The Conestoga College Institute of Technology
and Advanced Learning

FINANCIAL STATEMENTS

March 31, 2015

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

INDEX OF CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

Year Ended March 31, 2015

May 22, 2015

Independent Auditor's Report

To the Board of Governors of
The Conestoga College Institute of Technology and Advanced Learning

We have audited the accompanying consolidated financial statements of The Conestoga College Institute of Technology and Advanced Learning and its subsidiary, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of revenue and expenditure, cash flows, changes in fund balances, and remeasurement gains and losses for the year then ended, and the related notes, which comprise 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 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.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Conestoga College Institute of Technology and Advanced Learning and its subsidiary as at March 31, 2015 and the results of their operations, their remeasurement gains and losses, changes in their fund balances and their cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING Statement 1

Consolidated Statement of Financial Position

March 31, 2015, with comparative figures for 2014

	Operating Fund (Statement 2)	Restricted Fund (Statement 2)	Endowment Fund (Statement 2)	Total March 31 2015	Total March 31 2014
ASSETS					
Current Assets:					
Cash and short term deposits	$ 28,499,370	$ 1,343,093	$ 2,377,556	$ 32,220,019	$ 34,648,808
Investment		445,330	1,701,241	2,146,571	1,812,466
Grants receivable	2,585,096			2,585,096	2,230,946
Accounts receivable	8,272,973	7,683		8,280,656	10,331,124
Inventory	606,358			606,358	793,479
Prepaid expense	678,375			678,375	746,828
	40,642,172	1,796,106	4,078,797	46,517,075	50,563,651
Long term pledges receivable	5,361,939			5,361,939	1,682,703
Capital assets (Note 7)	176,532,711			176,532,711	172,932,096
	$ 222,536,822	$ 1,796,106	$ 4,078,797	$ 228,411,725	$ 225,178,450
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	$ 14,817,452			$ 14,817,452	$ 13,213,067
Vacation pay accrual	10,092,330			10,092,330	9,675,016
Deferred revenue	21,521,214			21,521,214	22,301,513
Current portion of long term debt (Note 4)	1,591,974			1,591,974	1,524,020
Deferred contributions (Note 5)		1,108,115		1,108,115	910,158
	48,022,970	1,108,115		49,131,085	47,623,774
Long term debt (Note 4)	13,217,188			13,217,188	14,809,162
Deferred capital contributions (Note 6)	126,390,703			126,390,703	125,720,903
Post-employment benefits and compensated absences (Note 8)	6,737,000			6,737,000	6,885,000
	194,367,861	1,108,115		195,475,976	195,038,839
FUND BALANCES(DEFICITS)					
Unrestricted:					
Operations	9,783,519			9,783,519	11,438,555
Vacation	(10,092,330)			(10,092,330)	(9,675,016)
Post-employment benefits and compensated absences	(6,737,000)			(6,737,000)	(6,885,000)
	(7,045,811)			(7,045,811)	(5,121,461)
Investment in capital assets (Note 7)	35,332,846			35,332,846	30,878,012
Externally restricted fund balances		361,483	4,078,797	4,440,280	4,412,343
	28,287,035	361,483	4,078,797	32,727,315	30,168,894
Accumulated Remeasurement Gains(Loss)(Note 3)	(118,074)	326,508		208,434	(29,283)
	$ 222,536,822	$ 1,796,106	$ 4,078,797	$ 228,411,725	$ 225,178,450

Commitments (Note 9)

See accompanying notes to financial statements.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING Statement 2

