

Sheridan

Financial Statements and Supplementary Information of

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Year ended March 31, 2016

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**
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Year ended March 31, 2016

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Sheridan College Institute of Technology and Advanced Learning, which comprise the statement of financial position as at March 31, 2016, and the statements of revenue and expenditures, changes in net assets and cash flows for the year ended March 31, 2016 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of The Sheridan College Institute of Technology and Advanced Learning as at March 31, 2016, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 1, 2016

**The Sheridan College Institute of
Technology and Advanced Learning**
Statement of Financial Position
March 31, 2016, with comparative figures for 2015

	2016		2015	
Assets				
Current assets:				
Cash (note 3)	\$	21,188,844	\$	35,608,714
Investments (note 3)		116,331,180		113,183,894
Grants receivable		2,577,885		1,965,635
Grant receivable capital project (note 4)		47,842,400		-
Accounts receivable		10,430,585		9,322,574
Prepaid expenses and deposits		2,136,260		1,564,080
		<u>200,507,154</u>		<u>161,644,897</u>
Long-term grant receivable capital project (note 4)		-		19,022,357
Student levy receivable (note 5)		2,160,784		2,682,581
Other notes receivable		212,308		180,000
Capital assets (note 6)		<u>281,359,729</u>		<u>232,759,040</u>
	\$	<u>484,239,975</u>	\$	<u>416,288,875</u>
Liabilities, Deferred Contributions and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	\$	43,766,827	\$	39,047,324
Deferred revenue (note 7)		30,137,626		39,276,957
Note payable to Sheridan Student Union Incorporated (note 8)		4,184,995		3,946,983
Note payable capital project (note 4)		57,927,596		-
		<u>136,017,044</u>		<u>82,271,264</u>
Long-term debt (note 9)		17,673,173		19,104,484
Long-term payable capital project (note 4)		-		23,032,277
Employee future benefits (note 13)		1,636,000		1,600,000
Sick leave benefit entitlements (note 13)		5,764,000		5,979,000
Deferred contributions (note 10):				
Capital assets		141,561,348		117,458,083
Expenses of future periods		31,589,124		32,696,149
		<u>334,240,689</u>		<u>282,141,257</u>
Net assets:				
Unrestricted:				
Operating		5,128,878		5,128,878
Vacation pay accrual		(10,955,483)		(10,728,849)
Employee future benefits accrual (note 13)		(1,636,000)		(1,600,000)
Sick-leave benefit accrual (note 13)		(5,764,000)		(5,979,000)
		<u>(13,226,605)</u>		<u>(13,178,971)</u>
Internally restricted (note 16)		39,094,319		25,069,069
Invested in capital assets (note 11)		92,114,496		90,347,819
Restricted for endowments (note 3)		<u>32,017,076</u>		<u>31,909,701</u>
		<u>149,999,286</u>		<u>134,147,618</u>
Commitments (note 12)				
	\$	<u>484,239,975</u>	\$	<u>416,288,875</u>

See accompanying notes to financial statements

APPROVED BY THE BOARD



Board Chair



President and Vice Chancellor

**The Sheridan College Institute of
Technology and Advanced Learning**
Statement of Revenue and Expenditures

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

	2016	2015
Revenue:		
Grants and reimbursements	\$ 100,712,307	\$ 98,762,700
Amortization of deferred contributions related to:		
Capital assets	5,993,638	6,353,451
Expenses of future periods - other	8,033,237	7,860,328
Expenses of future periods - endowment fund	1,766,647	639,502
Student tuition	143,274,758	115,897,156
Ancillary operations	20,488,405	17,640,919
Student ancillary fees	24,130,174	19,836,667
Other (note 17)	10,960,004	11,257,309
Loss on disposal of capital assets	(16,310)	(17,754)
	315,342,860	278,230,278
Expenditures:		
Salaries and benefits	190,895,520	180,428,714
Supplies and services (note 18)	83,381,320	79,657,256
Amortization of capital assets	15,474,209	14,516,447
Vacation pay (recovery)	226,634	(53,064)
Employee future benefits	36,000	121,000
Sick leave benefit recovery	(215,000)	(289,000)
Other expenses related to deferred contributions - schedule 1:		
Awards and bursaries	7,251,573	6,210,365
Other	2,548,311	2,289,465
	299,598,567	282,881,183
Excess of revenue over expenditures (expenditures over revenue)	\$ 15,744,293	\$ (4,650,905)

