,323	\$ 4,140,890	\$ 3,650,362	\$ 22,445,575

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2016 and 2015. There were also no transfers in or out of Level 3.

The College has investments in a managed portfolio of equities and fixed income investments.

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 and maturity, 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, 2016

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. Changes in interest rates may also affect the value of equity securities. 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, 2016, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the College's equities of \$914,101 (2015 - \$902,409).

(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, debt holdings in its investment portfolio, 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 (2015 - \$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.

Accounts receivable and long-term receivables are ultimately due from students and 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 were as follows:

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2016					
	Total	Current	Past Due			
			1-30 days	31-60 days	61-90 days	91 - 120 days
Government receivables	\$ 4,539,787	\$ 4,539,787	\$ -	\$ -	\$ -	\$ -
Student receivables	2,957,541	-	190,424	77,490	321,876	2,367,751
Other receivables	6,894,198	4,041,663	1,919,350	556,154	39,176	337,855
Gross receivables	14,391,526	8,581,450	2,109,774	633,644	361,052	2,705,606
Less: impairment allowances	(1,295,639)	-	-	-	-	(1,295,639)
Net receivables	\$ 13,095,887	\$ 8,581,450	\$ 2,109,774	\$ 633,644	\$ 361,052	\$ 1,409,967

	2015					
	Total	Current	Past Due			
			1-30 days	31-60 days	61-90 days	91 - 120 days
Government receivables	\$ 837,743	\$ 837,743	\$ -	\$ -	\$ -	\$ -
Student receivables	2,428,074	-	79,587	62,352	168,578	2,117,557
Other receivables	9,388,789	7,580,526	710,493	698,036	66,593	333,141
Gross receivables	12,654,606	8,418,269	790,080	760,388	235,171	2,450,698
Less: impairment allowances	(1,212,943)	-	-	-	-	(1,212,943)
Net receivables	\$ 11,441,663	\$ 8,418,269	\$ 790,080	\$ 760,388	\$ 235,171	\$ 1,237,755

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 its term debt through a derivative financial instrument that exchanges the variable rate inherent in 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% (2015 – 1.75% to 6.50%) with maturities ranging from December 6, 2016 to June 2, 2041 (2015 - February 22, 2016 to June 2, 2041).

At March 31, 2016, a 1% 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 \$246,132 and \$131,387 respectively (2015 – \$242,400 and \$217,061). 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, 2016

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

(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, 2016 were approximately \$4,524,516 (2015 - \$4,577,495) 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 follow table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2016			
	Within 6 months	6 months to 1 year	1 - 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 18,895,957	\$ -	\$ -	\$ -
Debt	2,871,274	2,117,307	15,146,955	41,202,251
	<u>\$ 21,767,231</u>	<u>\$ 2,117,307</u>	<u>\$ 15,146,955</u>	<u>\$ 41,202,251</u>

	2015			
	Within 6 months	6 months to 1 year	1 - 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 21,497,876	\$ -	\$ -	\$ -
Debt	2,862,334	2,902,811	20,315,518	40,614,568
	<u>\$ 24,360,210</u>	<u>\$ 2,902,811</u>	<u>\$ 20,315,518</u>	<u>\$ 40,614,568</u>

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.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

3. LONG-TERM RECEIVABLES

(a) Long-term loan receivable

Includes a loan receivable from the Durham College Student Association Incorporated, with a long-term portion of \$308,917 (2015 - \$519,749) and a current portion of \$210,898 (2015 - \$204,939) which is repayable from an annual special levy on student fees over a period not to exceed 40 years. The loan bears interest at prime rate calculated monthly.

(b) Student levy receivable

Includes a receivable from future student levies as approved by the Durham College Student Association Incorporated, with a long-term portion of \$10,696,641 (2015 - \$11,130,628) and a current portion of \$433,986 (2015 - \$412,329) for the financing of a new Athletic Fitness Health 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).

(c) Other long-term receivable

Includes an interest-free receivable from the University of Ontario Institute of Technology, with a long-term portion of \$607,315 (2015 - \$728,777) which is repayable at a fixed amount of \$121,463 annually until September 2021.

