



2023 Financial Statements

March 31, 2023

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

INDEX

FINANCIAL STATEMENTS:

Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2
Statement 1 – Statement of Financial Position	4
Statement 2 – Statement of Operations	5
Statement 3 – Statement of Changes in Net Assets	6
Statement 4 – Statement of Cash Flows.....	7
Statement 5 – Statement of Remeasurement Gains and Losses	8
Notes to the Financial Statements	9-25

SUPPLEMENTARY SCHEDULES:

Schedule 1 – Analysis of Operating Grants, Ancillary and Other Revenue.....	26
Schedule 2 – Analysis of Ancillary Expenses	27
Schedule 3 – Analysis of Ontario Student Opportunity Trust Fund (OSOTF I & II).....	28
Schedule 4 – Analysis of Ontario Trust for Student Support (OTSS).....	29

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Management's Responsibility for Financial Reporting

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

The 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. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

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

The College's liabilities have been reviewed by management. There are no material liabilities in either fact or contingency as at the date of this report that have been omitted from these financial statements.

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

The 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 financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The financial statements have been audited by BDO Canada LLP, the external auditors, in accordance with Canadian generally accepted auditing standards. BDO Canada LLP has full and free access to the Committee.



President & CEO



Chief Financial Officer

June 8, 2023

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Mohawk College of Applied Arts and Technology (the "College"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

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

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

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario

June 8, 2023

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2023, with comparative figures for 2022

Statement 1

		<u>2023</u>	<u>2022</u>
			(Restated)
			(note 2)
ASSETS			
Current			
Cash	(note 3)	\$ 71,260,641	\$ 23,926,080
Investments	(note 3)	161,516,188	136,233,798
Accounts receivable		17,526,502	15,207,189
Grants receivable		8,089,918	5,782,809
Inventories		1,101,051	1,223,320
Prepaid expenses and other assets		6,004,887	5,806,963
Current portion of long-term receivable	(note 5)	1,141,999	1,092,853
		<u>266,641,186</u>	<u>189,273,012</u>
Long-term			
Long-term investments	(note 4)	1,357,603	1,098,201
Long-term receivable	(note 5)	25,478,643	26,620,642
Construction in progress		2,906,291	927,514
Capital assets	(notes 2 and 6)	182,288,495	190,392,669
		<u>212,031,032</u>	<u>219,039,026</u>
		<u>\$ 478,672,218</u>	<u>\$ 408,312,038</u>
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 35,578,261	\$ 21,533,221
Deferred revenue	(note 7)	119,369,337	66,241,636
Vacation pay		8,712,906	8,323,658
Current portion of long-term debt	(note 8)	2,960,318	2,868,910
		<u>166,620,822</u>	<u>98,967,425</u>
Long-Term Liabilities			
Long-term debt	(note 8)	41,769,704	44,730,022
Asset retirement obligations	(notes 2 and 9)	4,153,579	3,980,316
Post-employment benefits and compensated absences	(note 10)	6,548,000	6,384,000
		<u>52,471,283</u>	<u>55,094,338</u>
Deferred Contributions			
Deferred contributions	(note 11)	7,096,236	8,211,582
Deferred contributions related to construction in progress	(note 12)	371,922	261,002
Deferred contributions related to expenses of future periods	(note 13)	5,094,536	4,530,618
Deferred contributions related to capital assets	(note 14)	119,530,172	123,997,097
		<u>132,092,866</u>	<u>137,000,299</u>
Net Assets (statement 3)			
Net assets invested in capital assets	(note 15)	48,151,135	48,141,119
Unrestricted net assets:			
Operating	(note 2)	11,713,521	6,823,720
Vacation pay		(8,712,906)	(8,323,658)
Post-employment benefits and compensated absences		(6,548,000)	(6,384,000)
Restricted net assets:			
Internally restricted assets		69,770,000	62,073,000
Endowment contributions	(note 16)	18,173,729	17,954,380
		<u>132,547,479</u>	<u>120,284,561</u>
Accumulated remeasurement losses (statement 5)		(5,060,232)	(3,034,585)
		<u>127,487,247</u>	<u>117,249,976</u>
		<u>\$ 478,672,218</u>	<u>\$ 408,312,038</u>

See accompanying notes to the financial statements

SIGNED ON BEHALF OF THE BOARD:

Approved by the Board of Governors

at the meeting of June 8, 2023

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Operations
For the year ended March 31, 2023, with comparative figures for 2022