Consolidated Statement of Revenue and Expenditure and Change in Fund Balances

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

	Operating Fund	Restricted Fund	Endowment Fund	Total 2015	Total 2014
Revenue:					
Grants	$80,496,125			$80,496,125	$78,621,292
Student tuition	58,495,032			58,495,032	52,929,555
Contracted services	8,699,657			8,699,657	7,923,940
Ancillary operations	15,185,436			15,185,436	15,757,277
Other	17,768,919			17,768,919	15,456,090
Restricted funds		784,462		784,462	809,435
Amortization of deferred capital contributions (Note 6)	6,836,231			6,836,231	7,176,196
Total revenue	187,481,400	784,462		188,265,862	178,673,785
Expenditure:					
Salaries and benefits	126,555,104			126,555,104	120,017,669
Non salary expenses	43,438,910			43,438,910	41,739,420
Amortization of capital assets	11,260,282			11,260,282	11,014,751
Scholarships, bursaries and work-study	3,696,620	789,406		4,486,026	3,160,077
Total expenditure	184,950,916	789,406		185,740,322	175,931,917
Excess of revenue over expenditure(expenditure over revenue)	2,530,484	(4,944)		2,525,540	2,741,868
Fund balances, beginning	25,756,551	366,427	4,045,916	30,168,894	27,340,163
Endowment contributions			32,881	32,881	86,863
Fund balances, ending	$28,287,035	$361,483	$4,078,797	$32,727,315	$30,168,894

See accompanying notes to financial statements.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING Statement 3

Consolidated Statement of Cash Flows

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

	Operating Fund	Restricted Fund	Endowment Fund	Total 2015	Total 2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES					
OPERATING					
Excess of revenue over expenditure - Restricted Fund		$ (4,944)		$ (4,944)	$ 26,414
Excess of revenue over expenditure - Operating Fund	$ 2,530,484			2,530,484	2,715,454
Items not involving cash:					
Realized gain recognized as income on endowment fund investment		(71,402)		(71,402)	(47,420)
Amortization of capital assets	11,260,282			11,260,282	11,014,751
Amortization of deferred capital contributions	(6,836,231)			(6,836,231)	(7,176,196)
	6,954,535	(76,346)		6,878,189	6,533,003
Accrual for post-employment benefits and compensated absences	(148,000)			(148,000)	(373,000)
Changes in non-cash working capital items:					
Grants Receivable	(354,150)			(354,150)	1,178,745
Accounts Receivable	2,046,882	3,586		2,050,468	(4,268,654)
Inventory	187,121			187,121	(152,016)
Prepaid Expenses	68,453			68,453	3,711
Accounts Payable	1,604,385			1,604,385	1,482,143
Vacation accrual	417,314			417,314	318,168
Deferred Revenue	(780,299)			(780,299)	4,761,279
	9,996,241	(72,760)		9,923,481	9,483,379
Financing					
Deferred Contribution		197,957		197,957	214,896
Endowment contributions			32,881	32,881	86,863
Change in fair value of interest rate swaps					
Accumulated remeasurement gain(losses) interest rate swap	72,650			72,650	117,496
Accumulated remeasurement gain(losses) endowment fund investment					
New long term debt					
Repayment of long term debt (Note 4)	(1,524,020)			(1,524,020)	(1,459,091)
	(1,451,370)	197,957	32,881	(1,220,532)	(1,039,836)
Capital					
Deferred capital contributions	7,506,031			7,506,031	1,539,145
Disposal of capital assets				-	8,481
Purchase of capital assets:					
College operating funds	(7,354,866)			(7,354,866)	(3,935,280)
Government grants	(2,266,911)			(2,266,911)	(951,174)
Other restricted amounts	(5,239,120)			(5,239,120)	(596,452)
	(7,354,866)			(7,354,866)	(3,935,280)
Investing					
Net change in long term receivable	(3,679,236)			(3,679,236)	654,233
Purchase of investments			(97,636)	(97,636)	(1,603,605)
Net cash inflow	(2,489,231)	125,197	(64,755)	(2,428,789)	3,558,891
Cash and short term deposits, beginning of year	30,988,601	1,217,896	2,442,311	34,648,808	31,089,917
Cash and short term deposits, end of year	$ 28,499,370	$ 1,343,093	$ 2,377,556	$ 32,220,019	$ 34,648,808

See accompanying notes to financial statements.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING Statement 4