4. CAPITAL ASSETS

			2016	2015
	Ending Cost	Accumulated Amortization	Net book Value	Net book Value
Land	\$ 4,521,201	\$ -	\$ 4,521,201	\$ 4,521,201
Buildings	224,406,262	83,788,039	140,618,223	145,536,881
Building Improvements	55,231,916	36,552,333	18,679,583	19,835,165
Equipment and furniture	76,711,303	67,351,077	9,360,226	8,877,742
Computer equipment	27,966,225	24,631,753	3,334,472	3,545,663
Construction-in-progress	-	-	-	27,105
	\$ 388,836,907	\$ 212,323,202	\$ 176,513,705	\$ 182,343,757

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

5. DEFERRED CONTRIBUTIONS

(a) *Deferred revenue*

Deferred revenue represents grants - \$1,771,780 (2015 - \$1,188,995), tuition fees - \$4,597,816 (2015 - \$4,419,330) and other revenue - \$6,098,696 (2015 - \$3,993,527) 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.

	2016	2015
Balance, beginning of year	\$ 98,869,868	\$ 102,241,238
Contributions	3,045,024	3,031,363
Less amounts amortized to revenue	(6,246,759)	(6,402,733)
Balance, end of year	\$ 95,668,133	\$ 98,869,868

(ii) Foundation

	2016	2015
Balance, beginning of year	\$ 2,078,933	\$ 1,364,667
Transfers	(100,500)	(100,000)
Net investment income and deferred contributions	(115,844)	1,127,590
Scholarships & bursaries	(402,050)	(313,324)
Balance, end of year	\$ 1,460,539	\$ 2,078,933

(iii) Expenses of future periods

Deferred contributions represent unspent restricted donations for scholarships and bursaries.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

5. DEFERRED CONTRIBUTIONS (continued)

	2016	2015
Balance, beginning of year	\$ 29,052	\$ 100,222
Contributions	193,730	52,500
Transfers	-	(100,000)
Disbursements	(122,547)	(23,670)
Balance, end of year	\$ 100,235	\$ 29,052
Total deferred contributions	\$ 97,228,907	\$ 100,977,853

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

6. DEBT

	<u>2016</u>	<u>2015</u>
Variable rate secured mortgage, with an underlying swap fixing the rate at 5.14% on the Whitby Campus expansion, due in April 2016, interest and principal paid monthly.	\$ 6,641,000	\$ 6,942,000
3.123% unsecured mortgage on student residence, repayable in semi-annual instalments of \$753,625 principal and interest, due February 2024.	5,298,524	5,873,182
2.67% unsecured mortgage due on demand on student residence, repayable in monthly instalments of \$200,000 principal and interest, due July 2031, interest rate renewal in June 2019.	30,212,192	32,336,181
2.87% unsecured loan due on demand to finance the Student Centre, repayable in monthly instalments of \$18,587 principal and interest, due October 2018.	519,815	724,688
Variable rate secured mortgage due on demand, with an underlying swap fixing the rate at 5.38% on the Athletic and Health Centre, due in November 2032, interest and principal paid monthly.	11,130,628	11,542,957
5.51% unsecured mortgage on student residence, repayable in monthly instalments of \$61,392 principal and interest, due June 2027, interest rate renewal in July 2017.	6,152,747	6,535,157
1.81% unsecured mortgage to finance the Centre for Food, repayable in semi-annual instalments of \$700,841 principal and interest, due December 2016.	1,382,879	2,741,066
	61,337,785	66,695,231
Less current portion	4,988,581	5,765,145
Less term debt due on demand	39,604,861	41,458,877
	\$ 16,744,343	\$ 19,471,209

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

6. DEBT (continued)

Principal payments due in each of the next five years and thereafter are as follows:

2017	4,988,581
2018	3,731,942
2019	3,731,102
2020	3,767,368
2021	3,916,541
Thereafter	41,202,251
	<hr/>
	61,337,785

Interest expense on long term debt of \$2,381,606 (2015 - \$2,443,916) is included in interest and bank charges.

The long-term debt is secured by assets of the College.

The College entered into 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 College entered into an interest rate swap to manage the interest rate variability arising on the 10 year mortgage for the Whitby Campus. The mortgage bears interest at floating rates based on banker's acceptances. The swap effectively fixes the interest rate at 5.14% on an initial principal amount of \$9,100,000 over the 10 year life of the mortgage.

The College has a credit facility agreement with a Canadian chartered bank, which provides for a revolving operating line of credit up to \$10,000,000, bearing interest at prime plus 1.25%. At March 31, 2016, the College had utilized nil (2015 - nil) of the operating line of credit.

