



ANNUAL REPORT

2014-2015

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A LETTER FROM OUR PRESIDENT

It has been another successful year at Durham College (DC). We continue to foster innovation and drive the college forward as one of Ontario's leading post-secondary institutions.

One of the goals at DC is to support and empower OUR PEOPLE to make the best possible contribution towards the student experience; we do this by capitalizing on their vast experiences and expertise. One of the resounding sentiments we hear when speaking with DC's employees is that the college is like a family. It's a sentiment that shapes how we operate the college and underlies everything we do – that is why we captured its importance in our Strategic Plan.

With roots firmly entrenched in our local community and branches that span the globe, DC is working to prepare its graduates for the demands of a complex and changing economy and world by offering best-in-class teaching and learning.

As you read through the pages of this annual report you will see DC's innovation in action and learn more about some of the incredible employees who help make the college what it is today. From applied research achievements to hosting high-profile visitors on campus and mapping out the road ahead, Durham College's future is bright.

This is our annual report, **from our family to yours.**

Sincerely,

A handwritten signature in black ink, appearing to read 'Don Lovisa', with a large, stylized initial 'D'.

DON LOVISA
PRESIDENT

FAMILY VALUES — OUR MISSION, VISION, VALUES AND GOALS

MISSION

The student experience comes first at Durham College.

VISION

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

VALUES

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

We value:

Integrity and transparency – we behave and communicate sincerely and honestly.

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

Equal access and diversity – we embrace diversity, ensure accessibility and champion all learners.

Personal and team accountability – we do what we say we will do and are creative and innovative in how we conduct our business.

GOALS

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

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

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

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

GTA

**TOP
EMPLOYER**

5

**YEARS
RUNNING**

TOP 25
RESEARCH COLLEGES

6TH

CONSECUTIVE BALANCED BUDGET

777
FULL-TIME EMPLOYEES

974
PART-TIME EMPLOYEES

325

CONTINUING EDUCATION INSTRUCTORS



**MORE THAN
30,000
STUDENTS**





EMPLOYEE PROFILES

SPEND SOME TIME GETTING TO KNOW OUR FAMILY

OUR RESEARCH FAMILY

STEPHEN FORBES, PROFESSOR, SCHOOL OF BUSINESS, IT & MANAGEMENT AND
PRINCIPAL INVESTIGATOR, OFFICE OF RESEARCH SERVICES, INNOVATION AND ENTREPRENEURSHIP (ORSIE)

Whether spending time in the classroom, office or lab, Stephen Forbes understands the value of research for students, employees and the college as a whole.

In addition to his teaching role, Stephen also acts as a principal investigator with ORSIE, overseeing project teams in applied research by guiding them to resources and development principles and providing them with an authentic learning experience. As project manager he focuses on communicating with clients to determine their needs and DC's role in their projects and applies for funding.

Stephen is making an active difference in moving the applied research agenda forward for the college and cites the importance of exploration as a major research benefit.

"By establishing ORSIE and allocating resources to nurture its role as a conduit for research, Durham College has become a wonderful incubator for ideas benefitting faculty, employees and especially students," said Stephen. "Without the college supporting us materially and financially, none of these exceptional experiences would be possible."

Whether it's solving a problem for a local business or witnessing a student's ah-ha moment, Stephen is proud to call DC home. His role gives him the opportunity to do what he loves to do for the betterment of the college and community.

EMPLOYEE PROFILES

SPEND SOME TIME GETTING TO KNOW OUR FAMILY

OUR COMMUNITY FAMILY

STEPHANIE BALL, DEAN, SCHOOL OF JUSTICE & EMERGENCY SERVICES

Durham College (DC) is an integral part of Durham Region and is highly regarded as a strong contributor to the economic and social well-being of the community. As dean of the School of Justice & Emergency Services (JES), one of Stephanie Ball's major focuses is ensuring that her students learn first-hand the importance of supporting the communities where they ultimately hope to work upon graduation.

Many of the programs under Stephanie's supervision focus on and build community interests at the local, provincial, federal, and international levels into their academic agendas; student involvement in all of this is encouraged and supported.

For example, in the past four years, students and faculty from all of the JES programs have supported Team Chesson in the Terry Fox Run, resulting in raising over \$50,000, in support of both the overall cause and part-time faculty member Mike Chesson who successfully battled cancer.

DC's Police Foundations students, led by faculty members, provide support to the CIBC Run for the Cure at the Oshawa site each year. They also participate in community service hours with three elementary public schools in Oshawa that are home to high-risk students. The success of that initiative has led to requests for similar involvement from other schools.

Stephanie also leads by example, having personally volunteered extensively in Durham Region. "I am very proud of the culture of community service that exists in the School of Justice & Emergency Services through the examples provided by our administration and our faculty members," she said. "As a result of these deep-rooted involvements, my colleagues and I have the chance to provide our students with opportunities that they may not have otherwise."

Just like police, firefighting and youth justice programs are integral to local communities, so too is building that sense of service above self. It's an integral part of how both DC and our school operate.





OUR GLOBAL FAMILY

LON APPLEBY, PROFESSOR,
SCHOOL OF INTERDISCIPLINARY STUDIES &
EMPLOYMENT SERVICES

You don't need a passport to explore the world if you sign up for Professor Lon Appleby's Global Classroom. As founder of this unique course, Lon has created a teaching methodology that allows students to participate in a virtual classroom, learning from students and experts from around the world in real-time.

Lon cites the nature of the world today as the impetus for global learning. By reinventing traditional classroom models, DC is teaching students the importance of critical-thinking, creativity, and resilience, helping to build a worldview that is based on an understanding of diversity, shared problems and the consequences of human progress.