Statement 2

		2023	2022
			(Restated) (note 2)
REVENUE			
Grants	(schedule 1)	\$ 109,251,773	\$ 108,058,387
Student fees	(note 17)	143,182,243	98,961,912
Ancillary	(schedule 1)	11,510,523	5,837,341
Amortization of deferred contributions		7,059,792	6,751,880
Amortization of deferred contributions related to capital assets		8,550,512	8,728,824
Other	(schedule 1)	15,260,995	12,022,804
		<u>294,815,838</u>	<u>240,361,148</u>
EXPENSES			
Salaries and benefits		164,637,578	154,000,081
Contracted services and professional fees		46,471,137	21,435,235
Supplies and other expenses	(note 2)	19,767,619	16,839,386
Utilities, maintenance and taxes		8,153,081	8,796,952
Instructional supplies		8,643,513	7,354,250
Ancillary	(schedule 2)	9,963,640	7,743,602
Scholarship, bursary and award payments		7,059,792	6,751,880
Amortization expense	(note 2)	16,074,636	17,725,612
Interest on long-term liabilities		2,001,273	2,119,347
		<u>282,772,269</u>	<u>242,766,345</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES		<u>\$ 12,043,569</u>	<u>\$ (2,405,197)</u>

See accompanying notes and schedules to the financial statements

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Changes in Net Assets
For the year ended March 31, 2023, with comparative figures for 2022

Statement 3

	2023					
	Invested in Capital Assets (note 15)	Unrestricted Operating	Vacation & post-employment benefits & compensated absences	Internally Restricted	Endowment Contributions (note 16)	Total
Balance, beginning of year	\$ 48,141,119	\$ 6,823,720	\$ (14,707,658)	\$ 62,073,000	\$ 17,954,380	\$ 120,284,561
(Deficiency) excess of revenue over expenses	(7,524,124)	20,183,862	(553,248)	(62,921)	-	12,043,569
Investment in capital assets	7,534,140	(4,296,994)	-	(3,237,146)	-	-
Change in internally imposed restrictions	-	(10,997,067)	-	10,997,067	-	-
Endowment contributions	-	-	-	-	219,349	219,349
Balance, end of year	<u>\$ 48,151,135</u>	<u>\$ 11,713,521</u>	<u>\$ (15,260,906)</u>	<u>\$ 69,770,000</u>	<u>\$ 18,173,729</u>	<u>\$ 132,547,479</u>

	2022 (Restated - note 2)					
	Invested in Capital Assets (note 15)	Unrestricted Operating	Vacation & post-employment benefits & compensated absences	Internally Restricted	Endowment Contributions (note 16)	Total
Balance, beginning of year	\$ 54,037,735	\$ 10,449,359	\$ (14,538,223)	\$ 58,325,000	\$ 17,717,792	\$ 125,991,663
Adoption of asset retirement obligation (note 2)	275,787	(3,814,280)	-	-	-	(3,538,493)
Balance, beginning of year restated	54,313,522	6,635,079	(14,538,223)	58,325,000	17,717,792	122,453,170
(Deficiency) excess of revenue over expenses	(8,979,690)	6,940,505	(169,435)	(13,443)	-	(2,222,063)
Adoption of asset retirement obligation (note 2)	(17,098)	(166,036)	-	-	-	(183,134)
(Deficiency) excess of revenue over expenses as restated	(8,996,788)	6,774,469	(169,435)	(13,443)	-	(2,405,197)
Investment in capital assets	2,824,385	(2,586,650)	-	(237,735)	-	-
Change in internally imposed restrictions	-	(3,999,178)	-	3,999,178	-	-
Endowment contributions	-	-	-	-	236,588	236,588
Balance, end of year	<u>\$ 48,141,119</u>	<u>\$ 6,823,720</u>	<u>\$ (14,707,658)</u>	<u>\$ 62,073,000</u>	<u>\$ 17,954,380</u>	<u>\$ 120,284,561</u>

See accompanying notes to the financial statements

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Cash Flows
For the year ended March 31, 2023, with comparative figures for 2022

Statement 4

	2023	2022
		(Restated)
Cash provided by (used in):		(note 2)
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 12,043,569	\$ (2,405,197)
Items not involving cash:		
Amortization expense	16,074,636	17,725,612
Accretion expense (note 2)	173,263	166,036
Net income of Mohawk College Enterprise	(259,402)	(236,707)
Increase (decrease) in post-employment benefits and compensated absences	164,000	(256,000)
Loss (gain) on disposal of capital assets	20,158	(1,786)
Amortization of deferred contributions related to capital assets	(8,550,512)	(8,728,824)
	<u>19,665,712</u>	<u>6,263,134</u>
Changes in non-cash working capital items:		
Accounts receivable	(2,319,313)	(1,963,490)
Grants receivable	(2,307,109)	(197,960)
Inventories	122,269	500,995
Prepaid expenses and other assets	(197,924)	1,204,310
Accounts payable and accrued liabilities	14,045,040	1,255,178
Deferred revenue	53,127,701	24,775,343
Vacation pay	389,248	425,435
	<u>82,525,624</u>	<u>32,262,945</u>
INVESTING ACTIVITIES		
Purchase of investments, net	(27,308,037)	(22,934,961)
Long-term receivable	1,092,853	1,120,564
	<u>(26,215,184)</u>	<u>(21,814,397)</u>
CAPITAL ACTIVITIES		
Purchase of capital assets	(7,614,090)	(4,208,975)
Proceeds from sale of capital assets	75,514	11,356
Contributions for capital purposes	3,822,585	3,754,854
Construction in progress, net of deferred contributions	(2,058,899)	(666,512)
	<u>(5,774,890)</u>	<u>(1,109,277)</u>
FINANCING ACTIVITIES		
Contributions for endowment	219,349	236,588
Contributions for other restricted purposes, net	(1,115,346)	1,181,309
Contributions for expenses of future periods, net	563,918	546,392
Repayment of long-term debt	(2,868,910)	(2,752,736)
	<u>(3,200,989)</u>	<u>(788,447)</u>
INCREASE IN CASH	47,334,561	8,550,824
CASH, BEGINNING OF YEAR	<u>23,926,080</u>	<u>15,375,256</u>
CASH, END OF YEAR	<u>\$ 71,260,641</u>	<u>\$ 23,926,080</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Remeasurement Gains and Losses
For the year ended March 31, 2023, with comparative figures for 2022