The College has a credit facility agreement with another Canadian chartered bank, which provides for a revolving operating line of credit up to \$1,000,000 with a temporary bulge up to \$6,000,000 during May 1 to August 30 and December 1 to January 15 each year.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

6. DEBT (continued)

The facility bears interest at prime on the \$1,000,000 portion and prime plus 0.50% on the excess. At March 31, 2016, the College had utilized nil (2015 – 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 1.2%, \$15,000 bearing interest at 1.2% and \$43,025 bearing interest at 0.4%.

7. 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:

	2016				
	Post-employment Benefits	Retirement Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$ 1,221,000	\$ 506,730	\$ 3,099,000	\$ 341,000	\$ 5,167,730
Value of plan assets	(218,000)	-	-	-	(218,000)
Unamortized actuarial gains/(losses)	72,000	-	(132,000)	(74,000)	(134,000)
Total liability	\$ 1,075,000	\$ 506,730	\$ 2,967,000	\$ 267,000	\$ 4,815,730

	2015				
	Post-employment Benefits	Retirement Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$ 1,211,000	\$ 496,222	\$ 3,174,000	\$ 391,000	\$ 5,272,222
Value of plan assets	(212,000)	-	-	-	(212,000)
Unamortized actuarial gains/(losses)	79,000	-	(94,000)	(102,000)	(117,000)
Total liability	\$ 1,078,000	\$ 496,222	\$ 3,080,000	\$ 289,000	\$ 4,943,222

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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

	2016				
	Post-employment Benefits	Retirement Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$ 16,000	\$ -	\$ 204,000	\$ 15,000	\$ 235,000
Interest on accrued benefit obligation	2,000	7,778	52,000	6,000	67,778
Amortized actuarial (gains)/losses	(8,000)	-	(66,000)	27,000	(47,000)
Total expense	\$ 10,000	\$ 7,778	\$ 190,000	\$ 48,000	\$ 255,778

	2015				
	Post-employment Benefits	Retirement Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$ 90,000	\$ -	\$ 180,000	\$ 13,000	\$ 283,000
Interest on accrued benefit obligation	3,000	12,521	82,000	11,000	108,521
Amortized actuarial (gains)/losses	(10,000)	-	(89,000)	24,000	(75,000)
Total expense	\$ 83,000	\$ 12,521	\$ 173,000	\$ 48,000	\$ 316,521

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

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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

Retirement Benefits

CAAT Pension Plan

A majority of the College's employees are participants in the defined benefit contributory retirement pension plan of the Colleges of Applied Arts and Technology. The plan is a multi-employer plan and therefore 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 unfunded liability is to be paid directly by the Ministry of Training, Colleges and Universities. Contributions by the College on account of total pension costs amounted to \$9,261,822 of which \$8,975,026 would be classified as Current Service (2015 – total \$8,742,836 of which \$8,455,509 were classified as Current Service) and contributions by employees amounted to \$8,948,788 (2015 - \$8,592,586). The most recent actuarial valuation filed with pension regulators as at January 1, 2015 indicated an actuarial surplus of \$773 million.

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, 2016 of the future benefits was determined using a discount rate of 1.70% (2015 – 1.60%).

b) *Drug Costs*

Drug costs were assumed to increase at a 8.5% rate for 2016 and decrease proportionately thereafter to an ultimate rate of 4% in 2034.

c) *Hospital and other medical*

Hospital and other medical costs were assumed to increase at 4.0% per annum in 2016 (2015 – 4.0%).

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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

Medical premium increases were assumed to increase at 7.15% per annum in 2016 and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 for fiscal 2016.

d) *Dental costs*

For the fiscal 2016 disclosure, dental costs and premiums were assumed to increase at 4.0% per annum (2015 – 4.0%).

e) *Retirement rates*

3.1% per annum starting at eligibility for reduced pension, increasing to 16% per annum after reaching eligibility for unreduced pension, with the remainder at age 65.

Compensated Absences

Vesting Sick Leave

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

Non-Vesting Sick Leave

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

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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

For fiscal 2016 disclosure and benefits cost:

	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>
Wage and salary escalation - support staff	0.5%	0.5%	1.5%
Wage and salary escalation - academic	1.8%	1.8%	1.5%
Discount rate	1.7%		

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% to 24% and 0 to 44.3 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

8. 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. Income earned is expendable.