Students are being exposed to diverse cultures while also being challenged to think beyond their immediate environment. DC benefits by acting as the catalyst that brings participating institutions together, furthering its already internationalized campus and learning experience.

Lon is grateful to be working in an environment where this commitment to innovation is genuine. "There is a positive, can-do atmosphere on campus and some first-rate people in administration who are unafraid to push the envelope," said Lon. "They know how important it is to provide students with global learning opportunities and understand the digital revolution we are living in. It's not just about textbooks anymore."

High-quality teaching is critical to everything DC does and faculty are willing to engage students in different ways. Whether it's offering hybrid and online classes or promoting hands-on experiential education, students are benefitting. Globalizing the classroom is another example of innovative education in action. As the international presence on DC's campuses continues to grow, so too does the college's influence globally as we welcome students from around the world into our virtual family.



EMPLOYEE PROFILES

SPEND SOME TIME GETTING TO KNOW OUR FAMILY

OUR DIVERSE FAMILY

ALLISON HECTOR-ALEXANDER, DIVERSITY CONSULTANT, DIVERSITY OFFICE

Every family is comprised of people with different personalities, preferences and beliefs and DC is no exception. The college is filled with employees and students who each bring their own unique social identities to campus. Allison Hector-Alexander's job is to help make the college environment a welcoming one regardless of race, sex, gender, religion, sexual orientation or socio-economic status.

Whether it's designing and facilitating diversity training for employees and students, creating policies and procedures that support the college's mandate of inclusion or overseeing campaigns and initiatives, Allison is proud to act as a champion for inclusiveness.

"I absolutely love my job," said Allison. "When it comes to creating spaces of inclusion, Durham College recognizes the value of ensuring that systems are in place so that everyone feels comfortable bringing all of themselves to campus. We operate like family and that is so important for those who have not always felt that in other spaces."

From creating all-gender washrooms and multi-faith prayer spaces to the yes-means-yes initiative, Allison ensures diversity is a way of life at DC.

SHARING SUCCESS AT DC SUCCESS MATTERS AND WE ACHIEVED SOME AMAZING THINGS IN 2014-2015

GOOD INFLUENCE – AUGUST, SEPTEMBER AND OCTOBER 2014

DC's reputation as a leading post-secondary institution was confirmed when all three of Canada's top political leaders were welcomed to campus. In three separate visits over three consecutive months, Prime Minister Stephen Harper, Thomas Mulcair, official Opposition leader and leader of the New Democratic Party (NDP), and Liberal leader Justin Trudeau all visited the college, speaking with students and employees and touring both the Oshawa and Whitby campuses. **Three** political parties, **three** opportunities for engagement and **three** opportunities for DC to help shape the federal post-secondary discussion.

GOOD EATS – NOVEMBER 2014

Celebrity chef and Centre For Food (CFF) ambassador Jamie Kennedy hosted an exclusive lunch for the community in Bistro '67, DC's 70-seat, full-service, green-certified teaching-inspired restaurant which is open to the public. Jamie also met with students in the college's culinary and hospitality programs. **Four** courses, **over 50** guests and an exploration of the field-to-fork philosophy.

HONOUR ROLL

DC's students aren't the only ones achieving success. The college's employees work hard to earn their place on the honour roll, receiving both internal and external recognition for their contributions, innovations and hard work.

LIFETIME ACHIEVEMENT

In May 2014, Gary Gannon, professor and program co-ordinator of the Human Resources program in the School of Business, IT & Management, received a **Lifetime Contribution Award** from the Human Resources Professional Association (HRPA), Durham Chapter.

The HRPA recognizes Human Resources Management (HRM) professionals who have shown leadership and contributed to the development of the profession within the chapter during their career. Gary was honoured for his work in forging close partnerships between the college's HRM programs and the region's professional community.

PROVIDING BETTER CARE

Margret Campkin, a co-ordinator and professor in the Critical Care Nursing e-Learning Graduate Certificate program, received the **President's Award** at Lakeridge Health in August 2014 for her work on the Resuscitation Strategy Implementation Project. The award is presented to people who go above and beyond to make health-care facilities a better place for employees to work and for patients to receive care.

As the clinical lead of the project, Margret collaborated with and supported the resuscitation team to create new policies and procedures; implement basic cardiac life support guidelines; provide education to over **1,400** registered nurses, registered practical nurses and registered respiratory therapists; deliver **50** mock code blues (cardiac arrest scenarios); and roll out standardized resuscitation equipment, including automated external defibrillators and manual defibrillators and on-the-go live dates to four Lakeridge Health sites.

GOOD CONNECTIONS – DECEMBER 2014

Social media monitoring and analysis company MediaMiser named DC one of Canada's top social media colleges. By tracking social media metrics such as Twitter and Facebook mentions, page activity, likes, followers, and retweets, MediaMiser was able to compile a list of which Canadian colleges rank as the best in the country for using social networks to communicate effectively. DC finished in the **top 10** in several categories, including social media mentions. Over **8,400** Twitter followers and a reach of over **924,000**.

GOOD POLICY – MARCH 2015

Durham College finalized its stand-alone policy and procedure on sexual assault and violence. These documents provide precise definitions of sexual assault and sexual violence, set clear standards for reporting and responding to incidents of sexual violence, and establish clear processes for complaints and investigations. The policy also includes measures to ensure that people who make complaints are protected from reprisals, retaliation or threats. As well, it includes provisions to ensure that confidentiality is strictly observed. **One** policy, **one** procedure and a landmark first step in the fight against sexual violence.

