

# ANNUAL REPORT 2013-2014 WE'RE THERE

## Mission

The student experience comes first at Durham College.

## Vision

Durham College is the premier college in Canada for career-focused students who are motivated to succeed in a challenging, supportive and inclusive learning environment. Our programs are continually shaped by market needs and delivered by exceptional teachers with real-world experience. Our vibrant campus community enriches the student life experience.

All of this combines to ensure our graduates have the skills to succeed in their 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 and offer superior service;  
Equal access and diversity – we embrace diversity, ensure accessibility and champion all learners;

Innovation – we are leaders in innovative and creative learning experiences and solutions;

Personal and team accountability – we do what we say we will do; and

Sustainability – we make decisions that ensure the integration of economic, environmental and social factors.

## Goals

Our students – to provide students with quality learning experiences and support in finding fulfilment in education, employment, productive citizenship and lifelong learning;

Our people – to support and empower each employee to make the best possible contribution towards student success;

Our business – to make business decisions that support teaching and learning while reflecting best practices that result in the college achieving its mission and mandate; and

Our community – to ensure that the college contributes to the economic and social prosperity of the communities we serve.





WE'RE THERE

Durham College’s (DC) story began in 1967 with 16 portable classrooms, a staff of 14, and 205 students. Now, 47 years later, we have grown to more than 11,000 full-time post-secondary and apprenticeship students, more than 1,500 full- and part-time staff; more than 63,000 alumni; and an economic impact of \$1.4 billion in Durham Region.

When you think the best in training and education, success and community building. . . We’re there. When you think state-of-the-art student services and experienced staff and faculty. . . We’re there.

Our graduates are leaders in fields such as nursing; sports administration; and renewable energy. They are entrepreneurs and business owners who are successful in health care; the arts; and emergency response sectors.

Their successes showcase DC’s focus on the student experience, taking us there.



MESSAGE FROM THE PRESIDENT

I am tremendously proud of DC’s success over the past year. We have sparked innovation and excitement in our student body, faculty and staff members, while maintaining a high standard of quality and commitment to the student experience. As we move forward, we will continue to instil these values in our students and staff and in doing so allow DC to flourish.

From our own backyard in Durham Region, to countries with which we have educational pathways, to the homelands of our international students, DC is expanding on multiple levels. We truly are living in a global community and as an institution we must embrace this impressive expansion.

This growth will serve as a catalyst for research and innovation for our faculty and staff members to develop and provide an even higher quality learning experience for our students. We will sharpen the tools and skills we use to teach and prepare students in practical ways to find success after graduation, success that will focus on their ability to shine in a globalized workplace.

In this report, several DC alumni are featured, showcasing their success and how they conquered their competitive fields and illustrated the level of achievement possible – because they are DC graduates. These graduates are wonderful examples of what we, as members of the college, strive toward – to impact the success and lives of our students so that they, in turn, make an impact within their own communities by creating jobs, volunteering, through corporate goodwill or the establishment of scholarships for current DC students.

We know where we need to be and as you look through this annual report, I know you will find. . . we are there!

DON LOVISA  
PRESIDENT



GTA TOP  
EMPLOYER  
FOR **FOUR**  
YEARS  
RUNNING



MORE THAN  
**80%**  
RETENTION RATE



**5**  
CONSECUTIVE  
BALANCED BUDGETS



**30,000+** LEARNERS  
ANNUALLY



TOP  
**50**  
RESEARCH COLLEGES



★★★★★★  
PQAPA RANKING

WE'VE ALWAYS BEEN THERE



**IAN BALL**  
*A golden example*



**AMANDA DE SOUZA**  
*Taking a bite out of  
the big apple*



**RUSS MONTAGUE**  
*Embracing geekness*



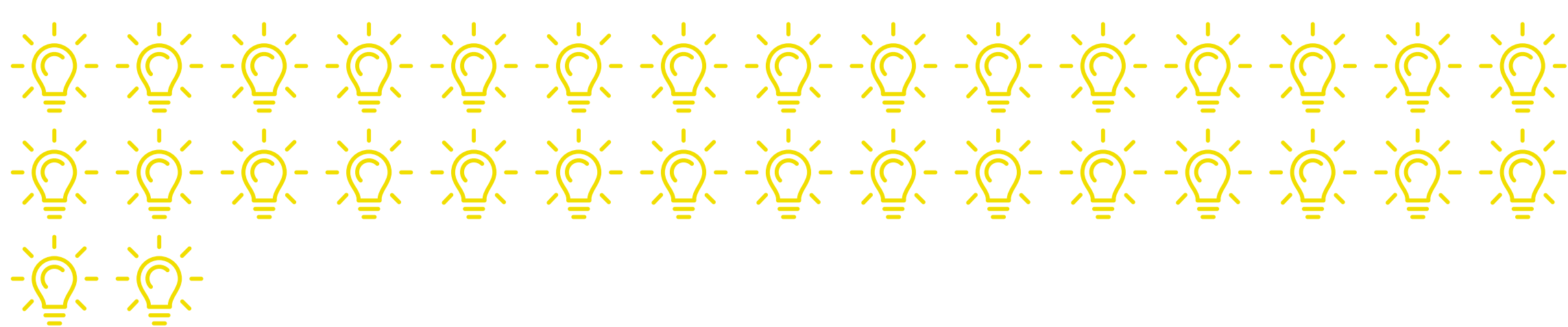
**MICHELE ROBERTS**  
*Learning to lead  
by following*