Statement 5

	<u>2023</u>	<u>2022</u>
Accumulated remeasurement (losses) gains, beginning of year	\$ (3,034,585)	\$ 1,201,251
Losses attributable to:		
Investments	(2,289,385)	(4,339,122)
Amounts reclassified to the statement of operations:		
Disposition of investments	263,738	103,286
Net remeasurement losses for the year	<u>(2,025,647)</u>	<u>(4,235,836)</u>
Accumulated remeasurement losses, end of year	<u>\$ (5,060,232)</u>	<u>\$ (3,034,585)</u>

See accompanying notes to the financial statements

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

DESCRIPTION OF ORGANIZATION

The Mohawk College of Applied Arts and Technology (the "College"), established in 1966, is an Ontario College of Applied Arts and Technology duly established pursuant to Ontario regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. The College is an agency of the Crown and provides postsecondary, vocationally oriented education in the areas of applied arts, business, health sciences and technology.

The College is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of presentation

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

These financial statements do not reflect the assets, liabilities and results of operations of the various student organizations or The Mohawk College Foundation which is a separate public foundation.

(b) Revenue recognition

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

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

Revenue from tuition fees, contracts and sales from ancillary operations is recognized when the services are provided or the goods are sold and collection is reasonably assured.

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

Unrestricted contributions are recognized as revenue when received or receivable.

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

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

(c) Inventories

Inventories consist primarily of items held for resale in the Campus Stores. Inventories are valued at the lower of cost and net realizable value.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued):

(d) Long term investments

The College controls Mohawk College Enterprise Corporation ("MCE") and accounts for the investment using the modified equity method. The equity earnings are recorded in other revenue. MCE undertakes and carries out educational training programs and consulting projects for and on behalf of businesses and industries. MCE is the exclusive provider of corporate training on behalf of the College. MCE is a for-profit organization and was incorporated under the Business Corporations Act (Ontario) by Certificate of Incorporation dated April 1, 2010. The Board of Directors is approved by the College and the Shareholder Declaration provides for limitations on certain activities and actions on the part of MCE without the express consent of the College.

(e) Construction in progress

Construction in progress costs are capitalized as work progresses. Once the construction has been completed, the total costs will be transferred to the various categories of capital assets and are amortized on a basis consistent with similar assets.

(f) Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Donated capital assets are recorded at their fair market value at the date of donation. 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 residual value. Remaining capital assets are amortized on a straight-line basis over their estimated useful lives using the following rates:

Buildings	40 - 65 years
Portables roof replacement	20 years
Major equipment	10 years
Site improvements	10 years
Furniture and equipment	5 years
Vehicles	5 years
Computers & software	3 years

(g) Vacation pay

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

(h) Retirement and post-employment benefits and compensated absences

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

- i. The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experienced gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued):

- ii. The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- iii. The cost of vesting and non-vesting sick leave benefits is 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 rate used in the determination of the above-mentioned liabilities is based on the effective yield of Ontario bonds (trading on the market) that approximate the weighted average duration of the cash flows for the employee future benefits.

(i) Asset retirement obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

(j) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at fair value or amortized cost. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value, unless the investment income is externally restricted, are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gains/losses are adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The College classifies fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued):

Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(k) Internally restricted assets

Net assets internally restricted by the Board of Governors are for capital projects, strategic initiatives, and future operating expenses. Expenses require approval by the Board of Governors.

(l) Endowment contributions

Endowments represent restricted donations received by the College where the principal sum is held for investment while the income earned is expendable for the specific purpose outlined when the funds were donated.

(m) Management estimates

The preparation of 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 the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of fair value for long-term investments, allowance for doubtful accounts, useful lives of capital assets, asset retirement obligations and actuarial estimation of post-employment benefits and compensated absences liabilities.

2. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2022 the College adopted Public Sector Accounting Handbook Standard PS 3280 – Asset Retirement Obligations. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standard provides comprehensive requirements for recognition, measurement, presentation and disclosure of asset retirement obligations. The change in accounting policy has been applied retroactively with restatement of prior period. The impact of adoption of this standard was as follows:

- (a) April 1, 2021: an increase of \$865,948 to capital Assets, an increase of \$590,161 to accumulated amortization for a net increase to capital assets of \$275,787, an increase of \$3,814,280 to asset retirement obligations, a decrease of \$3,814,280 to net assets unrestricted operating and an increase of \$275,787 to invested in capital assets.
- (b) March 31, 2022: an increase of \$17,098 to accumulated amortization resulting in a capital assets balance of \$190,392,669 and an increase of \$166,036 to asset retirement obligations resulting in an ending balance of \$3,980,316. An increase of \$17,098 to accumulated amortization and amortization expense and an increase of \$166,036 to asset retirement obligations and accretion expense recorded in supplies and other expenses resulting in a deficiency of revenue over expenses in the amount of \$2,405,197.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

3. CASH AND INVESTMENTS:

The College's cash and investments include externally restricted amounts for specific purposes that are not available to be spent at the College's discretion. The amounts available for operations are as follows:

	2023	2022
Cash	\$ 71,260,641	\$ 23,926,080
Investments	161,516,188	136,233,798
Total Cash and Investments	232,776,829	160,159,878
Less amounts related to:		
Deferred contributions (note 11)	7,096,236	8,211,582
Deferred contributions related to expenses of future periods (note 13)	5,094,536	4,530,618
Endowments (note 16)	18,173,729	17,954,380
	\$ 202,412,328	\$ 129,463,298

The Canadian bank account earns interest at prime less 1.70%. Cash is carried at fair market value.

Investments are held with the College's investment management firm and consist of the following:

	Level	2023	2022
Pooled Investments:			
Fixed income	2	\$ 12,121,919	\$ 11,781,753
Equities	2	11,746,282	12,339,236
Cash	2	576,269	291,407
Total pooled investments		24,444,470	24,412,396
Segregated investments:			
Fixed income	1	119,393,593	105,122,693
Cash	1	17,678,125	6,698,709
Total segregated investments		137,071,718	111,821,402
Total investments		\$ 161,516,188	\$ 136,233,798

The total cost of the investment portfolio is \$166,144,317 (2022 – \$137,310,865).

There were no significant transfers between Levels 1 and 2 for the years ended March 31, 2023 and 2022. There were no transfers in or out of Level 3.

Maturity profile of fixed income held is as follows:

	March 31, 2023				Total
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	
Carrying value	\$44,824,045	\$64,886,844	\$19,979,096	\$1,825,527	\$131,515,512
Percent of total	34%	49%	15%	2%	100%

The College's fixed income portfolio has interest rates ranging from 0.8% to 5.2%. (2022 – 0.8% to 4.61%).

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

4. LONG-TERM INVESTMENTS:

Long-term investments are carried at cost and consist of:

			2023		2022
Investment in Land	(a)	\$	873,472	\$	873,472
Investment in Mohawk College Enterprise	(b)		484,131		224,729
		\$	1,357,603	\$	1,098,201

(a) In October 1995, the College purchased land in conjunction with Hillfield Strathallan College for undetermined future use.

(b) The College controls Mohawk College Enterprise Corporation ("MCE") and is the only registered holder of issued and outstanding MCE shares (2023 – \$100; 2022 – \$100). The financial position of MCE and the results of its operations and its cash flows are as follows:

Financial position		2023		2022
Total assets	\$	1,093,935	\$	610,135
Total liabilities		609,804		385,406
Total net assets		484,131		224,729
	\$	1,093,935	\$	610,135

Results of operations		2023		2022
Total revenue	\$	1,896,648	\$	1,612,433
Total expenses		1,637,246		1,375,726
Net income for the year		259,402		236,707
Surplus (deficit), beginning of year		224,629		(12,078)
Surplus, end of year	\$	484,031	\$	224,629

Cash flows		2023		2022
Cash flows provided by operating activities	\$	217,583	\$	138,010
Cash flows used in investing activities		(5,457)		(1,641)
Net cash flows	\$	212,126	\$	136,369

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

5. LONG-TERM RECEIVABLE:

Long-term receivables held by the College consist of the following:

	2023	2022
Student ancillary fee receivables	\$ 26,620,642	\$ 27,713,495
Less: Current portion of long-term receivable	(1,141,999)	(1,092,853)
	\$ 25,478,643	\$ 26,620,642

The annual principal and interest payments on the long-term debt incurred to finance the construction of the David Braley Athletic and Recreation Centre (the "DBARC") will be provided by the future collection of compulsory student ancillary fees. The total principal and interest payments amount has been discounted at a rate of 4.762% (2022 – 4.762%) and the current amount receivable is \$26,620,642 (2022 – \$27,710,141). Other student ancillary fee receivables of \$nil (2022 - \$3,354) are to support The Joyce Centre for Partnership & Innovation.