FOR THE LOVE OF BOOKS

In August 2014, Jane Hilton, a project manager in the Office of Research Services, Innovation and Entrepreneurship became the **2015 President of the Ontario Library Association (OLA)**, the largest library association in Canada with over 5,000 members. Jane is the first library board member in 35 years to attain the office of president.

Committed to the importance of libraries to a community, Jane has gained much of her governance experience from her years on the Whitby Public Library Board to which she was recently reappointed.

SOLID GOLD

In March 2015, Durham College's (DC) Communications and Marketing department was awarded **gold medals** at the National Council for Marketing & Public Relations (NCMPR) Paragon Awards in the Video Shorts and Electronic College Annual Report categories. It also won **bronze** in Special Events Promotion. The prestigious awards are part of the only national competition of its kind showcasing outstanding achievement in communications at community and technical colleges.



OUR RESEARCH

The college's Office of Research Services, Innovation and Entrepreneurship (ORSIE) is responsible for driving innovation. Since its inception in 2009 it has created a strong applied agenda for DC, which is why the college was ranked number 25 on the list of Canada's Top 50 Research Colleges for the second year in a row.

It's an agenda designed to respond to the significant business and industry need for practical solutions through applied research and innovation activities, while remaining focused on providing unique and real-world experiences to students.

As the students are learning, ORSIE is also helping community businesses innovate, commercialize and advance ideas. Whether developing a solution to a business problem, improving a commercial product or system or providing consultancy services, ORSIE's involvement with its industry partners creates a win-win situation; students gain invaluable experience and businesses benefit from DC's best-in-class expertise.

ORSIE's work includes:

- Collaborating with local small- and medium-sized businesses in the information technology, energy, mechanical and electronics engineering technology, social sciences and humanities fields.
- Developing and implementing a strategic research plan.
- Maintaining a Research Ethics Board.
- Receiving important research funding from several government agencies.

ORSIE is unique in that it embraces all manner and types of research and quality assurance activities that occur throughout the college, by supporting those who are new to research as well as those who are more experienced to participate and lead interdisciplinary research opportunities.

RESEARCH HIGHLIGHTS

GAMING EVOLUTION

ORSIE's collaboration with Inventing Future Technology Inc. (IFTech) has brought excitement into the technological community with their flagship invention, As Real As it Gets (ARAIG). ARAIG is a suit that allows gamers to fully immerse themselves in virtual worlds, by providing the wearer with vibratory feedback, muscle stimulation and a 7.1 surround sound audio system. IFTech has utilized the expertise of DC's students and faculty to redesign and improve the functionality of the suit. This has provided hands-on opportunities for students as they practise the skills they are learning in class, in a real-world setting.

3D PRINTING

DC installed a new Fortus® 360mc rapid prototyper in its Integrated Manufacturing Centre (IMC) at the college's Oshawa campus. The installation is the result of a \$150,000 Natural Sciences and Engineering Research Council of Canada (NSERC) Applied Research Tools and Instruments (ARTI) grant that was awarded to the college via NSERC's College and Community Innovation (CCI) program. Students are using the machine to print parts for their pneumatic engine designs. These include pistons, cams, connecting rods and various brackets.

ENTREPRENEURIAL SPIRIT

Durham College and ORSIE launched the FastStart program (FastStart), a powerful new resource designed to help college students acquire entrepreneurial skills and convert innovative business ideas into successful companies through programs such as student incubators and boot camps.

IFTECH FOUNDER AND CO-CHIEF EXECUTIVE OFFICER BRODIE STANFIELD DISCUSSES THE ARAIG SUIT



PROJECT FUNDING RECEIVED IN 2014-15 FISCAL YEAR

\$393,073

TOTAL AMOUNT OF INDUSTRY CASH

\$17,000

INDUSTRY IN-KIND CASH

\$103,512

TOTAL AMOUNT OF ADMINISTRATION FUNDING

\$76,683

TOTAL NUMBER OF PROJECTS

19

STUDENTS INVOLVED

33

FACULTY AND STAFF INVOLVED

21



OUR EXTENDED FAMILY

The concept of family applies not only to the college employees and students but also to the wider community. DC is proud to call Durham Region home, partnering with local organizations, contributing to the economic stability of the region and supporting the communities that in turn support us.

- Total number of charities that benefitted from working with a DC employee in 2014-15: more than **150**
- Total employee hours spent on community projects in both personal and professional capacities: approximately **17,600**
- A third-party review found that Durham College's economic impact on Durham Region was valued at **\$816 million** in 2012-2013.
- Campuses in **Oshawa** and **Whitby** and the **Pickering Learning Site**
- More than **1,000** local industry and business leaders sitting on **77** Program Advisory Committees (PACs) means DC can tap into participant expertise to ensure its programs are current and aligned with industry trends.

COMMUNITY OUTREACH HIGHLIGHTS

OPEN HOUSE

DC welcomed over **7,400** future students, their families and friends to its annual Spring and Fall Open Houses. Guests had the opportunity to tour campus, meet with employees and students and experience the college first-hand.

MAKING IT MERRY FOR A LOCAL MOM IN-NEED

DC's employees and members of the Experience DC team, a group of 14 students who are part of a unique marketing and awareness campaign to help potential students connect with the college, helped make the holidays a little brighter for a local mom-in-need. After hearing the call for assistance via radio station Virgin 99.9, DC's Team Experience jumped into action, purchasing everything the pregnant mom would need from diapers to a crib. One year of tuition was also donated to help her achieve her dream of attending college.



GROWING OUR ROOTS

Whether at home or abroad DC is proud of its international presence and global partnerships.