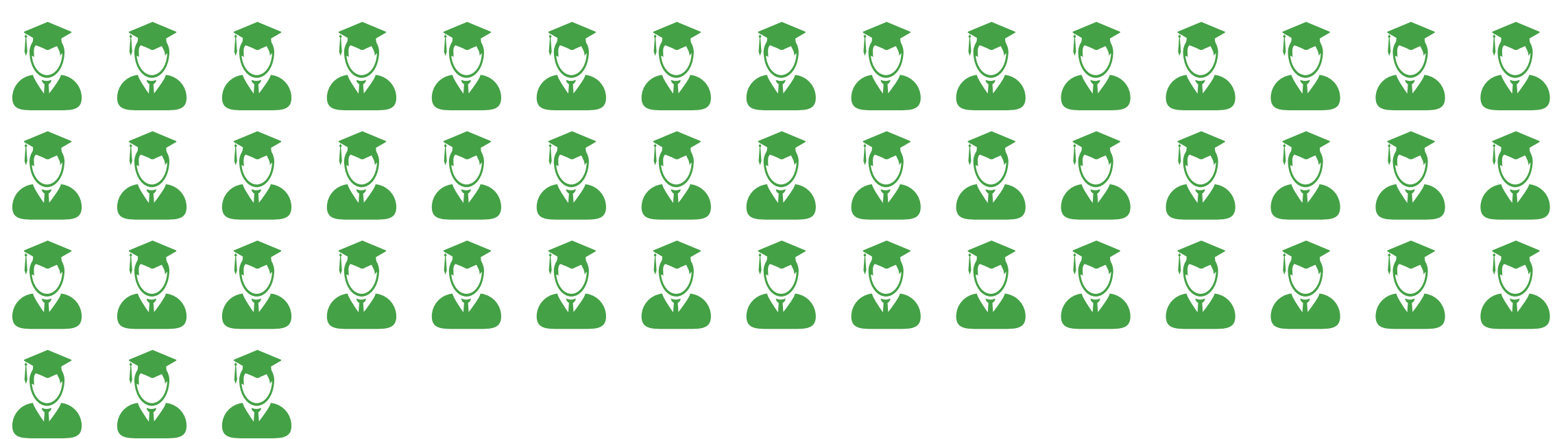


RESEARCH TOOK US THERE 2013-2014

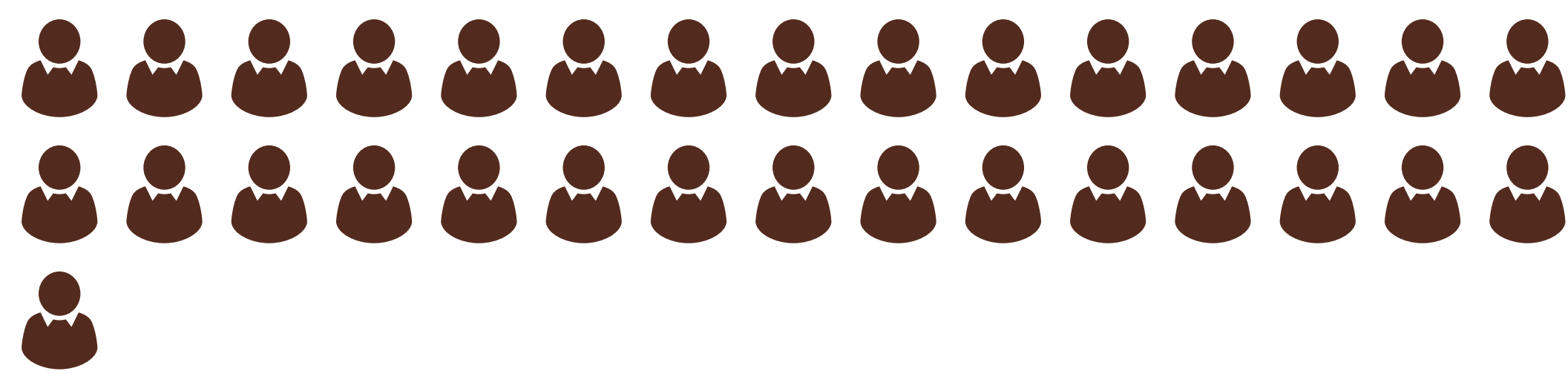
32  
PROJECTS



48  
STUDENTS



31  
FACULTY/  
STAFF



\$1,431,501  
TOTAL FUNDING APPROVED FOR FISCAL YEAR

\$80,271  
ADMINISTRATION FUNDING

\$1,203,149  
PROJECT FUNDING

\$148,082  
INDUSTRY CASH AND IN-KIND





WE'RE EVERYWHERE

DURHAM COLLEGE HAS 384 INTERNATIONAL STUDENTS FROM AROUND THE WORLD.



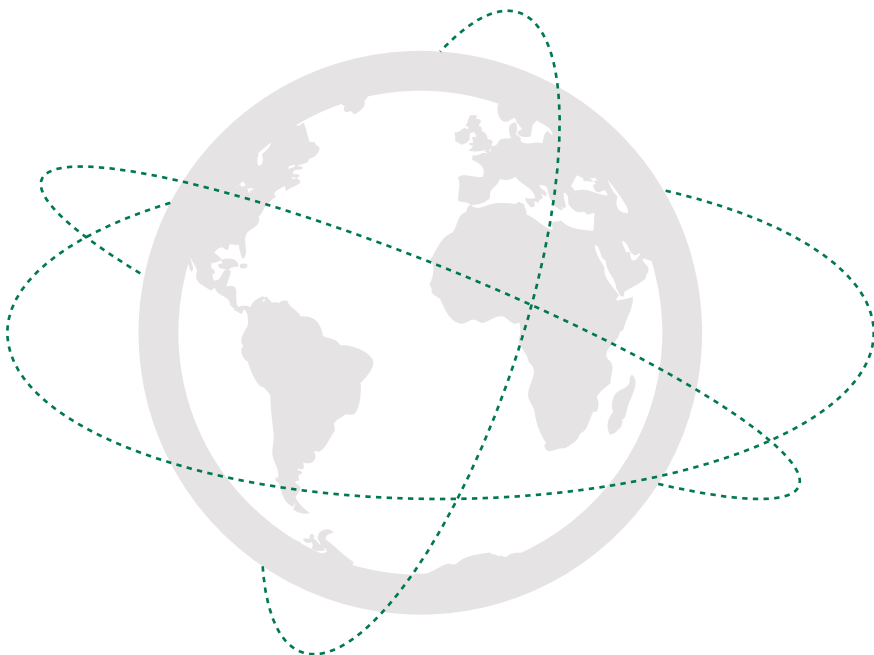
DC is proud to be partnering with the Government Technical Institute (GTI), Guyana on a three-year Employment for Education project funded by the Department of Foreign Affairs, Trade and Development and facilitated by the Association of Canadian Community Colleges.

The project includes working with the College of the North Atlantic and the Fisheries and Marine Institute of Memorial University in St. John’s N.L. to build the capacity of GTI and enable it to offer an automotive electronics program that addresses the requirements of modern automobiles in Guyana. The project will pay special attention to issues of gender equality and environmental sustainability.

This year there were two inception missions to Guyana by members of the project team and Darrin Caron, principal of the Whitby campus and dean of the School of Skilled Trades, Apprenticeship & Renewable Technology and Centre For Food, to aid in the development of the project implementation plan. Over the course of the three years, there will be a mobilization of faculty and knowledge in both directions to fulfil the planned activities and outcomes of the project.

FROM HERE TO THERE  
ACADEMIC PATHWAYS TO UNIVERSITIES IN CANADA  
AND AROUND THE WORLD

In addition to providing pathways into DC, we also offer more than 450 academic pathways to universities in Ontario, Canada and around the world, including Ireland and Australia, which enable qualified graduates to enter numerous undergraduate degree programs with advanced standing and complete their degree requirements in as little as two additional semesters of study.





WE'RE HERE

STUDENTS

11,502

POST-SECONDARY

9,181

DOMESTIC

127

SECOND CAREER

553

COLLABORATIVE  
NURSING

1,257

APPRENTICESHIP

384

INTERNATIONAL

STAFF

765

FULL-TIME  
EMPLOYEES

316 FACULTY  
351 SUPPORT STAFF  
98 ADMINISTRATIVE STAFF

753

PART-TIME  
EMPLOYEES

600 FACULTY  
147 SUPPORT STAFF  
6 ADMINISTRATIVE STAFF

347

CONTINUING  
EDUCATION  
INSTRUCTORS

BOARD OF GOVERNORS

Ron Chatterton, chair  
Pierre Tremblay, vice-chair  
Douglas I. Allingham  
Dan Borowec  
Thomas Coughlan  
Garry Cubitt, LGIC Appointment  
Kevin Dougherty, elected academic member  
Joanne Dykeman  
Darren Fisher, elected support staff member  
Renate Ilse  
Paul Macklin  
Donna Raetsen-Kemp, LGIC Appointment  
Zain Shafique, elected student member  
Mary E. Simpson, LGIC Appointment  
Judith Spring, elected administrative staff member  
Don Lovisa, president, ex-officio  
Jennifer Clark, board secretary

SENIOR LEADERSHIP TEAM

Don Lovisa, president  
Scott Blakey, vice-president, Administration  
Nevzat Gurmen, vice-president, Corporate Services and Chief Financial Officer  
Meri Kim Oliver, vice-president, Student Affairs  
Judy Robinson, vice-president, Academic

PROGRAMS OFFERED

135

FULL-TIME

12

APPRENTICESHIP

84

CONTINUING  
EDUCATION

*Note: All data shown is for the 2013-2014 fiscal year.*



IN 2013-2014 WE WERE THERE



- **\$152,000** in financial needs-based bursaries to assist 150 students
- **184** students earned **\$138,000** in scholarships for academic excellence
- **192** Durham Region secondary-school students completed the Centre for Success program
- **6,138** guests attended fall and spring open houses
- Total enrolment for full-time post-secondary and apprenticeship students reached more than **11,000** including **384** international students
- **1,257** apprenticeship students
- **63,000** graduates and counting since Day 1 in 1967
- **\$1,431,501** total research funding approved for fiscal year
- **70** – percentage of learners from Durham Region
- **92.2** – percentage of employers satisfied with hiring a Durham grad
- **85.5** per cent graduate employment rate
- **7,037** followers on Twitter
- **8,627** likes on Facebook



“The overall environment at DC allows you to improve yourself, grow and mature. It was a time when I gained a tremendous amount of confidence in my own ability.”