Consolidated Statement of Changes in Fund Balances

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

	Operations	Vacation	Post-employment benefits and compensated absences	Total	Investment in Capital Assets	Operating Fund Total	Restricted Fund	Endowment Fund	Total 2015	Total 2014
Balances March 31, 2014	$11,438,555	($9,675,016)	($6,885,000)	($5,121,461)	$30,878,012	$25,756,551	$366,427	$4,045,916	$30,168,894	$27,340,163
Excess of revenue over expenditure (expenditure over revenue)	6,954,535			6,954,535	(4,424,051)	2,530,484	(4,944)		2,525,540	2,741,868
Vacation Pay	417,314	(417,314)		-						
Post employment benefits and compensated absences	(148,000)		148,000	-						
Capital asset additions financed with College funds	(7,354,865)			(7,354,865)	7,354,865					
Repayment of long term debt	(1,524,020)			(1,524,020)	1,524,020					
Proceeds on disposal of capital assets	-			-	-					
Accumulated Remeasurement Gains(Loss)										
Endowment contributions								32,881	32,881	86,863
Fund balances (deficits), end of year	9,783,519	(10,092,330)	$ (6,737,000)	$ (7,045,811)	$ 35,332,846	$ 28,287,035	$ 361,483	$ 4,078,797	$ 32,727,315	$ 30,168,894

See accompanying notes to financial statements.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING Statement 5

Consolidated Statement of Remeasurement Gains and Losses

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

	Operating Fund	Endowment Fund	Total 2015	Total 2014
Accumulated remeasurement gains(losses) at beginning of year	$ (190,724)	$ 161,441	$ (29,283)	$ (308,220)
Adjustment due to reclassification of fair value of interest rate swap				
Unrealized gains attributable to interest rate swap	72,650		72,650	117,496
Unrealized gains attributable to endowment fund short term investment		165,067	165,067	161,441
Accumulated remeasurement gains(losses) at end of year	$ (118,074)	$ 326,508	$ 208,434	$ (29,283)

See accompanying notes to financial statements.

Year Ended March 31, 2015

The Conestoga College Institute of Technology and Advanced Learning ("Conestoga") was established under the Ontario Colleges of Applied Arts and Technology Act as a corporation. Conestoga is a Crown agency. Its principal activity is to provide quality education, training, and related services.

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

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE

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

(a) BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of Conestoga and its wholly-owned subsidiary, Conestoga College Communications Corp., a not-for-profit corporation that is licensed by the Canadian Radio-Television and Telecommunications Commission to operate a radio station.

(b) BASIS OF PRESENTATION

In order to ensure observance of limitations and restrictions placed on the use of resources available to Conestoga, the accounts are presented as follows:

i) The Operating Fund is used to account for all revenues, expenditures and capital assets related to the operations of Conestoga.

ii) The Restricted Fund is used to account for funds received for specific purposes. These include student bursaries, scholarships, loans and joint employment stability funds.

iii) The Endowment Fund is used to account for the principal amount of funds held in trust from which only the income earned is expendable.

(c) REVENUE RECOGNITION

Conestoga follows the deferral method of accounting for contributions which include donations and government grants.

Tuition fees are recorded in the fiscal year in which the semester commences. Fees received for semesters commencing in a subsequent fiscal period are recorded as deferred revenue.

Contracted services and ancillary revenues including parking and bookstore are recognized when products are delivered or services are provided to the student or client, the sales prices are fixed and determinable, and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

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

Endowment contributions are recognized as direct increases in the Endowment Fund balance. Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

(d) USE OF ESTIMATES

The preparation of the consolidated financial statements, in conformity with Public Sector Accounting Board requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

(e) RETIREMENT AND POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

Conestoga 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. Conestoga 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. Adjustment 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 Conestoga's internal rate of borrowing.

(f) VALUATION OF INVENTORY

Inventory is valued at the lower of cost and net realizable value. Cost is determined based on average cost.

(g) LONG TERM PLEDGES RECEIVABLE

Long term pledges receivable includes corporate pledges for major capital projects as well as the agreed portion of the student capital development fee which will go towards the partial funding of the Student Life Centre and Recreation Centre building assets. Pledges receivable are recognized if the amount to be received is reasonably estimated and the ultimate collection is reasonably assured.

Year Ended March 31, 2015

(h) CAPITAL ASSETS

Capital assets are initially recorded at cost. Capital assets which are donated are recorded at their fair market value at the date of acquisition. Capital assets purchased through debt financing are recorded as an asset and liability. The liability is reduced as the debt is repaid. Conestoga records amortization on its capital assets at the following straight line rates: Site Improvements–10% Buildings–2.5%; Furniture and Equipment–20%; Information Technology- 33%; Other Assets- 20%. Disposals of capital assets are recorded in the accounts by removing the original acquisition cost and accumulated amortization. Any gain or loss on disposal is recorded in the Consolidated Statement of Revenue and Expenditure and Change in Fund Balances. Construction in Process costs are capitalized and amortization is not recognized until construction is complete and the assets are ready for productive use at which time they are transferred to their appropriate asset class.