- DC is home to **523** international students from around the world.
- The college is currently working on international projects with three countries – **Guyana, India** and **Peru**.
- DC offers more than **450** pathway opportunities where students can earn both a diploma and degree in less-than-traditional time, including more than **60** opportunities to transfer to our campus partner, the University of Ontario Institute of Technology (UOIT).
- DC has four offices in three countries overseas – **China, India** and **Nigeria**.
- **10** international students were recipients of in-course Academic Excellence scholarships.

INTERNATIONAL HIGHLIGHTS

PATHWAYS AND CONNECTIONS IN IRELAND

Durham College (DC) and the Irish Institute of Technology, Tralee (ITT) aligned on an articulation agreement that will enable graduates of several of the college's two- and three-year programs to enter ITT's bachelor programs with advanced standing, allowing them to earn their degree in as little as two additional semesters of study. In addition, DC, along with UOIT and Trent University co-hosted the first Irish-Canadian Higher Education in Transformation Symposium, held at both the Dublin Institute of Technology and the Printworks, Dublin Castle. Representatives from DC were on-hand to share their expertise and showcase the excellent programs offered at the college.

DEVELOPING AN AUTOMOTIVE ELECTRONICS PROGRAM IN GUYANA

Durham College (DC), along with additional educational partners, is working with the Government Technical Institute (GTI) in Georgetown, Guyana to help develop a new Automotive Electronics Technician program. The three institutions will partner with faculty and administrators at GTI to develop a program responsive to the needs of Guyana's auto industry, which has seen a significant increase in the number of cars on the road with new electronic systems.

PROMOTING EDUCATION FOR EMPLOYMENT IN PERU

Durham College (DC) alongside other Canadian educational institutions announced new partnerships with Peruvian technical institutes. Working with Colleges and Institutes Canada (CICan), DC will help strengthen skills and technical training in key sectors of the Peruvian economy, which will set students up for employment success.

DURHAM COLLEGE'S INTERNATIONAL STUDENTS ARRIVE FROM AROUND THE GLOBE



STUDENTS FROM
51 COUNTRIES



ARTIST RENDERINGS OF dLAB PROJECT (LEFT) AND COMPLETED CAMPUS MASTER PLAN (ABOVE).

LOOKING AHEAD

DC honours its past, celebrates its present and eagerly anticipates and plans for the future. One of the fastest growing colleges in Ontario over the past five years in terms of enrolment, new programs and reputation, our connection to students and the broader community is stronger than ever. The college family continues to develop and grow to meet the demand for innovative, quality education and research for the betterment of our students and community.

CAMPUS MASTER PLAN

DC and the University of Ontario Institute of Technology (UOIT) are working together on a Campus Master Plan designed to address the future expansion and needs of both institutions. Two open houses were held in 2014-15 to share the development plans and progress with the campus community. Local media and members of the community attended to hear about the developments, ask questions and share in the excitement about the road ahead. Completion of the plan is scheduled for fall of 2015.

dLAB

DC is proud to be taking a leadership role in the development and realization of the Durham Learning and Business (dLAB) district (www.dlab.ws). dLAB has been designed to create links that will develop opportunities for students to get involved in research and manufacturing and entrepreneurial activities, which will in turn create stable and long-term employment.

This development project brings private enterprise together with higher education and emerging technology – a dynamic new urban hub of talent, innovation and growth.

APPENDICES

DC REALIZES SUCCESS WITH BUSINESS PLAN

Strategic planning is a key factor in Durham College finding short-, medium- and long-term success. In that context, 2014-2015 saw the college put forward another ambitious corporate Business Plan that resulted in significant efforts, activities and successes across campus.

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. Below is a summary of how DC did.

The college's 2014-2015 Business Plan contained four high-level goals:

- Responsible, strategic growth.
- Dynamic partnerships.
- Student-focused teaching and learning.
- Core institutional priorities that set out 65 specific objectives.

Hundreds of actions were taken to realize success in the four goals, and the results have collectively strengthened academic operations, helped grow and renew the campus, provided students with more support and services than ever before, increased the college's visibility in the community, and furthered research and innovation activities.

Among the many highlights of the past year, were:

RESPONSIBLE, STRATEGIC GROWTH

- Continued overall enrolment growth, even as the system flattened.
- International enrolment growth of 32 per cent, leadership on international projects and recruitment activities in new markets.
- Submission of a joint proposal with UOIT and Trent University to the provincial government for its Major Capacity Expansion program.

DYNAMIC PARTNERSHIPS

- College awarded two international development projects in Peru; implementation currently under way.
- Under the Science Without Borders project, more than 40 students from Brazil attended DC.
- Launched FastStart, a new post-secondary collaboration that is designed to increase entrepreneurial skills and awareness, while also helping students create solid business plans that take their products and services to market – quickly and successfully.
- Developed multiple new partnerships that provide new academic pathways for college students to pursue a university education in Ontario, England and Ireland.

STUDENT-FOCUSED TEACHING AND LEARNING

- Team Experience, a brand awareness campaign that is unique and innovative in connecting with students and drawing attention to the college.
- Enhancements, additional opportunities and a new delivery model for students in a number of service areas, including our Access and Support Centre, Financial Aid and with the credit transfer process.
- Launch of four new programs and the development of new hybrid and online courses.
- A continued commitment to campus safety through lockdown exercises and the launch of a new Sexual Assault and Sexual Violence policy and procedure.
- The successful launch of an innovative coaching model for students.

CORE INSTITUTIONAL PRIORITIES

- Launch of new core institutional documents to guide us in the years ahead, including a renewed Academic Direction, renewed Strategic Research Plan and a new Academic Information Technology Plan.
- Submission to the government of an application for our first-ever degree program.
- A fifth consecutive year with surplus financial results.