**IAN BALL**

GRADUATE, 2002 BUSINESS ADMINISTRATION – MARKETING  
MCEWEN MINING



## A GOLDEN EXAMPLE

Ian Ball, a graduate of DC's Business Administration – Marketing program, showcases the impact DC graduates are having in the globalized marketplace. After graduating from his post-secondary studies, Ball broke into one of the toughest industries – mining.

“It was a life-changing three years, from academic probation in first year to a near perfect grade point average by graduation,” said Ball. “The overall environment (at DC) allows you to improve yourself, grow and mature. It was a time when I gained a tremendous amount of confidence in my own ability.”

After graduating from DC, Ian was in university studies when he met successful businessman Robert McEwen. After a chance run-in and some persistent follow-up, he was able to secure a position with McEwen's operation at the time, Goldcorp. It was there that Ball was provided the opportunity to find his place within the mining industry.

When McEwen left Goldcorp in 2005 and launched U.S. Gold Corporation, acquired Minera Andes and renamed it McEwen Mining (in 2012), Ball naturally followed and worked his way up the ladder on the all-important exploration front. McEwen inspired Ball and drove him to succeed much in the same way his fellow DC students inspired him to achieve success scholastically. “In my first year at DC, a fellow student and friend, Keith Binns, seemed to know the answers to every question,” said Ball, when asked about what influenced him. “He inspired me to get to that level and by the end of my second year I started to beat him on a few tests and proved to myself that I could do this, I could be successful.”

During his successful ascent in the mining industry, Ball used unconventional methods to promote the industry by offering stock options and \$1,000 bonuses to local prospectors, which eventually led to his discovery of the silver mine El Gallo 2 in Mexico. As well, Ball led McEwen Mining in its development of gold-silver mine El Gallo 1 and achieved the build under budget and on schedule, a feat rarely achieved in mining construction. Since then, Ball has continued to pursue new innovations including the use of electric haul trucks versus diesel and new processing technologies to produce gold as McEwen Mining strives to advance the industry.

Ball has been able to give back, both through his company's growth and his own personal growth. He maintains a scholarship at DC and has done so since graduating from university. The scholarship is awarded annually to the most improved student from year one to year two of the Business Administration – Marketing program. He chose to establish this scholarship based on the personal changes he underwent through his time at DC.

McEwen Mining provides infrastructure in the mining areas of Mexico and Argentina. This includes paved roads, clean water, large equipment training, laptop and Wi-Fi education and scholarships in the mining sector, which assist in changing community mindsets about the mining industry and provide individuals with new and unique skills.





“There were only 14 people in the program and to this day, we are a close-knit group. Most of us still keep in touch.”

**MICHELE ROBERTS**

GRADUATE, 2006 BIOMEDICAL  
ENGINEERING TECHNOLOGY  
PROJECT MANAGER,  
PHILLIPS HEALTHCARE

## LEARNING TO LEAD BY FOLLOWING

Michele Roberts, a graduate of the Biomedical Engineering Technician program at DC, has established herself as an exceptional leader in the health-care industry. She works for Philips Healthcare Canada, a company focused on meaningful innovation and that serves professional and consumer markets through three overlapping sectors: health care, lighting and consumer lifestyle.

Beginning as a field service engineer with Philips, Roberts recently moved to a project manager role and has been recognized with several awards for her contributions. This includes a Silver Pinnacle Award in 2011 and a Gold Pinnacle Award in 2013, both of which recognize the highest level of achievement within Global Sales and Service in North America at Philips, accounting for the top three per cent of each department.

Roberts attributes her success to her start at DC, specifically to several key faculty members: Pravin Patel, Sandra Kudla and Richard Tidman. She credits them with transforming the program into one of the most respected in the province.

“It wouldn’t be the program it is without them,” said Roberts. “The DC biomedical program is very well-known and very well-respected throughout the health-care community because of the foundation they established. My team at Philips is currently made up of 60 per cent DC graduates.”

Along with the key faculty, Roberts also pointed to the strong sense of community at DC as a favourite memory. “As a class we all ended up becoming very close,” said Roberts. “We were the first students in the program so there were only 14 of us and to this day, we are a close-knit group. Most of us still keep in touch.”

Roberts gives back to the DC community that helped lead her to success by serving on the DC Program Advisory Committee for the Biomedical Engineering Technician program. This commitment allows her to assist with maintaining the high standards of the program set by her professors. She meets twice a year with a dozen other professionals to discuss how to better the program so graduates have the skills they need to succeed in the highly competitive health-care field. The committee also seeks donations, which can include new equipment for training or finding speakers or mentors for students.





“The skills I learned during my years at DC are still reflected in my every day work.”

**AMANDA DE SOUZA**

GRADUATE, 2008 ADVERTISING  
SENIOR GRAPHIC DESIGNER,  
W MAGAZINE

## TAKING A BITE OUT OF THE BIG APPLE

After graduating from DC in 2007, Amanda de Souza pursued her artistic passion in New York City (NYC) and has since become the senior designer for W Magazine, a Conde Nast publication.

Her years at DC allowed her to grow and focus her talents. From the team mentality instilled in her to the faculty support, de Souza credits DC with much of her workforce preparation.

“My classes were hands-on in that there are skills learned in my years at DC that, to this day, reflect in my everyday work,” said de Souza. “They prepared me for what was ahead in the fast-paced world of advertising in NYC.”

Her decision to move to NYC required a level of strength and determination that few possess. With the encouragement of DC faculty members who saw the talent she possessed, de Souza made the international leap with confidence.

“Dawn Salter was my professor and was always helpful and encouraging,” said de Souza. “She was an inspiration to me and as a woman it was important to me to have that kind of role model.”

de Souza recently showed and sold her work at a store called PIQ that is located in Grand Central Terminal. The PIQ store is bold and bright with a very contemporary look and features unique and unexpected items, including limited editions, and rare art pieces. De Souza has not limited her creative talent to her workplace. She also supports her community through art by volunteering for an organization called Sing for Hope in NYC.

“Last year I was a featured artist for one of their public art installation projects where 88 pianos were painted and placed throughout the city,” said de Souza. “The pianos then took up residency in schools, hospitals and community centres where Sing for Hope members continue to return for classes and workshops for fine and performing arts.”

She also provides inspiration and help for her program by serving on the DC Advertising Program Advisory Committee (PAC) and returning to the college as a guest speaker.



“If you put your mind to it, you can accomplish anything.” – Marty Mcfly, Back to the Future”

**RUSS MONTAGUE**

GRADUATE, 2004 ADVERTISING – ADMINISTRATION  
PRESIDENT AND CO-FOUNDER,  
NERD BLOCK AND SHIRTPUNCH

## EMBRACING GEEKNESS

Russ Montague has successfully discovered a way to convert his love of pop culture and his plethora of work experience with iconic companies such as MuchMusic, MTV Canada and Universal Studios into multiple entrepreneurial endeavours, making him a geek-culture staple.