6. CAPITAL ASSETS:

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value (Restated) (note 2)
Land	\$ 2,250,912	\$ -	\$ 2,250,912	\$ 2,201,275
Buildings	195,418,246	65,291,913	130,126,333	133,658,493
Portables & roof replacement	16,822,276	6,816,002	10,006,274	10,725,271
Major equipment	55,852,642	33,112,850	22,739,792	23,876,990
Site improvements	66,425,993	52,759,690	13,666,303	15,821,645
Furniture & equipment	24,027,488	21,639,233	2,388,255	2,527,120
Vehicles	1,616,950	1,481,305	135,645	153,002
Computers & software	30,880,423	29,905,442	974,981	1,428,873
	\$ 393,294,930	\$ 211,006,435	\$ 182,288,495	\$ 190,392,669

7. DEFERRED REVENUE:

Deferred revenue consists of the following:

	2023	2022
Student fees	\$ 102,597,076	\$ 56,183,357
Contracts	11,685,769	6,942,493
Ministry grants	2,468,492	707,724
Student residence	402,220	295,182
Other	2,215,780	2,112,880
	\$ 119,369,337	\$ 66,241,636

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

8. LONG-TERM DEBT:

	2023	2022
Unsecured loan payable to the Ontario Financing Authority at 4.762%, payable in blended semi-annual instalments of \$1,198,162, due November 25, 2038.	\$ 26,622,454	\$ 27,711,953
Unsecured loan payable to the Ontario Financing Authority at 3.855%, payable in blended semi-annual instalments of \$486,267, due November 29, 2028.	5,165,406	5,917,012
Unsecured loan payable to the Ontario Financing Authority at 4.183%, payable in blended monthly instalments of \$40,673, due September 2, 2031.	3,457,699	3,793,485
Unsecured loan payable to the Ontario Financing Authority at 3.591%, payable in blended semi-annual instalments of \$525,650, due October 26, 2033.	9,484,463	10,176,482
	44,730,022	47,598,932
Less current portion	2,960,318	2,868,910
	\$ 41,769,704	\$ 44,730,022

Principal repayments for the next five years and thereafter:

2024	\$ 2,960,318
2025	3,144,448
2026	3,248,834
2027	3,386,174
2028	3,528,799
Thereafter	28,461,449
	\$ 44,730,022

9. ASSET RETIREMENT OBLIGATIONS:

The organization's financial statements include an asset retirement obligation for the remediation of asbestos containing materials located in College's buildings. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 4.353%. The estimated total undiscounted future expenditures are \$5,900,409. The liability is expected to be settled at some undeterminable future date.

The carrying amount of the liability is as follows:

	2023	2022
Balance, beginning of year	\$ 3,980,316	\$ 3,814,280
Increase due to accretion expense	173,263	166,036
Balance, end of year	\$ 4,153,579	\$ 3,980,316

However, the total amount of the liability may change due to estimates in the discount rates used. Management estimates that the total liability could range from \$3,073,777 to \$5,142,838.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES:

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

				2023	2022
	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability	Total liability
Accrued employee future benefit obligations	\$1,509,000	\$5,740,000	\$ 47,000	\$7,296,000	\$6,815,000
Value of plan assets	(364,000)	-	-	(364,000)	(362,000)
Unamortized actuarial gains (losses)	125,000	(509,000)	-	(384,000)	(69,000)
Total liability	\$1,270,000	\$5,231,000	\$ 47,000	\$6,548,000	\$6,384,000

				2023	2022
	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total expense	Total expense
Current year benefit cost	\$ 6,000	\$ 528,000	\$ 6,000	\$ 540,000	\$ 491,000
Interest on accrued benefit obligation	3,000	161,000	4,000	168,000	109,000
Amortized actuarial (gains) losses	150,000	50,000	(130,000)	70,000	(162,000)
Total (recovery) expense	\$ 159,000	\$ 739,000	\$ (120,000)	\$ 778,000	\$ 438,000

The benefits paid out in the year were \$614,000 (2022 – \$694,000).

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

Retirement Benefits

CAAT Pension Plan

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2023 indicated an actuarial surplus on a going concern basis of \$4.7 billion.

The College made contributions to the Plan and its associated retirement compensation arrangement of \$13,233,883 (2022 - \$12,555,100), which has been included in the statement of operations.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (cont'd):

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 valuation are as follows:

(a) *Discount rate*

The present value as at March 31, 2023 of the future benefits was determined using a discount rate of 3.4% (2022 – 2.9%).

(b) *Hospital, Drug and other Medical costs*

Hospital, drug and other medical costs were assumed to increase at a 6.16% rate for 2023 (2022 – 6.29%) and decrease proportionately thereafter to an ultimate rate of 4% in 2040 for fiscal 2023 (2022 – 4%).

(c) *Dental costs*

Dental costs were assumed to increase at 4% per annum for fiscal 2023 (2022 – 4%).

Compensated Absences

Vesting Sick Leave

The College has provided for vesting sick leave benefits during the year. Eligible Faculty employees, hired before April 1, 1991 and Administrative employees hired before July 1, 1974 are entitled to receive on termination or retirement, accumulated sick days multiplied by their actual daily rate to a maximum of six months' salary. 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 MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (cont'd):

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

	2023	2022
Wage and salary escalation	1%	1% - 1.25%
Discount rate	3.4%	2.9%

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 23.5% and 0 to 54 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

11. DEFERRED CONTRIBUTIONS:

Deferred contributions represent unspent externally restricted scholarships, bursaries, grants and donations for student awards and student assistance. It also includes unspent endowment investment income.