2014-2015 DURHAM COLLEGE BOARD OF GOVERNORS

- Ron Chatterton, chair of the Board
- Pierre Tremblay, vice-chair of the Board
- Douglas I. Allingham
- Nneka Bowen
- Dan Borowec
- Ivan DeJong
- Kevin Dougherty
- Joanne Dykeman
- Darren Fisher
- Renate Ilse
- Paul Macklin
- Debbie McKee Demczyk
- Donna Raetsen-Kemp
- Steve Stewart
- Heather Quantrill
- Doug Wilson
- Don Lovisa, president, ex-officio

DURHAM COLLEGE LEADERSHIP TEAM

- Don Lovisa, president, Durham College
- Judy Robinson, vice-president, Academic
- Meri Kim Oliver, vice-president, Student Affairs
- Nevzat Gurmen, vice-president, Corporate Services and chief financial officer
- Scott Blakey, vice-president, Administration

SUMMARY OF ADVERTISING AND MARKETING COMPLAINTS RECEIVED.

None received.

REPORT ON COLLEGE COUNCIL

College Council plays an important role in helping to inform and shape decisions and documents that are key to Durham College operations. Council met two times during 2014-2015, providing feedback on a range of new operational policies and procedures; reviewed the college's construction plans, its major capacity expansion proposal, and campus master plan; and also offered feedback on campus security and class scheduling, among other issues of importance. College Council is made up of representatives from across all employee groups – faculty, support and administrative staff – and is chaired by the college president.



AUDITED FINANCIAL STATEMENTS

ANNUAL REPORT 2014-2015

Consolidated Financial Statements of

**DURHAM COLLEGE OF
APPLIED ARTS
AND TECHNOLOGY**

Year ended March 31, 2015

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.

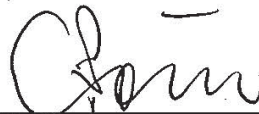
The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit and Finance 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 8, 2015



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BDO Canada LLP
1 City Centre Drive, Suite 1700
Mississauga ON L5B 1M2 Canada

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, 2015, 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, 2015 and the results of its operations, cash flows and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 8, 2015


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DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Consolidated Statement of Financial Position
Year ended March 31, 2015, with comparative figures for 2014

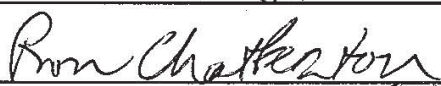
	2015	2014
ASSETS		
Current assets:		
Cash	\$ 3,914,621	\$ -
Investments	14,880,592	14,474,315
Accounts receivable	11,441,663	15,697,032
Current portion of long-term receivable (note 3)	738,731	711,395
Inventories	889,276	820,709
Prepaid expenses	148,439	78,235
	<u>32,013,322</u>	<u>31,781,686</u>
Long-term receivables (note 3)	12,379,154	13,151,861
Capital assets (note 4)	182,343,757	187,444,217
	<u>\$ 226,736,233</u>	<u>\$ 232,377,764</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Bank indebtedness	\$ -	\$ 1,667,926
Accounts payable and accrued liabilities (note 5)	21,497,876	20,139,087
Accrued vacation	6,687,240	6,266,422
Deferred revenue (note 6(a))	9,601,852	8,228,535
Current portion of debt (note 7)	5,765,145	4,654,937
	<u>43,552,113</u>	<u>40,956,907</u>
Term debt due on demand (note 7)	41,458,877	45,409,321
	<u>85,010,990</u>	<u>86,366,228</u>
Deferred contributions (note 6(b))	100,977,853	103,706,127
Long-term debt (note 7)	19,471,209	22,091,216
Derivative liability (note 7)	3,650,362	2,840,033
Post-employment, retirement benefits and compensated absences (note 8)	4,943,222	5,028,725
	<u>129,042,646</u>	<u>133,666,101</u>
Net assets:		
Unrestricted		
Operating	(19,031,635)	(16,461,873)
Post-employment, retirement benefits, and compensated absences	(4,943,222)	(5,028,725)
Vacation pay	(6,687,240)	(6,266,422)
	<u>(30,662,097)</u>	<u>(27,757,020)</u>
Invested in capital assets (note 12)	28,321,613	24,982,214
Internally restricted (note 9)	722,787	635,650
Endowments (note 9)	13,903,468	13,277,437
	<u>12,285,771</u>	<u>11,138,281</u>
Accumulated remeasurement gains	396,826	1,207,154
	<u>12,682,597</u>	<u>12,345,436</u>
Commitments (note 14)		
Contingencies (note 15)		
Guarantees (note 16)		
	<u>\$ 226,736,233</u>	<u>\$ 232,377,764</u>

See accompanying notes to the consolidated financial statements.

On behalf of the Board:



Director



Director

JNB/15

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2015, with comparative figures for 2014

	2015	2014
Revenue:		
Grants and reimbursements	\$ 64,929,382	\$ 62,197,596
Student tuition fees	42,050,718	39,060,836
Ancillary operations	11,393,307	11,522,217
Rental Income	9,314,920	9,653,572
Other income	22,432,150	21,776,475
Amortization of deferred capital contributions (note 6(b)(i))	6,402,733	6,197,462
Total revenue	156,523,210	150,408,158
Expenditure:		
Salaries and benefits	96,222,544	90,274,691
Instructional supplies	3,040,818	2,849,894
Contracted services	6,090,613	6,516,261
Utilities, maintenance and taxes	10,998,992	10,122,673
Interest and bank charges	3,477,960	4,461,127
Scholarships and bursaries	1,677,854	2,291,097
Supplies and other expenses	20,078,152	19,053,869
Amortization of capital assets (note 12(b))	14,414,819	14,077,060
Total expenditures	156,001,752	149,646,672
Excess of revenue over expenditures	\$ 521,458	\$ 761,486