In 2011, Montague founded the 24-hour flash retail website ShirtPunch, which offers customers in 96 different countries the opportunity to purchase a newly designed T-shirt at the low price of \$10. Each shirt is available for 24 hours only, increasing the exclusive nature of the design. This first dip into being an entrepreneur was sparked by Montague's desire to become his own boss and its foundation cemented during his time at DC.

“Going to Durham was eye-opening for me because I discovered what I really wanted to do right from day one,” said Montague. “It really shaped my foundation. I am a nerd at heart and if I didn't own these companies I would subscribe to them and purchase from them.”

The success of ShirtPunch's unique business model has enabled the company to receive endorsements from several celebrities including icons like director Kevin Smith and Marvel creator Stan Lee; opened doors to substantial licensing opportunities with large brands such as Star Wars, Star Trek, and most recently, the new NBC television show Hannibal; and allowed Montague to develop his second entrepreneurial endeavour, a subscription-based company called Nerd Block, which offers subscribers in 21 countries a box of five to six toys and collectibles and an exclusive T-shirt every month.

“It's interesting because there's a switch that happens,” said Montague. “At the beginning you're knocking on everyone's door and then all of a sudden they're knocking on your door. It's really weird when something like that happens – weird in a great way.”

His triumphs have allowed Montague to share his success with the community.

“Landing in the Durham Region is not a coincidence,” said Montague. “I know how hard it is to find a job in this area. When I built ShirtPunch and Nerd Block I had the opportunity to start anywhere, but there was no way I could leave this area. I knew I would get to employ a significant amount of people and I wanted to do it here.”



# Appendices

DURHAM COLLEGE  
2013-2014 ANNUAL REPORT





# Appendices

## Appendix A:

The provincial government's Minister Binding Policy Directive for Annual Reports requires that college annual reports include a summary of the results of the previous year's Business Plan. As such, the following chart captures some of the highlights that allowed the college to realize success in all four of the high-level goals in its 2013-2014 Business Plan.

Business plan goal	Achieved	Highlights:
Responsible, strategic growth	Yes 	<ul style="list-style-type: none"> <li>Finished construction on Centre for Food, classes began.</li> <li>Significant work accomplished on new Campus Master Plan with UOIT.</li> <li>Increased academic day from 8 a.m. to 6 p.m. to 8 a.m. to 9 p.m.</li> <li>Implemented three-year student services plan in Whitby.</li> <li>Created Healthy Campus Task Force.</li> </ul>
Dynamic partnerships	Yes 	<ul style="list-style-type: none"> <li>Submitted and received approval on a number of research proposal applications, with other proposals pending.</li> <li>Implemented e-portfolio project across select health programs.</li> <li>Joined with five other post-secondary institutions in project to assess student experiences in transitioning from college to university pathways.</li> <li>Established memorandum of understanding for Durham Learning and Business Innovation Park.</li> <li>Realized significant increases in the number of former Durham College students attending UOIT and the number of former UOIT students attending Durham College.</li> <li>Developed marketing plan with UOIT to foster greater gains in students moving between the two schools.</li> </ul>
Student-focused teaching and learning	Yes 	<ul style="list-style-type: none"> <li>Improved scores in four of the five core benchmark areas on the provincial key performance indicators survey.</li> <li>Met all six criteria from third-party Program Quality Assurance Process Audit.</li> <li>Provided training sessions to more than 600 participants for maximizing the use of the college's learning management system.</li> <li>Completed the successful move of nine programs from the Oshawa campus to the Whitby campus.</li> <li>Trained 42 faculty in the principles of effective hybrid and online course delivery.</li> <li>Began working toward establishing uniform communications course curriculum across all programs.</li> <li>Implemented Ontario Adult Literacy and Basic Skills Curriculum Framework.</li> <li>Reviewed 15 OntarioLearn courses and developed ratings, comments and recommendations for change.</li> <li>Joined virtual reference library service with 10 other colleges.</li> </ul>
Core institutional priorities	Yes 	<ul style="list-style-type: none"> <li>Expanded part-time hiring project to all academic schools.</li> <li>Completed three campus lockdown exercises.</li> <li>Completed employee engagement survey.</li> <li>Developed student mobile application.</li> <li>Fully launched I Heart DC committee.</li> <li>Created stewardship program to further engage donors and alumni.</li> <li>Achieved \$5 million fundraising goal.</li> <li>Achieved balanced financial results.</li> <li>Developed new fund to provide financial support to international students in need.</li> <li>Implemented Student Affairs office restructuring plan.</li> </ul>



# Appendix B:

## Key Performance Indicators (KPI) report

Ontario colleges are mandated by the provincial government to collect and report KPI data to measure how well they are meeting the needs of students, graduates and employers. The KPI initiative is designed to ensure colleges are accountable, effective and responsive to these stakeholders.

The chart below shares Durham College's results in the five KPI benchmark areas, along with the college's and system's changes versus 2013-2014.

Each year Durham College reviews the KPI results and introduces new measures intended to address areas of concern identified by students through the survey and improve student satisfaction as the college lives its mission that the student experience comes first. Every department then develops and implements KPI improvement plans to work toward enhancing the student experience. As a result, over the past year the college matched or improved its scores in four of five categories.

Benchmark category				
Student Satisfaction	74.3	0.5	-0.8	
Graduate Satisfaction	78.2	2.4	0.1	
Graduate Employment	85.5	1.8	-0.2	
Employer Satisfaction	92.2	-2.8	-1.2	
Graduation Rate	66.7	1.0	0.6	
DC per cent				
DC percentage point increase/decrease				
System percentage point increase/decrease				

Surveys were administered during the 2013-2014 fiscal year and results released to the colleges at the end of March, followed by a public release in mid-April.

# Appendix C:

Summary of advertising and marketing complaints received.

None received.