(i) PENSION COSTS

Employees of Conestoga are members of the Colleges of Applied Arts and Technology Pension Plan (the “Plan”), which is a multi-employer jointly-sponsored defined benefit plan for eligible employees public colleges and related employers in Ontario. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan’s governors to ensure the long term viability of the Plan.

(i) VACATION PAY ACCRUAL

Vacation pay is accrued, as entitlement is earned.

(j) FINANCIAL INSTRUMENTS

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

Fair value
This category includes derivatives and investments. They are initially recognized at cost and subsequently carried at fair value. Unrealized 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.

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

Amortized cost
This category includes grants receivable, accounts receivable, long-term receivable, accounts payable and accrued liabilities, bank loans and 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.

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

Impairments on balances carried at amortized cost are recognized when there is a significant adverse change in the expected timing or amount of future cash flows. The balance is then written down to the highest of the present value of cash flows expected from holding the asset and the value of any associated collateral. The impairment is recognized on the statement of revenue and expenditure.

2. FINANCIAL INSTRUMENTS CLASSIFICATION

The following table provides cost and fair value information of financial instruments by category for 2015. The maximum exposure to credit risk would be the carrying value as shown below.

	Fair Value	Amortized Cost	Total
Assets:			
Cash and short term deposits	$32,220,019		$32,220,019
Investment	2,146,571		2,146,571
Grants receivable		$2,585,096	2,585,096
Accounts receivable		8,280,656	8,280,656
Liabilities:			
Long term pledges receivable		5,361,939	5,361,939
Accounts payable and accrued liabilities		14,699,378	14,699,378
Long term debt		14,809,162	14,809,162
Interest rate swap	118,074		118,074

Cash and short term deposits include a GIC with a Canadian bank. Endowment investment includes an investment pooling arrangement.

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 (ie 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 date (unobservable inputs).

	Level 1	**Level 2**	**Level 3**	**Total**
Cash and short term deposits	$32,220,019			$32,220,019
Investment		$2,146,571		2,146,571
Interest rate swap			$(118,074)	(118,074)
Total	$32,220,019	$2,146,571	$(118,074)	$34,248,516

Year Ended March 31, 2015

3. FINANCIAL INSTRUMENTS RISK MANAGEMENT

CREDIT RISK

Accounts receivable and certain long-term pledge receivable are ultimately due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. Students with funds owing to Conestoga are not able to receive marks, a T2202a tax form or register for the next term. Continuing education students are required to pay in advance before they can be registered in a course.

	Total	Current	Past Due 31-60 days	Past Due 61-90 days	Past Due Over 90
Government receivables	$2,585,096	$2,585,096			
Student receivables	5,159,118	3,839,648	$295,395	$177,039	$847,036
Other receivables	8,841,571	8,841,571			
Less: bad debt allowance	(358,094)				(358,094)
Net receivables	$16,227,691	$15,266,315	$295,395	$177,039	$488,942

Conestoga estimates its aggregate exposure to credit risk as the sum of its reported balances owing from third parties recorded on the Consolidated Statement of Financial Position.

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

Conestoga entered into an interest rate swap contract as part of its risk management strategy to minimize exposure to interest rate fluctuations related to the financing of the student life building. The interest rate swap contract involves an exchange of floating rate and fixed rate interest payments between Conestoga and a financial institution. The swap transactions are completely independent from and have no direct effect on the relationship between Conestoga and its lender. The notional amount of the interest rate swap contract outstanding at March 31, 2015 is detailed in Note 4 at 5.34%

At March 31, 2015, the fair value of the interest rate swap was $118,074 (2014 $190,724) in favour of the financial institution. The change in fair value of the interest rate swap is recorded in the Consolidated Statement of Remeasurement Gain and Losses.

CURRENCY RISK

Conestoga does not have any material transactions or financial instruments denominated in foreign currencies.