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, 2015, with comparative figures for 2014

	2015					
	Internally restricted net assets				Total	
	Unrestricted	Invested in capital assets (note 12)	Residence (note 17)	Foundation		
Balance, beginning of year	\$ (27,757,019)	\$ 24,982,214	\$ 51,597	\$ 584,053	\$ 13,277,437	\$ 11,138,282
Excess of revenue over expenditures	8,533,544	(8,012,086)	-	-	-	521,458
Invested in capital assets (note 12(b))	(11,351,485)	11,351,485	-	-	-	-
Endowment contributions	-	-	-	-	626,031	626,031
Transfer (note 17)	(87,137)	-	175,065	(87,928)	87,137	-
Net changes during the year	(2,905,078)	3,339,399	175,065	(87,928)	87,137	1,147,489
Balance, end of year	\$ (30,662,097)	\$ 28,321,613	\$ 226,662	\$ 496,125	\$ 722,787	\$ 12,285,771
	2014					
	Internally restricted net assets				Total	
	Unrestricted	Invested in capital assets (note 12)	Residence (note 17)	Foundation		
Balance, beginning of year	\$ (38,486,530)	\$ 34,398,588	\$ 603,248	\$ 584,053	\$ 1,187,301	\$ 9,849,327
Excess of revenue over expenditures	8,641,084	(7,879,598)	-	-	-	761,486
Invested in capital assets (note 12(b))	1,536,776	(1,536,776)	-	-	-	-
Endowment contributions	-	-	-	-	527,469	527,469
Transfer (note 17)	551,651	-	(551,651)	-	(551,651)	-
Net changes during the year	10,729,511	(9,416,374)	(551,651)	-	(551,651)	1,288,953
Balance, end of year	\$ (27,757,019)	\$ 24,982,214	\$ 51,597	\$ 584,053	\$ 635,650	\$ 11,138,282

See accompanying notes to the consolidated financial statements.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2015, with comparative figures for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 521,458	\$ 761,486
Items not affecting cash:		
Amortization of capital assets	14,414,819	14,077,060
Amortization of deferred capital contributions	(6,402,733)	(6,197,462)
Endowment contributions	626,031	527,469
Change in non-cash working capital:		
Accounts receivable	4,255,369	(1,245,040)
Inventories	(68,567)	(38,863)
Prepaid expenses	(70,204)	191,004
Accounts payable and accrued liabilities	1,358,789	(5,101,542)
Accrued vacation	420,818	937,292
Post-employment, retirement benefits and compensated absences	(85,501)	(427,064)
Deferred revenue	1,373,317	1,359,529
	16,343,596	4,843,869
Financing activities:		
Acquisition of new long-term debt	-	4,075,000
Repayment of long-term debt	(5,460,243)	(3,067,690)
	(5,460,243)	1,007,310
Capital activities:		
Contributions received for capital purposes	3,674,459	3,365,514
Purchase of capital assets	(9,314,359)	(15,823,623)
Sale of capital assets	-	13,732,274
	(5,639,900)	1,274,165
Investing activities:		
Decrease in long-term receivables	745,371	651,848
(Increase) in investments	(406,277)	(1,648,875)
	339,094	(997,027)
Increase in cash	5,582,547	6,128,317
Cash / (indebtedness), beginning of year	(1,667,926)	(7,796,243)
Cash / (indebtedness), end of year	\$ 3,914,621	\$ (1,667,926)
Supplemental cash flow information:		
Interest paid	\$ 2,443,916	\$ 3,516,787

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, 2015, with comparative figures for 2014

	2015	2014
Accumulated remeasurement gains at beginning of year	\$ 1,207,154	\$ 65,448
Unrealized gains / (losses) attributable to:		
Derivative - interest rate swap	(810,328)	1,141,706
Net remeasurement gains for the year	(810,328)	1,141,706
Accumulated remeasurement gains at end of year	\$ 396,826	\$ 1,207,154

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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, 2015

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.

(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, 2015

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:

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

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, 2015

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, 2015

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.

	2015		
	Fair Value	Amortized Cost	Total
Cash	\$ 3,914,621	\$ -	\$ 3,914,621
Accounts receivable	-	11,441,663	11,441,663
Current portion of long-term receivables	-	738,731	738,731
Investments	14,880,592	-	14,880,592
Long-term receivable	-	12,379,154	12,379,154
Accounts payable and accrued liabilities	-	21,497,878	21,497,876
Current portion of debt	-	5,765,145	5,765,145
Term debt due on demand	-	41,458,877	41,458,877
Long-term debt	-	19,471,209	19,471,209
Derivative liability	3,650,362	-	3,650,362
	<u>\$ 22,445,575</u>	<u>\$ 112,752,657</u>	<u>\$ 135,198,231</u>

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

Investments consist of equity financial instruments in public companies (2015 - \$10,739,702, 2014 - \$11,291,973) and fixed income (2015 - \$4,140,890, 2014 - \$3,182,342). Investments include \$14,731,962 (2014 - \$14,461,705) of investments externally restricted for endowment purposes (see Note 9).

Maturity profile of bonds held is as follows:

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

	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%	

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, 2015

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

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

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2015 and 2014. 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, 2015, 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 \$902,409 (2014 - \$909,271).

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.

(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 (2014 - \$100,000).

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

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:

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

	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

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

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

The College is exposed to this risk through its interest bearing investments, bank loans and term debt.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

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 1.75% to 6.50% (2014 – 2.26% to 7.75%) with maturities ranging from February 22, 2016 to June 2, 2041 (2014 – January 22, 2015 to December 6, 2024).