	2023	2022
Balance, beginning of year	\$ 8,211,582	\$ 7,030,273
Additional contributions received	5,944,446	7,933,189
Less award payments & administrative expenses	(7,059,792)	(6,751,880)
Balance, end of year	\$ 7,096,236	\$ 8,211,582

Deferred contributions are comprised of the following:

	2023	2022
Endowment interest funds and unrealized gains	\$ 3,625,702	\$ 5,041,274
Scholarships and bursaries	1,666,757	1,623,720
Tuition set-aside funds	1,202,842	950,393
Joint employment stability replacement fund	578,293	568,601
Ministry grants	19,022	24,525
Other	3,620	3,069
	\$ 7,096,236	\$ 8,211,582

12. DEFERRED CONTRIBUTIONS RELATED TO CONSTRUCTION IN PROGRESS:

	2023	2022
Balance, beginning of year	\$ 261,002	\$ 46,811
Additional contributions received	371,922	261,002
Less amounts transferred to capital assets in the year	(261,002)	(46,811)
Balance, end of year	\$ 371,922	\$ 261,002

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

13. DEFERRED CONTRIBUTIONS RELATED TO EXPENSES OF FUTURE PERIODS:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations intended to support primarily college-wide equipment and facility improvements and also provide student financial assistance.

	2023	2022
Balance, beginning of year	\$ 4,530,618	\$ 3,984,226
Additional contributions received	2,635,970	2,476,878
Less amounts recognized as revenue in the year	(2,072,052)	(1,930,486)
Balance, end of year	\$ 5,094,536	\$ 4,530,618

Deferred contributions related to expenses of future periods are comprised of the following:

	2023	2022
Donations	\$ 2,783,731	\$ 2,477,059
Student ancillary fees	2,242,985	2,004,482
Other	67,820	49,077
	\$ 5,094,536	\$ 4,530,618

14. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS:

Deferred capital contributions related to capital assets represent the unamortized amount of donations, grants and other contributions received for the purchase of capital assets.

	2023	2022
Balance, beginning of year	\$ 123,997,097	\$ 128,924,256
Additional contributions received	3,822,585	3,754,854
Plus amounts transferred from deferred contributions related to construction in progress	261,002	46,811
Less amortization in the year	(8,550,512)	(8,728,824)
Balance, end of year	\$ 119,530,172	\$ 123,997,097

Deferred contributions related to capital assets are comprised of the following:

	2023	2022
Ministry grants	\$ 55,626,040	\$ 56,857,674
Student ancillary fees - DBARC	24,936,446	25,815,758
Federal grants	19,197,136	19,810,508
Donations	16,875,167	18,339,939
Other	2,895,383	3,173,218
	\$ 119,530,172	\$ 123,997,097

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

15. INVESTMENT IN CAPITAL ASSETS:

(a) The College's investment in capital assets is calculated as follows:

	2023	2022
		(Restated) (note 2)
Capital assets	\$ 182,288,495	\$ 190,392,669
Construction in progress	2,906,291	927,514
Investment in land	873,472	873,472
	186,068,258	192,193,655
Less:		
Current portion of long-term debt	(1,818,319)	(1,779,408)
Long-term debt	(16,196,710)	(18,015,029)
Deferred contributions related to construction (note 12)	(371,922)	(261,002)
Deferred contributions related to capital assets (note 14)	(119,530,172)	(123,997,097)
Investment in capital assets	\$ 48,151,135	\$ 48,141,119

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

	2023	2022
		(Restated) (note 2)
Deficiency of revenues over expenses:		
Amortization of deferred capital contributions	\$ 8,550,512	\$ 8,728,824
Amortization of capital assets	(16,074,636)	(17,725,612)
	\$ (7,524,124)	\$ (8,996,788)

	2023	2022
		(Restated) (note 2)
Net change in investment of capital assets:		
Purchase of capital assets and construction in progress	\$ 10,044,911	\$ 5,136,489
Adoption of asset retirement obligation (note 2)	-	275,787
Disposals of capital assets	(95,672)	(9,570)
Amounts funded by deferred capital contributions	(4,194,507)	(4,015,856)
Repayment of term debt	1,779,408	1,713,322
Investment in capital assets	\$ 7,534,140	\$ 3,100,172

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

16. ENDOWMENT CONTRIBUTIONS:

The College has the following endowment funds:

	2023	2022
Ontario Student Opportunity Trust Funds (Schedule 3)	\$ 6,143,250	\$ 6,065,725
Ontario Trust for Student Support (Schedule 4)	8,059,357	8,052,103
Other	3,971,122	3,836,552
	\$ 18,173,729	\$ 17,954,380

Investment income on endowments that was disbursed during the year has been recorded in the statement of operations since this income is available for disbursement as scholarships and bursaries and the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions. Investment income on endowed assets recognized and deferred was \$926,426 and \$3,193,596 respectively (2022 – \$1,140,169 and \$3,083,752).