See accompanying notes to financial statements

**The Sheridan College Institute of
Technology and Advanced Learning**

Statement of Changes in Net Assets

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

	2016					
	Invested in capital assets	Restricted for endowments	Unrestricted including research	Internally restricted	Total	
Net assets, beginning of the year	\$ 90,347,819	\$ 31,909,701	\$ (13,178,971)	\$ 25,069,069	\$ 134,147,618	
Excess of revenue over expenditures (note 11(b))	(9,496,881)	-	25,241,174	-	15,744,293	
Endowment fund contributions	-	107,375	-	-	107,375	
Investment in capital assets	9,561,834	-	(9,561,834)	-	-	
Repayment of long-term debt	1,222,288	-	(1,222,288)	-	-	
Internal restrictions	-	-	(14,504,686)	14,504,686	-	
Utilized internal restrictions	479,436	-	-	(479,436)	-	
Net assets, end of year	\$ 92,114,496	\$ 32,017,076	\$ (13,226,605)	\$ 39,094,319	\$ 149,999,286	

	2015					
	Invested in capital assets	Restricted for endowments	Unrestricted including research	Internally restricted	Total	
Net assets, beginning of the year	\$ 82,293,998	\$ 31,725,327	\$ (13,400,034)	\$ 37,994,858	\$ 138,614,149	
Excess of expenditures over revenue (note 11(b))	(8,180,750)	-	3,529,845	-	(4,650,905)	
Endowment fund contributions	-	184,374	-	-	184,374	
Investment in capital assets	12,020,832	-	(12,020,832)	-	-	
Repayment of long-term debt	1,144,941	-	(1,144,941)	-	-	
Internal restrictions	-	-	9,856,991	(9,856,991)	-	
Utilized internal restrictions	3,068,798	-	-	(3,068,798)	-	
Net assets, end of year	\$ 90,347,819	\$ 31,909,701	\$ (13,178,971)	\$ 25,069,069	\$ 134,147,618	

See accompanying notes to financial statements

**The Sheridan College Institute of
Technology and Advanced Learning**

Statement of Cash Flows

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

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures (expenditures over revenue)	\$ 15,744,293	\$ (4,650,905)
Items not involving cash:		
Amortization of capital assets	15,474,209	14,516,447
Amortization of deferred contributions related to capital assets	(5,993,638)	(6,353,451)
Loss on disposal of capital assets	16,310	17,754
Employee future benefits	36,000	121,000
Sick leave benefit recovery	(215,000)	(289,000)
Change in non-cash operating working capital items:		
Grants receivable	(612,250)	(331,363)
Grant receivable capital project	(47,842,400)	-
Accounts receivable	(1,106,776)	1,513,943
Prepaid expenses and deposits	(572,180)	423,192
Accounts payable and accrued liabilities	4,630,284	3,374,555
Deferred revenue	(9,139,331)	8,268,659
Note payable to Sheridan Student Union Incorporated	238,012	540,287
Note payable capital project	57,927,596	-
Net decrease in deferred contributions related to expenses of future periods	(1,107,025)	8,828,056
	27,478,104	25,979,174
Financing activities:		
Endowment fund contributions	107,375	184,374
Repayment of long-term debt	(1,342,092)	(1,258,452)
Long-term payable capital project	(23,032,277)	23,032,277
	(24,266,994)	21,958,199
Capital activities:		
Purchase of capital assets, net	(64,091,208)	(43,321,500)
Deferred contributions - capital assets	30,096,903	24,453,420
	(33,994,305)	(18,868,080)
Investing activities:		
Long-term grant receivable capital project	19,022,357	(18,046,457)
Net decrease of investments (net of fair market value adjustment)	(3,147,286)	(8,200,853)
Other notes receivable	(26,899)	41,060
Student levy receivable	515,153	450,198
	16,363,325	(25,756,052)
Net (decrease) increase in cash	(14,419,870)	3,313,241
Cash, beginning of year	35,608,714	32,295,473
Cash, end of year	\$ 21,188,844	\$ 35,608,714

See accompanying notes to financial statements

THE SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Notes to the Financial Statements

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

1. Description of Organization:

The Sheridan College Institute of Technology and Advanced Learning (“Sheridan”), established in 1967, is an Ontario college of applied arts and technology duly established pursuant to Ontario Regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. By Ontario Regulation 33/03, which was filed and came into effect on February 11, 2003, the name of Sheridan was changed to The Sheridan College Institute of Technology and Advanced Learning. Sheridan is an agency of the Crown and provides postsecondary and vocationally oriented education and training in areas such as animation, arts and design, applied computing and engineering sciences, business, and community and liberal studies.