At March 31, 2015, 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 \$242,400 and \$217,061 respectively (2014 – \$103,613 and \$290,012). 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, 2015 were approximately \$4,577,495 (2014 - \$3,470,420) 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, 2015

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

	2015			
	Within 6 months	6 months to 1 year	1 - 5 years	> 5 years
Accounts payable	\$ 21,497,878	\$ -	\$ -	\$ -
Debt	2,862,334	2,902,811	20,315,518	40,614,568
	\$ 24,360,212	\$ 2,902,811	\$ 20,315,518	\$ 40,614,568

	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

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 \$519,749 (2014 - \$758,664) 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. The current portion is \$204,939 (2014 - \$198,179).

(b) Student levy receivable

Includes a receivable from future student levies as approved by the Durham College Student Association Incorporated, amounting to \$11,130,628 (2014 - \$11,542,957) 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). The current portion is \$412,329 (2014 - \$391,753).

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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 \$728,777 (2014 – \$850,240) which is repayable at a fixed amount of \$121,463 annually until September 2021.

4. CAPITAL ASSETS

			2015	2014
	Ending Cost	Accumulated Amortization	Net book value	Net book value
Land	\$ 4,521,201	\$ -	\$ 4,521,201	\$ 4,521,201
Buildings	224,406,262	78,869,381	145,536,881	151,147,037
Building Improvements	52,199,336	32,364,171	19,835,165	17,823,032
Computers, equipment and furniture	99,426,836	87,003,431	12,423,405	13,708,242
Construction- in-progress	27,105	-	27,105	244,705
	\$ 380,580,740	\$ 198,236,983	\$ 182,343,757	\$ 187,444,217

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.

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.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

On April 1, 2013, Durham College received \$1,000,000 from the University as repayment of the initial payment on the purchase. During the year, 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.

	2015	2014
Balance, beginning of year	\$ 102,241,238	\$ 106,190,089
Contributions	3,031,363	2,248,611
Less amounts amortized to revenue	(6,402,733)	(6,197,462)
Balance, end of year	\$ 98,869,868	\$ 102,241,238

(ii) Foundation

	2015	2014
Balance, beginning of year	\$ 1,364,667	\$ 347,986
Transfers	(100,000)	(100,203)
Net Investment Income and Deferred Contributions	1,127,590	1,355,637
Scholarships & bursaries	(313,324)	(238,753)
Balance, end of year	\$ 2,078,933	\$ 1,364,667

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

6. DEFERRED CONTRIBUTIONS (continued)

(iii) Expenses of future periods

Deferred contributions represent unspent restricted donations for scholarships and bursaries.

	2015	2014
Balance, beginning of year	\$ 100,222	\$ -
Contributions	52,500	100,222
Transfers	(100,000)	-
Disbursements	(23,670)	-
Balance, end of year	\$ 29,052	\$ 100,222
Total deferred contributions	\$ 100,977,853	\$ 103,706,127

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

7. DEBT

	2015	2014
Variable rate secured mortgage, with an underlying swap fixing the rate at 5.14% on the Whitby Campus expansion, due in April 2016, interest and principal paid monthly.	\$ 6,942,000	\$ 7,229,000
3.123% unsecured mortgage on student residence, repayable in semi-annual instalments of \$753,625 principal and interest, due February 2024.	5,873,182	6,430,304
2.67% unsecured mortgage on student residence, repayable in monthly instalments of \$280,000 principal and interest, due May 2026.	32,336,181	25,090,894
2.87% unsecured loan to finance the Student Centre, repayable in monthly instalments of \$18,587 principal and interest, due October 2018.	724,688	956,843
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.	11,542,957	11,934,710
4.89% unsecured mortgage on student residence, repayable in monthly instalments of \$74,505 principal and interest, due in May 2014.	-	9,538,063
5.51% unsecured mortgage on student residence, repayable in monthly instalments of \$61,392 principal and interest, due July 2017.	6,535,157	6,900,659
1.81% unsecured mortgage to finance the Centre for Food, repayable in semi-annual instalments of \$700,841 principal and interest, due December 2016.	2,741,067	4,075,000
	66,695,232	72,155,473
Less current portion	5,765,145	4,654,937
Less term debt due on demand	41,458,877	45,409,321
	\$ 19,471,209	\$ 22,091,216

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

7. DEBT (continued)

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

2016	\$	5,765,145
2017		5,971,694
2018		4,741,628
2019		4,768,079
2020		4,834,118
Thereafter		40,614,569
	\$	<u>66,695,232</u>

Interest expense on long term debt of \$2,443,916 (2014 - \$3,516,787) is included in interest and bank charges expense.

In the prior year, the College renegotiated one of its finance arrangements. As a result, \$5,873,182 of debt was no longer due on demand. The prior year numbers have been restated to reflect this change.

In 2014-15, the long-term debts on the South Village residence (phase 1 and phase 2) were amalgamated into one new debt upon renewal.

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

The College has a credit facility agreement with a Canadian chartered bank, which provides for a revolving operating line of credit up to \$10,000,000, bearing interest at prime plus 1.25%. At March 31, 2015, the College utilized nil (2014 - \$3,205,729) of the operating line of credit.

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

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

7. DEBT (continued)

The facility bears interest at prime on the \$1,000,000 portion and prime plus 0.50% on the excess. At March 31, 2015, the College utilized nil (2014 – nil) of the operating line of credit.

The College has entered into Irrevocable Standby Letters of Credit with a Canadian chartered bank. The letters of credit consist of \$177,200 bearing interest at 1.2%, \$15,000 bearing interest at 1.2% and \$43,025 bearing interest at 0.4%.