17. PUBLIC-PRIVATE COLLEGE PARTNERSHIP:

The College entered into a ten-year agreement with a public-private college partner on January 25, 2021 to deliver programming as stipulated within the agreement. In the statement of operations, the related revenues are included in student fees and related expenses paid to the private partner have been reflected within contracted services and professional fees. Gross revenue from the partnership included in student fees was \$27,994,604 (2022- \$2,090,643).

18. FINANCIAL INSTRUMENT RISK MANAGEMENT:

(a) Credit risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, debt holdings in its investment portfolio, long-term receivable, accounts receivable and grants 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.

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

The College's maximum exposure to credit risk is representative of the carrying value of cash, investments, accounts receivable, grants receivable, current portion of long-term receivable and long-term receivable which as at March 31, 2023 totals \$285,013,891.

Included in accounts receivable are amounts due from students. Credit risk is mitigated through a financial approval process before a student is enrolled and the highly diversified nature of the student population.

Grants receivable are due from government sources. The College works to ensure that all eligibility criteria are met in order to qualify to receive the funding.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

18. FINANCIAL INSTRUMENT RISK MANAGEMENT (cont'd.):

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.

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.

The amounts outstanding at year end were as follows:

	2023					
	Total	Current	31-60 days	61-90 days	91-120 days	Over 121 days
Grants receivable	\$8,089,918	\$8,089,918	\$ -	\$ -	\$ -	\$ -
Student receivables	746,217	545,406	48,506	10,690	2,593	139,022
Other receivables	16,943,740	15,756,791	1,086,726	4,325	32,441	63,457
Gross receivables	25,779,875	24,392,115	1,135,232	15,015	35,034	202,479
Less: impairment	(163,455)	-	-	-	-	(163,455)
Net receivables	\$25,616,420	\$24,392,115	\$1,135,232	\$ 15,015	\$ 35,034	\$ 39,024

	2022					
	Total	Current	31-60 days	61-90 days	91-120 days	Over 121 days
Grants receivable	\$ 5,782,809	\$ 5,782,809	\$ -	\$ -	\$ -	\$ -
Student receivables	785,231	527,346	25,776	32,206	501	199,402
Other receivables	14,600,311	14,144,343	31,101	71,303	6,174	347,390
Gross receivables	21,168,351	20,454,498	56,877	103,509	6,675	546,792
Less: impairment allowance	(178,353)	-	-	-	-	(178,353)
Net receivables	\$20,989,998	\$20,454,498	\$ 56,877	\$ 103,509	\$ 6,675	\$ 368,439

(b) Market risk

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

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

(c) Currency risk

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

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

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

18. FINANCIAL INSTRUMENT RISK MANAGEMENT (cont'd.):

(d) Interest rate risk

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

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

The College's long-term debt is fixed rate debt as disclosed in note 8. Fluctuations in market interest rates would not impact future cash flows and operations relating to term debt.

At March 31, 2023, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds of \$3,161,224 (2022 - \$3,777,262).

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.

(e) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2023, 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 \$1,174,628. 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.

(f) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

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. The following table sets out the expected maturities, representing undiscounted cash-flows of financial liabilities:

	2023		
	Within 1 year	1 – 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 35,578,261	\$ -	\$ -
Long-term debt	2,960,318	13,308,255	28,461,449
	\$ 38,538,579	\$ 13,308,255	\$ 28,461,449

	2022		
	Within 1 year	1 - 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 21,533,221	\$ -	\$ -
Long-term debt	2,868,910	12,739,774	31,990,248
	\$ 24,402,131	\$ 12,739,774	\$ 31,990,248

The maturity profile of bonds and GICs held are disclosed in note 3.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2023

19. COMMITMENTS:

(a) Leases

The College's commitments to annual rental payments in the aggregate and in each of the next five years principally as a result of premise rental leases are as follows:

2024	\$ 3,246,284
2025	3,268,346
2026	3,291,250
2027	3,315,171
2028	3,339,571
	<hr/> \$ 16,460,622

(b) Student residence

The College has committed to annual payments by way of a property management agreement with Collegiate Management Services Corp. until December 20, 2085. The property management fees will be adjusted for inflation using the Consumer Price Index annually. The annual property management fee is \$814,584 (2022 - \$781,001).

20. CONTINGENT LIABILITY

Effective June 2019, the Province of Ontario enacted Bill 124 "Protecting a Sustainable Public Sector for Future Generations Act, 2019". The legislation limited compensation increases for a three-year modernization period for both unionized and non-unionized employees in the Ontario public sector. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be "void and of no effect". On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. The impact, if any, to the organization as a result of the Ontario Superior Court decision is not determinable at this time. As such, no provision has been made in the financial statements.