Sheridan operates on a not-for-profit basis and is a registered charity and, as such, is exempt from income taxes under the Income Tax Act.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements include the accounts, transactions and operations for which Sheridan has jurisdiction. They do not include the accounts, transactions and operations of Sheridan Student Union Incorporated (“SSUI”) which is independently governed and managed, The Sheridan College Foundation, and The U.S. Sheridan College Foundation Inc..

These financial statements are the representation of management and have been prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(b) Revenue recognition:

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

Under the Ministry of Training, Colleges and Universities (“Ministry”), Sheridan is funded by the Province of Ontario in accordance with budget arrangements established by the Ministry. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2016.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. 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 endowment net assets.

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

Deferred revenue consists of student fees paid in advance and other revenue to be recognized when the related service is provided. Tuition fees are recognized as revenue when earned through the provision of service. Tuition fees are deferred to the extent that the related courses provided extend beyond the fiscal year of Sheridan.

Ancillary revenue including residence, parking 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.

(c) Cash and investments:

Cash and investments consist of cash on hand, bank balances and short term, highly liquid investments in money market and exchange traded funds. Investments are recorded at fair value on a trade date basis. Fair value is determined based on quoted market prices.

(d) Long-term grant receivable:

Long-term grant receivable is carried at amortized cost using the effective interest method.

(e) Long-term notes receivable:

Long-term notes receivable are carried at amortized cost using the effective interest method.

(f) Capital assets:

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. 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 Sheridan's ability to provide services, its carrying amount is written down to its residual value.

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

2. Significant accounting policies (continued):

(f) Capital assets (continued):

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2-1/2%
Parking lots and roadway	6-2/3%
Building renovations	Over the useful life
Leasehold improvements	Over term of lease
Furniture and fixtures	20%
Computer equipment	33-1/3%
Major equipment	10%
Equipment and vehicles	20%
Software implementation	14%

(g) Construction in progress:

Construction in progress includes interest and financing costs on funds borrowed for construction purposes. These costs are capitalized at the end of the construction period. Upon commencing use of the facility, capitalized construction costs are transferred to the various categories of capital assets and are amortized on a basis consistent with similar assets.

(h) Vacation pay:

Sheridan recognizes vacation pay as an expense as it is earned by employees.

(i) Sick leave benefit entitlements:

Vesting sick leave:

Sheridan has provided for vested 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 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 independent actuaries on behalf of the College System as a whole.

Non-vesting sick leave:

Sheridan 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 independent actuaries on behalf of the College System as a whole.

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

2. Significant accounting policies (continued):

(j) Employee future benefits:

Sheridan maintains separate defined benefit plans providing non-pension, retirement and post-employment benefits for substantially all full-time employees. Sheridan uses the deferral and amortization approach to account for its defined benefit plans. The costs of post retirement and post-employment benefits related to current service are charged to income annually. The current service cost and the accrued benefit obligation are actuarially determined for each plan using the projected benefit method prorated on service, and management's estimates of investment yields, salary escalation, health care trends and other factors. The most recent actuarial valuation of the benefit plans for funding purposes was as of January 1, 2014, and the next required valuation will be as of January 1, 2017.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the post-retirement benefits plan is 11.7 years (2015 – 11.7 years).

(k) Internally restricted net assets:

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

(l) Expendable funds, including bursaries/scholarships and student building fund:

These funds are contributed or pledged for specific purposes; the total funds received, including income earned, are expendable for the specific purpose outlined when the funds were donated.

(m) Endowment funds:

These funds are contributed for specific purposes; the principal sum must be held for investment while the income earned is expendable for the specific purpose(s) outlined when the funds were donated.

(n) Financial instruments:

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

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

2. Significant accounting policies (continued):

(n) Financial instruments (continued):

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

All financial assets are assessed for impairment on an annual basis. When a decline in derivatives and non-endowment investments is determined to be other than temporary, the amount of the loss is reported in the statement of revenue and expenditures and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

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

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(o) Use of estimates:

The preparation of financial statements in conformity with public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. In estimating the net realizable value of accounts receivable and in estimating accrued liabilities and obligations related to employee future benefits and sick leave benefits, Sheridan relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. Actual results could differ from those estimates.