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:

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

	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

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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

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

	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

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, 2015

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 \$8,742,836 of which \$8,455,509 would be classified as Current Service (2014 – total \$8,034,558 of which \$7,771,498 were classified as Current Service) and contributions by employees amounted to \$8,592,586 (2014 - \$7,910,593). The most recent actuarial valuation filed with pension regulators as at January 1, 2015 indicated an actuarial surplus of \$773 million.

Post-Employment Benefits

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

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

a) Discount rate

The present value as at March 31, 2015 of the future benefits was determined using a discount rate of 1.60% (2014 – 2.70%).

b) Drug Costs

Drug costs were assumed to increase at a 9% rate for 2015 and decrease proportionately thereafter to an ultimate rate of 4% in 2034.

c) Hospital and other medical

Hospital and other medical costs were assumed to increase at 4.0% per annum in 2015 (2014 – 4.0%).

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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

Medical premium increases were assumed to increase at 7.5% per annum in 2015 and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 for the fiscal 2015.

d) *Dental costs*

For the fiscal 2015 disclosure, dental costs and premiums were assumed to increase at 4.0% per annum (2014 – 4.0%).

e) *Retirement rates*

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

Compensated Absences

Vesting Sick Leave

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

Non-Vesting Sick Leave

The College allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

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

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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

For fiscal 2015 disclosure and benefits cost:

	<u>2015</u>	<u>2016 - 2017</u>	<u>Thereafter</u>
Wage and salary escalation - support staff	1.0%	0.5%	1.5%
Wage and salary escalation - academic	1.5%	1.8%	1.5%
Discount rate	1.6%		

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, 2015

9. RESTRICTED NET ASSETS (continued)

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

	2015	2014
OSOTF (Note 10)	\$ 4,811,222	\$ 4,671,089
OTSS (Note 11)	5,916,037	5,743,725
Other	3,176,209	2,862,623
	\$ 13,903,468	\$ 13,277,437

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, 2015

10. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS (continued)

(a) OSOTF I:

	2015	2014
Schedule of Changes in Endowment Fund Balance		
Endowment fund balance, beginning of year	\$ 2,337,343	\$ 2,269,265
Preservation of Capital	70,120	68,078
Endowment fund balance, end of year	\$ 2,407,463	\$ 2,337,343
Schedule of Changes in Expendable Funds Available for Awards		
Expendable balance, beginning of year	\$ 246,627	\$ 50,031
Realized investment income	157,320	232,690
Bursaries awarded	(40,134)	(36,094)
Expendable balance, end of year	363,813	246,627
Number of bursaries awarded	45	43
Market value of endowment	\$ 3,149,639	\$ 2,825,829

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

10. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS (continued)

(b) OSOTF II:

	2015	2014
Schedule of Changes in Endowment Fund Balance		
Endowment fund balance, beginning of year	\$ 2,333,746	\$ 2,265,773
Preservation of Capital	70,012	67,973
Endowment fund balance, end of year	\$ 2,403,758	\$ 2,333,746
Schedule of Changes in Expendable Funds Available for Awards		
Expendable balance, beginning of year	\$ 246,248	\$ 49,955
Realized investment income	157,078	232,332
Bursaries awarded	(40,072)	(36,039)
Expendable balance, end of year	363,254	246,248
Number of bursaries awarded	45	43
Market value of endowment	\$ 3,144,792	\$ 2,821,480

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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:

	2015	2014
Schedule of Changes in Endowment Fund Balance		
Endowment balance, beginning of year	\$ 5,743,725	\$ 5,576,432
Preservation of capital	172,312	167,293
Endowment fund balance, end of year	\$ 5,916,037	\$ 5,743,725
Schedule of Changes in Expendable Funds Available for Awards		
Expendable balance, beginning of year	\$ 616,539	\$ 126,555
Realized Investment income	393,430	578,682
Bursaries awarded	(98,624)	(88,698)
Expendable balance, end of year	\$ 911,345	\$ 616,539
Number of Bursaries awarded	112	106
Market value of endowment	\$ 7,757,157	\$ 6,954,599

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

12. INVESTED IN CAPITAL ASSETS

(a) Investment in capital assets represents the following:

	2015	2014
Capital assets - net book value	\$ 182,343,757	\$ 187,444,217
Less amounts financed by deferred capital contribution (Note 6(b)(i))	(98,869,868)	(102,241,238)
Less amount financed by debt	(55,152,275)	(60,220,765)
Investment in capital assets	\$ 28,321,614	\$ 24,982,214

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

	2015	2014
Amortization of deferred contributions related to capital assets (Note 6(b)(i))	\$ 6,402,733	\$ 6,197,462
Amortization of capital assets	(14,414,819)	(14,077,060)
	\$ (8,012,086)	\$ (7,879,598)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 9,314,360	\$ 15,823,621
Sale of capital assets	-	(13,732,274)
Amounts funded by:		
Deferred capital contributions (Note 6(b)(i))	(3,031,363)	(2,248,611)
Repayment of debt	5,068,488	(1,379,512)
	\$ 11,351,485	\$ (1,536,776)

13. SERVICE COSTS

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

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

13. SERVICE COSTS (continued)

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

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

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, 2015 are as follows:

2016	\$ 501,024
2017	486,708
2018	439,163
2019	404,709
2020	404,709
Thereafter	1,254,673
	<hr/>
	\$ 3,490,986

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, 2015.

DURHAM COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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 8, 2015 the Board resolved to approve a transfer of \$175,065 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, 2015

18. COMPARATIVE FIGURES

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



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