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

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.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

8. RESTRICTED NET ASSETS (continued)

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

	2016	2015
OSOTF (Note 9)	\$ 4,811,221	\$ 4,811,222
OTSS (Note 10)	5,916,037	5,916,037
Other	3,225,079	3,176,209
	<u>\$ 13,952,337</u>	<u>\$ 13,903,468</u>

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

9. 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:

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

9. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS (continued)

(a) OSOTF I:

	2016	2015
Schedule of Changes in Endowment Fund Balance		
Endowment fund balance, beginning of year	\$ 2,407,463	\$ 2,337,343
Preservation of Capital	-	70,120
Endowment fund balance, end of year	\$ 2,407,463	\$ 2,407,463
Schedule of Changes in Expendable Funds Available for Awards		
Expendable balance, beginning of year	\$ 363,813	\$ 246,627
Realized investment income (loss)	(8,626)	157,320
Bursaries awarded	(55,556)	(40,134)
Expendable balance, end of year	299,631	363,813
Number of bursaries awarded	51	45
Market value of endowment	\$ 2,996,134	\$ 3,149,639

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

9. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS (continued)

(b) OSOTF II:

	2016	2015
Schedule of Changes in Endowment Fund Balance		
Endowment fund balance, beginning of year	\$ 2,403,758	\$ 2,333,746
Preservation of Capital	-	70,012
Endowment fund balance, end of year	\$ 2,403,758	\$ 2,403,758
Schedule of Changes in Expendable Funds Available for Awards		
Expendable balance, beginning of year	\$ 363,254	\$ 246,248
Realized investment income (loss)	(8,613)	157,078
Bursaries awarded	(55,471)	(40,072)
Expendable balance, end of year	299,170	363,254
Number of bursaries awarded	51	45
Market value of endowment	\$ 2,991,523	\$ 3,144,792

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

10. 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:

	2016	2015
Schedule of Changes in Endowment Fund Balance		
Endowment balance, beginning of year	\$ 5,916,037	\$ 5,743,725
Preservation of capital	-	172,312
Endowment fund balance, end of year	\$ 5,916,037	\$ 5,916,037
Schedule of Changes in Expendable Funds Available for Awards		
Expendable balance, beginning of year	\$ 911,345	\$ 616,539
Realized Investment income (loss)	(27,596)	393,430
Bursaries awarded	(136,523)	(98,624)
Expendable balance, end of year	\$ 747,226	\$ 911,345
Number of Bursaries awarded	126	112
Market value of endowment	\$ 7,373,539	\$ 7,757,157

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

11. INVESTED IN CAPITAL ASSETS

(a) Investment in capital assets represents the following:

	2016	2015
Capital assets - net book value	\$ 176,513,705	\$ 182,343,757
Less amounts financed by deferred capital contribution (Note 5(b)(i))	(95,668,133)	(98,869,868)
Less amount financed by debt	(50,207,157)	(55,152,276)
Investment in capital assets	\$ 30,638,415	\$ 28,321,613

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

	2016	2015
Amortization of deferred contributions related to capital assets (Note 5(b)(i))	\$ 6,246,759	\$ 6,402,733
Amortization of capital assets	(14,086,221)	(14,414,819)
	\$ (7,839,462)	\$ (8,012,086)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 8,256,169	\$ 9,314,359
Sale of capital assets	-	-
Amounts funded by:		
Deferred capital contributions (Note 5(b)(i))	(3,045,024)	(3,031,363)
Repayment of debt	4,945,119	5,068,489
	\$ 10,156,264	\$ 11,351,485
	\$ 2,316,802	\$ 3,339,399

12. SERVICE COSTS

Durham College provides certain administrative services to the University of Ontario Institute of Technology ("University") 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, 2016

12. 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 institutions' 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.

13. COMMITMENTS

Premises and equipment

Future minimum lease payments, exclusive of taxes and operating costs, for premises and equipment under operating leases at March 31, 2016 are as follows:

2017	\$	497,937
2018		439,163
2019		404,709
2020		404,709
2021		404,709
Thereafter		849,964
	\$	3,001,191

14. CONTINGENCIES

The College has been named as the defendant in certain legal actions, in which damages have been sought. The outcomes of these actions are not determinable as at March 31, 2016.

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.

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15. 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.

16. INTERNALLY RESTRICTED NET ASSETS

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

	2016	2015
Capital Investments	\$ 4,000,000	\$ -
Capital Investments - Residence	254,727	226,662
Operating Contingency	1,000,000	-
Other	159,658	496,125
	\$ 5,414,385	\$ 722,787

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17. COMPARATIVE FIGURES

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



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