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

LIQUIDITY RISK

Liquidity risk arises through an excess of financial obligations over available financial assets at any point in time. Conestoga's objective in managing liquidity risk is to maintain sufficient readily available resources in order to meet its financial obligations as they fall due. Management monitors rolling forecasts of Conestoga's liquidity reserve (comprises undrawn borrowing facility, cash and cash equivalents) on the basis of expected cash flow. Conestoga currently settles its financial obligations out of cash and cash equivalents. The following table sets out the contractual maturities at the fiscal year end (representing undiscounted contractual cash-flows of financial liabilities).

	Up to 1 year	1-5 years	>5 years
Accounts payable	$14,817,452		
Term debt	1,591,974	$4,913,275	$8,303,913

Derivative financial liabilities which relate to the Student Life Building Loan matures as described in Note 4.

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.

4. LONG TERM DEBT

	2015	2014
Ontario government Residence Loan bearing interest at 3.511%. Repayable in May and November each year in a blended payment of $634,494.36. Due May 4, 2027.	$12,750,567	$13,550,751
Student Life Building Loan, bearing interest at 5.34%, repayable in blended monthly payments of $71,239, due on September 1, 2017.	2,058,595	2,782,431
	14,809,162	16,333,182
Less: Current Portion	1,591,974	1,524,020
	$13,217,188	$14,809,162

The blended monthly payment of $71,239 on the 5.34% mortgage is a result of Conestoga having entered into an interest rate swap agreement to convert floating rate debt to fixed rate debt until stated due date.

The Consolidated Statement of Revenue and Expenditure and Change in Fund Balances includes interest expense related to long term debt in the amount of $585,228(2014-$652,092).

The estimated principal portion of long term debt payments in the next 5 years is as follows.

2016	$1,591,974
2017	1,663,100
2018	1,378,171
2019	919,715
Thereafter	9,256,202

The long term debt is secured by a first collateral mortgage on the Doon campus.

5. DEFERRED CONTRIBUTIONS

Deferred contributions reported in the Restricted Fund relate to donations received for student bursaries and interest earned on related endowed and unspent funds. Changes in the deferred contributions balance in the Restricted Fund are as follows:

	2015	**2014**
Beginning balance	$910,158	$695,262
Add donations and grant received during year	565,305	579,941
Add interest earned on endowed and unspent funds	142,692	106,265
Less amounts recognized as revenue in the year	(510,040)	(471,310)
Ending Balance	$1,108,115	$910,158

6. DEFERRED CAPITAL CONTRIBUTIONS

Contributions restricted for the purpose of capital purchases are deferred and then amortized over the life of the asset at the corresponding rate to amortization as disclosed in Note 1 (i).

The sources of deferred capital contributions are as follows:

	Ministry Funded Grants	**Other**	**2015**	**2014**
Opening Balance	$112,256,254	$13,464,649	$125,720,903	$131,357,954
Deferred	2,266,911	5,239,120	7,506,031	1,539,145
Amortization	(5,776,272)	(1,059,959)	(6,836,231)	(7,176,196)
Ending Balance	$108,746,893	$17,643,810	$126,390,703	$125,720,903

Year Ended March 31, 2015

7. CAPITAL ASSETS

(a) Capital assets consist of the following

	Capital Costs	Accumulated Amortization	2015 Net Book Value
Land	$20,157,501		$20,157,501
Site Improvements	5,183,402	$4,502,503	680,899
Buildings	193,620,315	53,249,063	140,371,252
Furniture and Equipment	29,447,834	21,323,814	8,124,020
Information Technology	20,830,719	18,374,519	2,456,200
Construction in Process	4,532,059		4,532,059
Other Assets	1,234,345	1,023,565	210,780
	$275,006,175	$98,473,464	$176,532,711

	Capital Costs	Accumulated Amortization	2014 Net Book Value
Land	$20,157,501		$20,157,501
Site Improvements	5,183,402	$4,320,323	863,079
Buildings	187,889,098	48,615,325	139,273,773
Furniture and Equipment	28,165,837	19,657,446	8,508,391
Information Technology	19,690,150	17,293,003	2,397,147
Construction in Process	1,550,638		1,550,638
Other Assets	1,074,521	892,954	181,567
	$263,711,147	$90,779,051	$172,932,096