3. Cash and investments:

(a) Cash and investments include the following amounts:

	2016		2015	
Cash	\$	21,188,844	\$	35,608,714
Investments		116,331,180		113,183,894
Total Cash and investments	\$	137,520,024	\$	148,792,608

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

3. Cash and investments (continued):

(a) Cash and investments include the following amounts (continued):

Sheridan's cash and investments include amounts restricted for specific purposes that are not available to be spent at Sheridan's discretion.

	2016	2015
Restricted (trust) funds, measured at fair value	\$ 11,029,641	\$ 8,929,739
Restricted for endowment purposes, measured at fair value (note 3(b))	52,576,559	55,676,111
	63,606,200	64,605,850
Unrestricted cash and investments, measured at fair value	73,913,824	84,186,758
	\$ 137,520,024	\$ 148,792,608

Included in cash and investments are Guaranteed Investment Certificates with a principal value of \$41,030,000 paying interest at rates between 1.50% and 1.65%, maturing during the month of October 2016, \$15,073,997 paying interest at rates between 1.50% and 1.65%, maturing during the month of March 2017, and \$8,342,289 paying interest at rate of 1.25% maturing May 2016. At March 31, 2015, cash and investments included cashable Guaranteed Investment Certificates with a principal value of \$50,000,000 paying interest at rates between 2.00% and 2.10%, maturing during the month of October 2015, and \$8,178,715 paying interest at rate of 2.00% maturing February 2016.

The maximum exposure to credit risk of cash and investments is the carrying value noted above. All cash and investments are measured at fair value as Level 1/Level 2.

(b) Restricted for endowment purposes:

Funds restricted for endowment purposes consist of exchange traded funds, cash on hand, bank balances and short-term highly liquid investments.

	2016	2015
Net assets restricted for endowments (note15)	\$ 32,017,076	\$ 31,909,701
Cumulative realized investment income on endowment funds in excess of disbursements	11,822,722	8,354,531
Cumulative unrealized gains on endowment fund investments	8,736,761	15,411,879
Total endowment funds, measured at fair value	52,576,559	55,676,111
Cumulative capital contribution (book value)	32,017,076	31,909,701
Funds available for use	\$ 20,559,483	\$ 23,766,410

(c) Investment income and realized investment gains from the cash and investment portfolio related to endowment funds are \$5,234,838 for the year ended March 31, 2016 (2015 - \$3,136,862). Unrealized losses on endowment fund investments are \$6,675,118 for the year ended March 31, 2016 (2015 - unrealized gain of \$4,214,832).

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

4. Hazel McCallion Campus – North Building:

The second phase of the Hazel McCallion Campus is to construct a new building of up to 220,000 square feet. Sheridan has committed to invest \$18 million in this building with the remaining funds to be provided by the Ontario Government. The building is expected to be ready for use in the 2016/17 fiscal year.

(a) Grant receivable capital project and long-term grant receivable capital project:

Sheridan entered into an agreement with the Ministry of Training, Colleges and Universities on October 15, 2014 and partnered with Infrastructure Ontario to build the second phase of the Hazel McCallion Campus in Mississauga. The Ministry will provide funding to Sheridan of up to the lesser of \$67,741,526 or 80% of the project costs once the project reaches substantial completion. Infrastructure Ontario awarded the project management contract to 2433486 Ontario Inc.. Ministry funding to cover the costs incurred to date by 2433486 Ontario Inc. has been recorded as a grant receivable capital project in the amount of \$47,842,400 at March 31, 2016 (2015 - \$19,022,357 as long-term grant receivable capital project).

(b) Note payable capital project and long-term payable capital project:

The value of construction in progress is based on the percentage of construction completed and payments made to date for fees associated with the project. As at March 31, 2016, \$66,869,141 has been recorded as construction in progress (2015 - \$27,874,021) with an amount of \$57,927,596 recorded as a note payable capital project (2015 - \$23,032,277 as long-term payable capital project). Under the terms of the project management contract, once the building reaches substantial completion, Sheridan will pay 2433486 Ontario Inc. the full amount of the project costs net of the value of construction deficiency to be rectified. Imputed interest at a rate of 2.35% is included in the estimated project costs.

A change in the estimated percentage of completion by 1% would increase/decrease the construction in progress by \$635,527, with a corresponding increase/decrease in the note payable capital project.