# Appendix D:

## Report on College Council

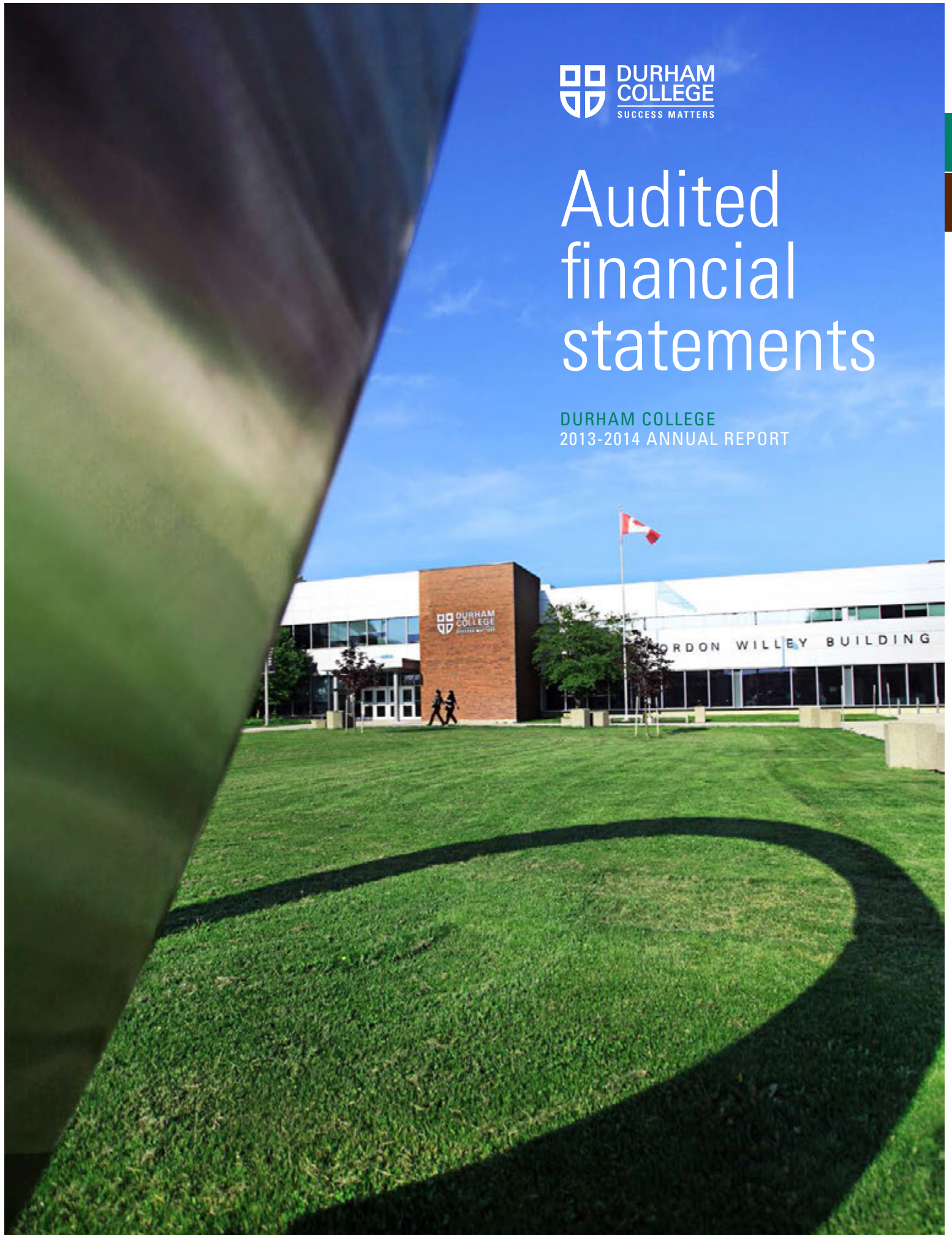
Once again in 2013-2014, College Council members helped inform and shape college decisions. Council met four times over the year, providing feedback on the college's 2013-2016 Strategic Plan, new operational policies, the provincial government's Strategic Mandate Agreement process, employee town hall, government post-secondary policy and college construction projects, along with comments about general issues impacting the campuses.





# Audited financial statements

DURHAM COLLEGE  
2013-2014 ANNUAL REPORT







*DC Consolidated Financial Statements of*

**DURHAM COLLEGE OF  
APPLIED ARTS  
AND TECHNOLOGY**

*Year ended March 31, 2014*



## 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, 2014, 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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants  
Mississauga, Ontario  
June 11, 2014



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## 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



Vice-President, Corporate Services and CFO

June 11, 2014



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Consolidated Statement of Financial Position


Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
<b>ASSETS</b>		
Current assets:		
Investments	\$ 14,474,315	\$ 12,825,440
Accounts receivable	15,697,032	14,451,992
Current portion of long-term receivable (note 3)	711,395	719,510
Inventories	820,709	781,846
Prepaid expenses	78,235	269,239
	31,781,686	29,048,027
Long-term receivables (note 3)	13,151,861	13,795,595
Capital assets (note 4)	187,444,217	199,429,927
	\$ 232,377,764	\$ 242,273,550
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Bank indebtedness	\$ 1,667,926	\$ 7,796,243
Accounts payable and accrued liabilities (note 5)	20,139,089	25,240,629
Accrued vacation	6,266,422	5,329,130
Deferred revenue (note 6(a))	8,228,535	6,869,006
Current portion of debt (note 7)	4,654,937	3,093,150
	40,956,909	48,328,158
Term debt due on demand (note 7)	51,282,503	53,928,324
	92,239,412	102,256,482
Deferred contributions (note 6(b))	103,706,127	106,538,075
Long-term debt (note 7)	16,218,034	14,126,689
Derivative liability (note 7)	2,840,033	3,981,739
Post-employment, retirement benefits and compensated absences (note 8)	5,028,725	5,455,789
	127,792,919	130,102,293
Net assets:		
Unrestricted		
Operating	(16,461,873)	(27,701,611)
Post-employment, retirement benefits, and compensated absences	(5,028,725)	(5,455,789)
Vacation pay	(6,266,422)	(5,329,130)
	(27,757,020)	(38,486,530)
Invested in capital assets (note 12)	24,982,214	34,398,588
Internally restricted (note 9)	635,650	1,187,301
Endowments (note 9)	13,277,435	12,749,968
	11,138,281	9,849,328
Accumulated remeasurement gains	1,207,154	65,448
	12,345,435	9,914,776
Commitments (note 14)		
Contingencies (note 15)		
Guarantees (note 16)		
	\$ 232,377,766	\$ 242,273,550

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

 Don Lovisa, President and Governor

 Ron Chatterton, Chair of the Board of Governors



## DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

### Consolidated Statement of Operations

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Revenue:		
Grants and reimbursements	\$ 62,197,596	\$ 60,976,502
Student tuition fees	39,060,836	36,336,324
Ancillary operations	11,522,217	10,483,374
Rental Income	9,653,572	9,065,385
Other income	21,776,475	20,917,796
Amortization of deferred capital contributions (note 6(b)(i))	6,197,462	5,998,112
Total revenue	150,408,158	143,777,493
Expenditure:		
Salaries and benefits	90,274,691	84,632,556
Instructional supplies	2,849,894	2,644,714
Contracted services	6,516,261	6,786,973
Utilities, maintenance and taxes	10,122,673	9,507,120
Interest and bank charges	4,461,127	4,677,070
Scholarships and bursaries	2,291,097	2,968,951
Supplies and other expenses	19,053,869	18,292,304
Amortization of capital assets (note 12(b))	14,077,060	13,926,825
Total expenditures	149,646,672	143,436,513
Excess of revenue over expenditures	\$ 761,486	\$ 340,980

See accompanying notes to the consolidated financial statements.



# **DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY**

Consolidated Statement of Changes in Net Assets  
Year ended March 31, 2014, with comparative figures for 2013

	Internally restricted net assets					2014	2013
	Unrestricted	Invested in capital assets (note 12)	Residence (note 17)	Foundation	Total internally restricted net assets (note 9)	Total	Total
Balance, beginning of year	\$ (38,486,530)	\$ 34,398,588	\$ 603,248	\$ 584,053	\$ 1,187,301	\$ 9,849,327	\$ 7,573,341
Excess of revenue over expenditures	8,641,084	(7,879,598)	-	-	-	761,486	340,980
Invested in capital assets (note 12(b))	1,536,776	(1,536,776)	-	-	-	-	-
Endowment contributions	-	-	-	-	527,469	527,469	1,935,006
Transfer (note 17)	551,651	-	(551,651)	-	(551,651)	-	-
Net changes during the year	10,729,511	(9,416,374)	(551,651)	-	(551,651)	1,288,954	2,275,986
Balance, end of year	\$ (27,757,019)	\$ 24,982,214	\$ 51,597	\$ 584,053	\$ 635,650	\$ 11,138,281	\$ 9,849,327

See accompanying notes to the consolidated financial statements.



## DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

### Consolidated Statement of Cash Flows

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 761,486	\$ 340,980
Items not affecting cash:		
Amortization of capital assets	14,077,060	13,926,825
Amortization of deferred capital contributions	(6,197,462)	(5,998,112)
Endowment contributions	527,469	1,935,006
Change in non-cash working capital:		
Accounts receivable	(1,245,040)	(658,284)
Inventories	(38,863)	(103,669)
Prepaid expenses	191,004	193,113
Accounts payable and accrued liabilities	(5,101,541)	3,252,198
Accrued vacation	937,292	208,109
Post-employment, retirement benefits and compensated absences	(427,064)	(185,676)
Deferred revenue	1,359,529	84,493
	4,843,868	12,994,982
Financing activities:		
Acquisition of new long-term debt	4,075,000	-
Repayment of long-term debt	(3,067,691)	(2,932,728)
	1,007,309	(2,932,728)
Capital activities:		
Contributions received for capital purposes	3,365,514	2,247,609
Purchase of capital assets	(15,823,621)	(17,416,458)
Sale of capital assets	13,732,274	-
	1,274,167	(15,168,849)
Investing activities:		
Decrease / (Increase) in long-term loan receivable	651,848	640,203
Decrease / (Increase) in investments	(1,648,875)	(2,151,568)
	(997,027)	(1,511,365)
(Decrease) / Increase in cash	6,128,316	(6,617,960)
Bank indebtedness, beginning of year	(7,796,243)	(1,178,283)
Bank indebtedness, end of year	\$ (1,667,926)	\$ (7,796,243)
Supplemental cash flow information:		
Interest paid	\$ 3,516,787	\$ 4,178,513

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, 2014, with comparative figures for 2013

	2014	2013
Accumulated remeasurement gains at beginning of year	\$ 65,448	\$ -
Unrealized gains / (losses) attributable to:		
Derivative - interest rate swap	1,141,706	65,448
Net remeasurement gains for the year	1,141,706	65,448
Accumulated remeasurement gains at end of year	\$ 1,207,154	\$ 65,448



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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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 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 and contract training revenues 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, residence 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, 2014

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### 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 revenue 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.

Pledged contributions for the College and the Ontario Student Opportunity Trust Funds ("OSOTF") are recognized as received when the related pledge is confirmed, the amount can be reasonably estimated and collection is reasonably assured.

#### (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 statement of remeasurement gains and losses until they are realized, when they are transferred to the 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 statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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### 1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

#### Amortized cost

This category includes accounts receivable, long-term receivable, accounts payable and accrued liabilities, bank indebtedness 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 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:

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

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Capital assets acquired during the year are amortized at half of the applicable rate.

# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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### 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 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, 2014

### 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 included in remeasurement gains and losses.

#### (j) 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 financial statements, and the reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates. Areas of key estimation include determination of fair value of investments and the derivative liability, allowance for doubtful accounts, deferred revenue 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.

	2014		
	Fair Value	Amortized Cost	Total
Accounts receivable	\$ -	\$ 15,697,032	\$ 15,697,032
Current portion of long-term receivables	-	711,395	711,395
Investments	14,474,315	-	14,474,315
Long-term receivable	-	13,151,861	13,151,861
Bank indebtedness	1,667,926	-	1,667,926
Accounts payable and accrued liabilities	-	20,139,089	20,139,088
Current portion of debt	-	4,654,937	4,654,937
Term debt due on demand	-	51,282,503	51,282,503
Long-term debt	-	16,218,034	16,218,034
Derivative liability	2,840,033	-	2,840,033
	<u>\$ 18,982,274</u>	<u>\$ 121,854,850</u>	<u>\$ 140,837,124</u>

# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

Investments consist of equity financial instruments in public companies (2014 - \$11,291,973, 2013 - \$8,507,670) and fixed income (2014 - \$3,182,342, 2013 - \$4,317,770). Investments include \$14,461,705 (2013 - \$12,784,015) of investments externally restricted for endowment purposes (see Note 9).

Maturity profile of bonds held is as follows:

	2014				Total
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	
Carrying value	\$ 250,098	\$ 2,495,668	\$ 436,576	\$ -	\$ 3,182,342
Percentage of Total	8%	78%	14%	0%	

	2013				Total
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	
Carrying value	\$ 206,061	\$ 1,103,110	\$ 1,391,440	\$ -	\$ 2,700,611
Percentage of Total	7%	41%	52%	0%	

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).



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2014			
	Level 1	Level 2	Level 3	Total
Investments	\$ 11,291,973	\$ 3,182,342	\$ -	\$ 14,474,315
Bank indebtedness	1,667,926	-	-	1,667,926
Derivative liability	-	-	2,840,033	2,840,033
Total	\$ 12,959,899	\$ 3,182,342	\$ 2,840,033	\$ 18,982,274

	2013			
	Level 1	Level 2	Level 3	Total
Investments	\$ 8,549,095	\$ 4,276,345	\$ -	\$ 12,825,440
Bank indebtedness	7,796,245	-	-	7,796,245
Derivative liability	-	-	3,981,739	3,981,739
Total	\$ 16,345,340	\$ 4,276,345	\$ 3,981,739	\$ 24,603,424

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2014 and 2013. There were also no transfers in or out of Level 3.

The College has long-term investments in a managed portfolio of equities, fixed income investments and mutual funds.

#### (i) Market risk:

Market risk arises as a result of trading fixed income securities. 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, 2014, 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 \$909,271 (2013 - \$835,517).

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 credit, interest rate, foreign currency, market 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, 2014

### 2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

#### (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 receivable 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 (2013 - \$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 receivable 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:

	2014					
	Total	Current	Past Due			
			1-30 days	31-60 days	61-90 days	91 - 120 days
Government receivables	\$ 2,269,566	\$ 2,269,566	\$ -	\$ -	\$ -	\$ -
Student receivables	2,334,804	-	117,552	35,836	179,806	2,001,610
Other receivables	12,056,901	10,193,419	711,686	776,490	34,195	341,111
Gross receivables	16,661,271	12,462,985	829,238	812,326	214,001	2,342,721
Less: impairment allowances	(964,240)	-	-	-	-	(964,240)
Net receivables	\$ 15,697,031	\$ 12,462,985	\$ 829,238	\$ 812,326	\$ 214,001	\$ 1,378,481

	2013					
	Total	Current	Past Due			
			1-30 days	31-60 days	61-90 days	91 - 120 days
Government receivables	\$ 1,373,585	\$ 1,373,585	\$ -	\$ -	\$ -	\$ -
Student receivables	2,535,891	-	55,140	82,790	271,238	2,126,723
Other receivables	11,474,342	9,746,168	705,098	574,958	39,730	408,389
Gross receivables	15,383,818	11,119,753	760,237	657,748	310,968	2,535,112
Less: impairment allowances	(931,826)	-	-	-	(832)	(930,994)
Net receivables	\$ 14,451,992	\$ 11,119,753	\$ 760,237	\$ 657,748	\$ 310,136	\$ 1,604,118

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, 2014

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### 2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

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, bank loans and term 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 10). 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 2.26% to 7.75% (2013 – 4.00% to 7.75%) with maturities ranging from January 22, 2015 to December 6, 2024 (2013 - January 20, 2014 to February 7, 2022).

At March 31, 2014, 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 \$103,613 and \$290,012 respectively (2013 – \$121,032 and \$354,534). The College's term debt as described in Note 7 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.

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.