(b) Investment in Capital Assets

The net book value of capital assets is financed by:	**2015**	**2014**
Capital assets	$176,532,711	$172,932,096
Deferred capital contributions	(126,390,703)	(125,720,903)
Long term debt	(14,809,162)	(16,333,181)
Investment in capital assets ending balance	$35,332,846	$30,878,012

Excess of expenditure over revenue	**2015**	**2014**
Amortization of deferred capital contributions	$6,836,231	$7,176,196
Amortization of capital assets	(11,260,282)	(11,014,751)
Excess of expenditure over revenue for the year	($4,424,051)	($3,838,555)

Year Ended March 31, 2015

8. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

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

2015

	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$1,477,000	$4,505,000	$503,000	$6,485,000
Value of plan assets	(263,000)			(263,000)
Unamortized actuarial gains(losses)	81,000	618,000	(184,000)	515,000
Total liability	$1,295,000	$5,123,000	$319,000	$6,737,000

2014

	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$ 1,282,000	$ 4,268,000	$ 550,000	$ 6,100,000
Value of plan assets	(210,000)			(210,000)
Unamortized actuarial gain(losses)	116,000	1,062,000	(183,000)	995,000
Total liability	$ 1,188,000	$ 5,330,000	$ 367,000	$ 6,885,000

2015

	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost (recovery)	$131,000	$256,000	$17,000	$404,000
Interest on accrued benefit obligation	5,000	116,000	14,000	135,000
Amortized actuarial gain(losses)	(10,000)	(126,000)	30,000	(106,000)
Total expense(recovery)	$126,000	$246,000	$61,000	$433,000

	2014			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost(recovery)	$(24,000)	$322,000	$28,000	$ 326,000
Interest on accrued benefit obligation	5,000	122,000	10,000	137,000
Amortized actuarial losses	3,000	10,000	1,000	14,000
Total expense(recovery)	$(16,000)	$454,000	$39,000	$477,000

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

Retirement Benefits

CAAT Pension Plan

A majority of Conestoga's employees are members of the Colleges of applied Arts and Technology Pension Plan (the "Plan") which is a multi-employer jointly-sponsored defined benefit plan for eligible employees public colleges and related employers in Ontario. Conestoga makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governors to ensure the long term viability of the Plan.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. Conestoga does not recognize any share of the Plan's pension surplus or deficit. The most recent actuarial valuation filed with pension regulators as at January 1, 2015 indicated an actuarial surplus of $773 million. Conestoga made contributions to the Plan and its associated retirement compensation arrangement of $10,790,258 ($9,895,582 in 2014), which has been included in the Consolidated Statement of Revenue and Expenditure.

Post- Employment Benefits

Conestoga extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. Conestoga 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 9.0% per annum in 2014 and 2015, grading down to 4.0% per annum in 2034.

c) Hospital and other medical

Hospital and other medical costs were assumed to increase at 4% per annum (2014-4.0%)

Medical premium were 7.5% per annum in 2014 and 2015, grading down to 4.0% per annum in 2034.

d) Dental costs

Dental costs were assumed to increase at 4% per annum in 2015 (2014-4.0%).

Compensated Absences

Non-Vesting Sick Leave

Conestoga 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.

Vesting Sick Leave

Conestoga 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 credits 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.

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

	2015	2014
Wage and salary escalation	0.00% - 1.75%	0.00% - 1.75%
Discount rate	1.60%	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 8.5% 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. COMMITMENTS

Conestoga has entered into various agreements to lease premises and equipment. The equipment leases have built-in options whereby Conestoga is able to purchase the equipment at the end of the lease, or to return the equipment to the lessor. The minimum payments required to the maturity dates of existing leases are as follows:

	Premises	Equipment	Total
2016	462,695	10,785	473,480
2017	228,572	5,412	233,984
2018	72,719	5,412	78,131
2019		5,412	5,412
2020		1,479	1,479

The college has entered into an agreement for the renovation of the Student Athletic Centre to be completed in 2015/16. The total construction costs are expected to be approximately $21.5 million of which $4.5 million was expended at March 31, 2015.