5. Student levy receivable:

In September 2005, a new gymnasium was constructed at the Davis Campus. Payment for the gymnasium will be provided by future student levies as approved by the Sheridan Student Union Incorporated (“SSUI”).

The principal amount due within one year has been grouped with accounts receivable in the statement of financial position. The principal amount included in accounts receivable at March 31, 2016 is \$126,448 (2015 - \$119,804).

In Fall 2012, the Athletic Stadium at the Trafalgar Campus was built. Payment for the construction will be provided by future student levies as approved by SSUI.

The principal amount due within one year has been grouped with accounts receivable in the statement of financial position. The principal amount included in accounts receivable at March 31, 2016 is \$250,000 (2015 - \$250,000).

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

6. Capital assets:

2016	Cost	Accumulated Amortization	Net Carrying Value
Land	\$ 2,893,317	\$ -	\$ 2,893,317
Buildings	246,808,758	90,410,234	156,398,524
Parking lots and roadway	2,988,016	1,579,452	1,408,564
Building renovations	29,036,206	16,038,843	12,997,363
Leasehold improvements	1,175,139	1,175,139	-
Furniture and fixtures	20,679,143	17,431,668	3,247,475
Computer equipment	7,870,758	7,474,608	396,150
Major equipment	23,967,915	8,143,984	15,823,931
Equipment and vehicles	34,124,963	28,459,464	5,665,499
Construction in progress	82,528,906	-	82,528,906
Software implementation	4,072,250	4,072,250	-
	\$ 456,145,371	\$ 174,785,642	\$ 281,359,729

2015	Cost	Accumulated Amortization	Net Carrying Value
Land	\$ 2,893,317	\$ -	\$ 2,893,317
Buildings	246,486,205	84,520,507	161,965,698
Parking lots and roadway	2,988,016	1,380,251	1,607,765
Building renovations	27,507,939	12,771,262	14,736,677
Leasehold improvements	1,175,139	1,175,139	-
Furniture and fixtures	20,445,692	15,654,106	4,791,586
Computer equipment	11,720,357	11,212,826	507,531
Major equipment	16,919,369	6,422,609	10,496,760
Equipment and vehicles	35,411,007	29,407,129	6,003,878
Construction in progress	29,755,828	-	29,755,828
Software implementation	4,072,250	4,072,250	-
	\$ 399,375,119	\$ 166,616,079	\$ 232,759,040

During the year, Sheridan acquired capital assets at an aggregated cost of \$64,091,208 (2015 - \$43,321,500). Of this amount \$34,895,319 was financed by means of a note payable (2015 - \$23,032,277 as long-term payable), \$479,436 (2015 - \$1,027,966) was financed by means of transfer from restricted funds, \$78,393 (2015 - \$16,740) was a gift in kind donation, and the remaining \$28,638,060 was purchased with cash (2015 - \$19,244,517). Remaining commitments related to construction in progress at March 31, 2016 total \$40,604,221 (2015 - \$88,332,283).

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

7. Deferred revenue:

	2016	2015
Student fees and tuition	\$ 26,814,627	\$ 34,329,802
Ministry funding	343,676	651,961
Special projects	1,589,865	1,997,562
Residence	1,389,458	2,297,632
	\$ 30,137,626	\$ 39,276,957

8. Note payable to Sheridan Student Union Incorporated:

Note payable to Sheridan Student Union Incorporated is unsecured, due on demand and bears interest at the overnight rate (variable) earned by Sheridan on daily cash balances.

9. Long-term debt:

	2016	2015
Gymnasium and Residences:		
Sun Life loan facility (Davis Residence) with interest at 6.80% and total principal of \$15,250,000. Repayable \$105,846 monthly including interest commencing February 2002 to January 2027	\$ 9,667,692	\$ 10,258,456
Sun Life loan facility (Trafalgar Residence) with interest at 6.41% and total principal of \$13,610,000. Repayable \$565,938 semi-annually including interest commencing September 1999 to September 2024	7,329,688	7,961,212
Canada Life loan facility (Davis Gymnasium) with interest at 5.47% and total principal of \$3,024,000. Repayable \$120,000 semi-annually including interest commencing December 2006 to December 2027	2,107,104	2,226,908
	19,104,484	20,446,576
Less principal amounts due within one year	1,431,311	1,342,092
	\$ 17,673,173	\$ 19,104,484

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

9. Long-term debt (continued):

The principal amounts due within one year have been included in accounts payable and accrued liabilities in the statement of financial position.