21. THE MOHAWK COLLEGE FOUNDATION:

The College has an economic interest in the Mohawk College Foundation (the "Foundation"), which raises funds from the community and alumni to finance certain expenses of the College. The Foundation's accounts are not included in these financial statements. The Foundation is incorporated under the Province of Ontario as a public foundation and is a registered charity under the Income Tax Act. During the year, an amount of \$2,071,330 (2022 - \$2,197,435), including \$81,651 of in-kind donations (2022 - \$332,832) was received from the Foundation.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Analysis of Operating Grants, Ancillary and Other Revenue
For the year ended March 31, 2023, with comparative figures for 2022

Schedule 1

	2023	2022
OPERATING GRANTS REVENUE		
General operating and capital grants	\$ 69,599,365	\$ 72,736,842
Apprenticeship	11,263,436	9,920,934
Collaborative program grants	8,993,467	8,571,970
Federal projects	8,745,645	5,417,447
Personal support worker grant	1,625,241	2,212,467
Employment Services	1,987,497	1,819,339
Disability Services	1,249,649	1,425,513
Literacy & Basic Skills	1,421,406	1,401,893
School College Works Initiative	1,349,451	1,021,654
Aboriginal grants	679,208	679,208
Municipal tax grant	611,925	653,400
Termination gratuities	-	115,378
Other	1,725,483	2,082,342
	<u>109,251,773</u>	<u>108,058,387</u>
ANCILLARY REVENUE		
Campus stores	2,807,851	2,762,887
Student residence	3,768,500	1,706,809
Parking	3,636,450	1,258,248
Food services	425,542	62,927
Facility rentals	384,884	36,434
Other	43,937	6,669
Student life	364,937	-
Athletic and recreation centre	78,422	3,367
	<u>11,510,523</u>	<u>5,837,341</u>
OTHER REVENUE		
Contract projects	6,374,018	6,644,174
Investment income	5,606,105	2,523,867
Donations	1,313,067	885,353
Student government	253,717	227,820
Special events	200,012	184,760
Miscellaneous	1,514,076	1,556,830
	<u>\$ 15,260,995</u>	<u>\$ 12,022,804</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Analysis of Ancillary Expenditures
For the year ended March 31, 2023, with comparative figures for 2022

Schedule 2

	<u>2023</u>	<u>2022</u>
Salaries and benefits	\$ 2,081,078	\$ 1,400,346
Cost of sales	1,916,106	2,098,518
Contracted services and professional fees	2,121,415	1,051,902
Supplies and other expenses	2,695,433	2,474,464
Utilities, maintenance and taxes	1,149,608	718,372
	<u>\$ 9,963,640</u>	<u>\$ 7,743,602</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Analysis of Ontario Student Opportunity Trust Fund (OSOTF I)
For the year ended March 31, 2023, with comparative figures for 2022

Schedule 3

	2023	2022
	(Book Value)	(Book Value)
Endowment Fund Balance		
Fund Balance, beginning of year	\$ 5,998,497	\$ 5,997,497
Cash donations received	77,525	-
Fund Balance, end of year	<u>6,076,022</u>	<u>5,997,497</u>
Expendable Funds Available for Awards		
Balance, beginning of year	1,261,023	995,778
Investment income, net of related expenses	316,103	384,136
Cash donations received	50	-
Awards issued (2023-#343; 2022-#132)	(342,250)	(118,891)
Balance, end of year	<u>\$ 1,234,926</u>	<u>\$ 1,261,023</u>

The amounts recorded above are for Ministry purposes only. The fair market value of the endowment and expendable funds as at March 31, 2023 were \$6,076,022 and \$1,382,170 respectively.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Analysis of Ontario Student Opportunity Trust Fund (OSOTF II)
For the year ended March 31, 2023, with comparative figures for 2022

	2023	2022
	(Book Value)	(Book Value)
Endowment Fund Balance		
Fund Balance, beginning and end of year	<u>\$ 67,228</u>	<u>\$ 67,228</u>
Expendable Funds Available for Awards		
Balance, beginning of year	40,151	34,245
Investment income, net of related expenses	4,599	5,906
Balance, end of year	<u>\$ 44,750</u>	<u>\$ 40,151</u>

The amounts recorded above are for Ministry purposes only. The fair market value of the endowment and expendable funds as at March 31, 2023 were \$67,288 and \$47,127 respectively.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Analysis of Ontario Trust for Student Support (OTSS)
For the year ended March 31, 2023, with comparative figures for 2022

Schedule 4

	2023	2022
	(Book Value)	(Book Value)
Endowment Fund Balance		
Fund Balance, beginning of year	\$ 8,052,103	\$ 8,028,103
Donor funds transferred to expendable funds	(607)	-
Cash donations received	7,861	24,000
Fund Balance, end of year	<u>8,059,357</u>	<u>8,052,103</u>
Expendable Funds Available for Awards		
Balance, beginning of year	1,052,369	789,967
Investment income, net of related expenses	392,380	490,358
Cash donations received	6,500	4,850
Donor funds transferred from expendable funds	607	-
Awards issued (2023-#257; 2022-#183)	(316,810)	(232,806)
Balance, end of year	<u>\$ 1,135,046</u>	<u>\$ 1,052,369</u>

The amounts recorded above are for Ministry purposes only. The fair market value of the endowment and expendable funds as at March 31, 2023 were \$8,059,357 and \$1,300,821 respectively.