10. UNION EMPLOYMENT STABILITY FUNDS

These funds included in the Unaudited Schedule 3, Analysis of Restricted Fund Balance required under the terms of the collective agreements for academic and support staff, are to be used to enhance employment stability. Under the agreements Conestoga makes annual contributions on a per capita basis. Disbursements must be authorized by a joint Union/College Committee.

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Unaudited Schedule 1

Analysis of Operating Fund Revenue

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

	2015	2014
Grants and government contracts:		
Operating - basic	$36,686,851	$37,404,743
Operating - enrolment growth	15,347,200	12,214,387
Operating - second career	1,931,775	2,073,015
Operating - performance	913,481	870,977
Operating - supplementary	1,485,317	2,826,139
Operating - premise rental	206,006	206,006
Operating - per capita tax	702,075	666,075
Apprentice Related	7,894,985	7,606,717
Employment Services	4,139,148	4,168,444
Literacy Basic Skills	2,068,212	2,083,809
Disability Services	1,593,493	1,697,212
Special Bursaries	290,792	358,668
Other Ontario	2,665,783	2,372,699
Municipal Grants	333,796	378,445
Federal Grants	4,237,211	3,693,956
	80,496,125	78,621,292
Tuition:		
Full time post secondary programs	46,046,256	42,018,029
Part-time courses and seminars	7,332,631	7,128,620
Full fee recovery programs	784,376	789,670
Apprentice	1,060,184	999,886
Student assistance program	3,271,585	1,993,350
	58,495,032	52,929,555
Contracted Services	8,699,657	7,923,940
Ancillary Operations	15,185,436	15,757,277
Other:		
Day Care revenue	1,099,268	1,176,548
Miscellaneous student fees	12,679,451	10,712,861
Miscellaneous revenue	3,990,200	3,566,681
	17,768,919	15,456,090
Amortization of deferred capital contributions:		
Grant	5,776,271	6,180,702
Other	1,059,960	995,494
	6,836,231	7,176,196
	$187,481,400	$177,864,350

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Unaudited Schedule 2

Analysis of Operating Fund Expenditure

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

	2015	2014
Salaries and Benefits		
Academic	$52,539,143	$50,296,350
Support	30,283,545	28,750,921
Administrative	17,457,930	16,129,206
Part Time Academic	19,202,477	18,384,844
Part Time Support	7,072,009	6,456,348
	126,555,104	120,017,669
Non Salary Expenses		
Student Related Expenses	12,511,857	12,013,803
Staff Related Expenses	3,919,072	3,983,691
Plant Related Expenses	10,253,482	9,328,556
Professional and Contract Fees	7,502,372	6,845,627
Other Expenses	6,381,410	6,520,980
Specifically Reimbursed Expenses	2,870,717	3,046,763
	43,438,910	41,739,420
Amortization of Capital Assets	11,260,282	11,014,751
Scholarships, Bursaries and Work-study	3,696,620	2,377,056
	$184,950,916	$175,148,896

THE CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Unaudited Schedule 3

Analysis of Restricted Fund Balance

Year Ended March 31, 2015 with comparative figures for 2014

	Student Bursary/ Scholarship/ Loan	Union Employment Stability (Note 11)	Total 2015	Total 2014
Balance at beginning of year				
Available for student loans	$ 38,967		$ 38,967	$ 38,604
Available for Employment Stability Activities		$ 327,460	$ 327,460	$ 301,409
	38,967	327,460	366,427	340,013
Increase in fund balance arising from:				
Deferred contributions recognized as revenue				
Donation income	598,186		598,186	666,804
Grant income			-	-
Investment income	143,084	4,198	147,282	110,528
College contribution		38,994	38,994	32,103
	741,270	43,192	784,462	809,435
Decrease in fund balance arising from:				
Deferred contributions	230,839		230,839	301,759
Bursaries and scholarships activities	510,040		510,040	471,310
Stability Fund activities		48,527	48,527	9,952
	740,879	48,527	789,406	783,021
Increase(Decrease) in fund for current year	391	(5,335)	(4,944)	26,414
Balance at end of year				
Available for student loans	39,358		39,358	38,967
Available for Employment Stability Activities		322,125	322,125	327,460
Restricted Fund	$ 39,358	$ 322,125	$ 361,483	$ 366,427