#### *(iii) Foreign currency risk:*

The value of securities denominated in a currency other than Canadian dollars will be 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, 2014 were approximately \$3,470,420 (2013 - \$2,666,672) 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):

# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

		2014			
		Within 6 months	6 months to 1 year	1 - 5 years	> 5 years
Accounts payable	\$	20,139,088	\$ -	\$ -	\$ -
Debt		2,306,880	2,348,057	17,723,277	49,777,259
	\$	22,445,968	\$ 2,348,057	\$ 17,723,277	\$ 49,777,259

		2013			
		Within 6 months	6 months to 1 year	1 - 5 years	> 5 years
Accounts payable	\$	25,240,627	\$ -	\$ -	\$ -
Term debt		1,528,435	1,564,715	14,109,965	53,945,049
	\$	26,769,062	\$ 1,564,715	\$ 14,109,965	\$ 53,945,049

The College is also exposed to liquidity risk on its line of credit described in Note 7.

Derivative financial liabilities mature as described in Note 7.

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

### 3. LONG-TERM RECEIVABLES

#### (a) Long-term loan receivable

Includes a loan receivable from the Durham College Student Association Incorporated, amounting to \$758,664 (2013 - \$889,182) 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, amounting to \$11,542,957 (2013 - \$11,934,710) 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 10).



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 3. LONG-TERM RECEIVABLES (continued)

#### (c) Other long-term receivable

Includes an interest-free receivable from the University of Ontario Institute of Technology, amounting to \$850,240 (2013 – \$971,703) which is repayable at a fixed amount of \$121,463 annually until September 2021.

### 4. CAPITAL ASSETS

			2014	2013
	Ending Cost	Accumulated Amortization	Net book value	Net book value
Land	\$ 4,521,201	\$ -	\$ 4,521,201	\$ 12,928,016
Buildings	224,406,262	73,259,225	151,147,037	145,943,572
Building Improvements	46,893,445	29,070,413	17,823,032	18,493,442
Computers	2,429,393	2,429,393	-	-
Equipment and furniture	92,771,373	79,063,131	13,708,242	12,792,824
Construction- in-progress	244,705	-	244,705	9,272,073
	\$ 371,266,379	\$ 183,822,162	\$ 187,444,217	\$ 199,429,927

Amortization expense for the year is \$14,077,060 (2013 - \$13,926,825).

Construction-in-progress related to the Centre For Food was moved to buildings in 2014.

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

On September 4, 2003, the College purchased the Windfields Farms property for \$7,831,815, consisting of \$1,000,000 of cash and \$6,831,815 of debt, for the purposes of expansion including the future development of the University of Ontario Institute of Technology. At the time of acquisition, the ownership of the land resided with the College.

# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

Included in accounts payable and accrued liabilities was \$6,831,815 from 2007 due to the University of Ontario Institute of Technology relating to payments of \$2,277,272 each in years 2005, 2006 and 2007 for the mortgage payments, paid by the University, for the Windfields Farms land.

On April 1, 2013, Durham College received \$1,000,000 from the University as repayment of the initial payment on the purchase. Subsequent to year-end, the College and University signed an agreement such that title of the land was transferred to the University and thus the accounts payable extinguished for fiscal year 2014.

### 6. DEFERRED CONTRIBUTIONS

#### (a) *Deferred revenue*

Deferred revenue represents grants, tuition fees and other revenue 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.

	2014	2013
Balance, beginning of year	\$ 106,190,089	\$ 109,758,204
Contributions	2,248,611	2,429,997
Less amounts amortized to revenue	(6,197,462)	(5,998,112)
Balance, end of year	\$ 102,241,238	\$ 106,190,089



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 6. DEFERRED CONTRIBUTIONS (continued)

#### (ii) Foundation

	2014	2013
Balance, beginning of year	\$ 347,986	\$ 530,374
Transfers	(100,203)	(530,373)
Amortized to revenue	1,355,637	569,736
Scholarships & bursaries	(238,753)	(221,751)
Balance, end of year	\$ 1,364,667	\$ 347,986

#### (iii) Expenses of future periods

Deferred contributions represent unspent restricted donations for scholarships and bursaries.

	2014	2013
Balance, beginning of year	\$ -	\$ -
Contributions	100,222	-
Less amounts amortized to revenue	-	-
Balance, end of year	\$ 100,222	\$ -
Total deferred contributions	\$ 103,706,127	\$ 106,538,075

# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 7. DEBT

	2014	2013
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.	\$ 7,229,000	\$ 7,504,000
3.123% unsecured mortgage on student residence, repayable in semi-annual instalments of \$753,625 principal and interest, due February 2024. This loan is due on demand.	6,430,304	6,822,326
5.57% unsecured mortgage on student residence, repayable in monthly instalments of \$204,649 principal and interest, due May 2029, interest rate renewal in May 2014. This loan is due on demand.	25,090,894	26,198,572
2.87% unsecured loan to finance the Student Centre, repayable in monthly instalments of \$18,587 principal and interest, due October 2018. This loan is due on demand.	956,843	1,115,025
Variable rate secured mortgage, 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. This loan is due on demand.	11,934,710	12,306,914
4.89% unsecured mortgage on student residence, repayable in monthly instalments of \$74,505 principal and interest, due in May 2014. This loan is due on demand.	9,538,063	9,954,707
5.51% unsecured mortgage on student residence, repayable in monthly instalments of \$61,392 principal and interest, due July 2017.	6,900,659	7,246,620
1.81% unsecured mortgage to finance the Centre for Food, repayable in semi-annual instalments of \$700,841 principal and interest, due December 2016.	4,075,000	-
	72,155,473	71,148,163
Less current portion	4,654,937	3,093,150
Less term debt due on demand	51,282,502	53,928,324
	\$ 16,218,034	\$ 14,126,689



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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### 7. DEBT (continued)

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

2015	\$	4,654,937
2016		4,841,544
2017		5,068,193
2018		3,861,270
2019		3,952,271
Thereafter		49,777,259
	\$	<u>72,155,473</u>

Interest expense on long term debt of \$3,516,787 (2013 - \$4,183,595) is included in interest and bank charges expense.

The long-term debt has been secured by specific 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 199 Wentworth Avenue. 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, 2014, the College utilized \$3,205,729 (2013 - \$9,381,652) 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. The facility bears interest at prime on the \$1,000,000 portion and prime plus 0.50% on the excess. At March 31, 2014, the College utilized nil (2013 - \$833,201) of the operating line of credit.

# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 7. DEBT (continued)

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%.

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

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

	2014				
	Post-employment Benefits	Retirement Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$ 1,078,000	\$ 463,725	\$ 3,004,000	\$ 426,000	\$ 4,971,725
Value of plan assets	(173,000)		-	-	(173,000)
Unamortized actuarial gains/(losses)	107,000		222,000	(99,000)	230,000
Total liability	\$ 1,012,000	\$ 463,725	\$ 3,226,000	\$ 327,000	\$ 5,028,725

	2013				
	Post-employment Benefits	Retirement Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$ 1,267,000	\$ 601,789	\$ 3,414,000	\$ 412,000	\$ 5,694,789
Value of plan assets	(167,000)	-	-	-	(167,000)
Unamortized actuarial gains/ (losses)	(32,000)	-	(42,000)	2,000	(72,000)
Total liability	\$ 1,068,000	\$ 601,789	\$ 3,372,000	\$ 414,000	\$ 5,455,789



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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

	2014				
	Post-employment Benefits	Retirement Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$ (28,000)	\$ -	\$ 227,000	\$ 22,000	\$ 221,000
Interest on accrued benefit obligation	6,000	12,638	86,000	8,000	112,638
Amortized actuarial (gains)/losses	4,000	-	7,000	1,000	12,000
Total expense / (recovery)	\$ (18,000)	\$ 12,638	\$ 320,000	\$ 31,000	\$ 345,638

	2013				
	Post-employment Benefits	Retirement benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$ 99,000	\$ -	\$ 190,000	\$ 22,000	\$ 311,000
Interest on accrued benefit obligation	6,000	16,784	82,000	11,000	115,784
Amortized actuarial losses	2,000	-	18,000	4,000	24,000
Total expense	\$ 107,000	\$ 16,784	\$ 290,000	\$ 37,000	\$ 450,784

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, 2014

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### 8. 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 \$8,034,558 of which \$7,771,498 would be classified as Current Service (2013 – total \$6,968,815 of which \$6,837,899 were classified as Current Service) and contributions by employees amounted to \$7,910,593 (2013 - \$6,981,264). The most recent actuarial valuation filed with pension regulators as at January 1, 2014 indicated an actuarial surplus of \$525 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, 2014 of the future benefits was determined using a discount rate of 2.70% (2013 – 2.10%).

#### *b) Drug Costs*

Drug costs were assumed to increase at a 9.0% rate for 2014 and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034.

#### *c) Hospital and other medical*

Hospital and other medical costs were assumed to increase at 4.0% per annum in 2014 (2013 – 4.0%).



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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

Medical premium increases were assumed to increase at 7.5% per annum in 2014 and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 for the fiscal 2014.

#### d) *Dental costs*

For the fiscal 2014 disclosure, dental costs and premiums were assumed to increase at 4.0% per annum (2013 – 4.0%).

#### e) *Retirement rates*

7.0% per annum starting at eligibility for reduced pension, increasing to 40% 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, 2014

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

*For fiscal 2014 disclosure and benefits cost:*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Thereafter</u>
Wage and salary escalation - support staff	0.00%	0.00%	0.00%	1.75%
Wage and salary escalation - academic	0.00%	0.00%	1.75%	1.75%
Discount rate	2.10%	2.70%		

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.

### 9. RESTRICTED NET ASSETS

#### *Internally restricted*

**Residence reserve:** These funds are expendable for major capital refurbishments. Income earned is expendable.

**Fundraising - General:** These funds are expendable as directed by the individual donors. 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, 2014

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### 9. RESTRICTED NET ASSETS (continued)

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

	2014	2013
OSOTF (Note 10)	\$ 4,671,089	\$ 4,535,039
OTSS (Note 11)	5,743,725	5,576,432
Other	2,862,621	2,638,497
	<u>\$ 13,277,435</u>	<u>\$ 12,749,968</u>

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

### 10. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS

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

The College has recorded the following amounts under the program:

# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 10. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS (continued)

#### (a) OSOTF I:

	2014	2013
<b>Schedule of Changes in Endowment Fund Balance</b>		
Endowment fund balance, beginning of year	\$ 2,269,265	\$ 2,203,170
Preservation of Capital	68,078	66,095
Endowment fund balance, end of year	\$ 2,337,343	\$ 2,269,265
<b>Schedule of Changes in Expendable Funds Available for Awards</b>		
Expendable balance, beginning of year	\$ 50,031	\$ -
Realized investment income	232,690	85,834
Bursaries awarded	(36,094)	(35,803)
Expendable balance, end of year	246,627	50,031
Number of bursaries awarded	43	45
Market value of endowment	\$ 2,825,829	\$ 2,372,103



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 10. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS (continued)

#### (b) OSOTF II:

	2014	2013
<b>Schedule of Changes in Endowment Fund Balance</b>		
Endowment fund balance, beginning of year	\$ 2,265,773	\$ 2,199,780
Preservation of Capital	67,973	65,993
Endowment fund balance, end of year	\$ 2,333,746	\$ 2,265,773
<b>Schedule of Changes in Expendable Funds Available for Awards</b>		
Expendable balance, beginning of year	\$ 49,955	\$ -
Realized investment income		85,702
Bursaries awarded	(36,039)	(35,747)
Expendable balance, end of year	13,916	49,955
Number of bursaries awarded	43	45
Market value of endowment	\$ 2,821,480	\$ 2,368,452

# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 11. ONTARIO TRUST FOR STUDENT SUPPORT

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

The College has recorded the following amounts in this program:

	2014	2013
<b>Schedule of Changes in Endowment Fund Balance</b>		
Endowment balance, beginning of year	\$ 5,576,432	\$ 5,414,012
Preservation of capital	167,293	162,420
Endowment fund balance, end of year	\$ 5,743,725	\$ 5,576,432
<b>Schedule of Changes in Expendable Funds Available for Awards</b>		
Expendable balance, beginning of year	\$ 126,555	\$ -
Realized Investment income	578,682	214,535
Bursaries awarded	(88,698)	(87,980)
Expendable balance, end of year	\$ 616,539	\$ 126,555
Number of Bursaries awarded	106	111
Market value of endowment	\$ 6,954,599	\$ 5,832,749



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 12. INVESTED IN CAPITAL ASSETS

(a) Investment in capital assets represents the following:

	2014	2013
Capital assets - net book value	\$ 187,444,217	\$ 199,429,927
Less amounts financed by deferred capital contribution (note 6(b))	(102,241,238)	(106,190,089)
Less amount financed by debt	(60,220,765)	(58,841,250)
Investment in capital assets	\$ 24,982,214	\$ 34,398,588

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

	2014	2013
Amortization of deferred contributions related to capital assets (note 6(b))	\$ 6,197,462	\$ 5,998,112
Amortization of capital assets	(14,077,060)	(13,926,825)
	\$ (7,879,598)	\$ (7,928,713)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 15,823,621	\$ 17,416,459
Sale of capital assets	(13,732,274)	-
Amounts funded by:		
Deferred capital contributions (Note 6(b)(i))	(2,248,611)	(2,429,998)
Repayment of debt	(1,379,512)	2,579,099
	\$ (1,536,776)	\$ 17,565,560

### 13. SERVICE COSTS

Durham College provides certain administrative services to the University of Ontario Institute of Technology 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, 2014

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### 13. SERVICE COSTS (continued)

Effective April 1, 2007, the ancillary operations are being allocated based on metrics per operation between the College and the University of Ontario Institute of Technology. Prior to fiscal 2008, the gross revenues and expenses were recorded on the Durham College statements and an allocation of net profits was provided to the University.

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.

### 14. COMMITMENTS

#### *Premises and equipment*

Future minimum lease payments, exclusive of taxes and operating costs, for premises and equipment under operating leases at March 31, 2014 are as follows:

2015	\$ 392,652
2016	384,580
2017	387,051
2018	339,506
2019	305,052
Thereafter	1,386,701
	<hr/>
	\$ 3,195,542

### 15. 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, 2014 and accordingly, no provision has been made in these financial statements for any liability which may result.



# DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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### 15. CONTINGENCIES (continued)

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

### 16. GUARANTEES

The College's primary guarantees are as follows:

- (a) Indemnity has been provided to all directors and or officers of the College for various items including, but not limited to, all settled suits or actions due to association with the College, subject to certain restrictions. The College has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a governor, director or officer of the College. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) In the normal course of business, the College has entered into agreements that include indemnities in favour of third parties, such as student work placement agreements, purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the College to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.
- (c) The College received approval from the Ministry of Finance, Ontario to guarantee \$220,000,000 in Series A Debentures for the University of Ontario Institute of Technology. These debentures bear interest at 6.351%, payable semi-annually, with the principal due in 2034.

### 17. INTERNALLY RESTRICTED NET ASSETS - RESIDENCE

On June 11, 2014, the Board resolved to approve a transfer of \$551,651 from the Internally Restricted Net Assets to the residence for the purpose of capital improvements to the facility.

# **DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY**

**Notes to Consolidated Financial Statements**

Year ended March 31, 2014

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## **18. COMPARATIVE FIGURES**

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