The long-term debt related to the residences and the gymnasium totalling \$19,104,484 (2015 - \$20,446,576) will be repaid from future student levies and residence fees.

Interest on long-term debt amounted to \$1,176,330 (2015 - \$1,253,885) and has been included in supplies and services in the statement of revenue and expenditures.

The anticipated future annual principal payments under the loan facilities on a fiscal year basis are as follows:

2017	\$	1,431,311
2018		1,526,487
2019		1,628,015
2020		1,736,324
2021		1,851,868
Thereafter		10,930,479
Total minimum payments		19,104,484

In February 2016, Sheridan entered into an agreement with the Ontario Financing Authority to borrow up to \$40,000,000 to finance the construction of the Skills Training Centre Wing at the Davis Campus. The first draw on the loan in the amount of \$10,602,773 took place in April 2016. The interest rate on the loan during the construction period will be equal to the 90 day Ontario Treasury Bill Rate at the date of each advance plus 0.275% compounded quarterly. The interest rate after substantial completion of the construction project will be based on the Province of Ontario cost of funds for a twenty-five-year amortizing bond plus 0.275% compounded semi-annually. Interest owing during the construction period will become part of the principal amount of the debt. Repayment of the debt will take place over twenty-five years in semi-annual instalments of blended principal and interest commencing six months after substantial completion of the construction project.

10. Deferred contributions:

(a) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenditures.

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

10. Deferred contributions (continued):

(a) Capital assets (continued):

	2016	2015
Balance, beginning of year	\$ 117,458,083	\$ 99,358,114
Transfer from deferred contributions for expenses of future periods	-	1,027,966
Amounts amortized to revenue	(5,993,638)	(6,353,451)
Contributions received or receivable	30,096,903	23,425,454
Balance, end of year	\$ 141,561,348	\$ 117,458,083

(b) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent restricted grants and donations for bursary and other specific purposes, unrealized gains on investments in the endowment fund and realized investment income on endowment funds in excess of disbursements.

	2016	2015
Balance, beginning of year	\$ 32,696,149	\$ 23,868,093
Unrealized (loss) gain on endowment fund investments	(6,675,118)	4,214,832
Realized investment income on endowment funds	5,234,838	3,136,862
Amounts recognized to revenue for endowment disbursements	(1,766,647)	(639,502)
Amounts recognized to revenue	(8,033,237)	(7,860,328)
Transfer to deferred contributions for capital assets	-	(1,027,966)
Amounts received related to future periods	10,133,139	11,004,158
Balance, end of year	\$ 31,589,124	\$ 32,696,149

11. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2016	2015
Capital assets	\$ 281,359,729	\$ 232,759,040
Amounts financed by:		
Construction in progress (interim financing)	(82,528,906)	(29,755,828)
Deferred contributions	(141,561,348)	(117,458,083)
Deferred contributions not in use	51,842,401	23,022,358
Long-term debt:		
Residences	(16,997,380)	(18,219,668)
Balance, end of year	\$ 92,114,496	\$ 90,347,819

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

11. Invested in capital assets (continued):

(b) The excess of expenditures over revenue related to investment in capital assets is calculated as follows:

	2016	2015
Excess of expenditures over revenue:		
Amortization of deferred capital contributions	\$ 5,993,638	\$ 6,353,451
Amortization of capital assets	(15,474,209)	(14,516,447)
Loss on disposal of capital assets	(16,310)	(17,754)
	\$ (9,496,881)	\$ (8,180,750)

12. Commitments:

(a) Leases:

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

2017	\$ 8,954,218
2018	6,414,203
2019	4,407,218
2020	3,190,542
2021	2,868,262
	\$ 25,834,443

(b) Letters of credit:

Sheridan has posted letters of credit totalling \$1,086,245 as security deposits with municipal governments in Halton and Peel regions relating to new building constructions at both the Davis and Trafalgar campuses. Furthermore, a letter of credit for US \$13,002 has been posted as required by the U.S. Department of Education for administering U.S. loans to eligible students.

(c) Trafalgar second residence:

A second residence was built at Sheridan's Trafalgar campus by Campus Development Corp. and opened in September 2013. The residence accommodates 476 students. Collegiate Management Services Corp. manages the new residence by way of a property management agreement.

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

13. Employee future benefits and sick leave entitlements:

Sheridan maintains defined benefit plans providing other retirement and future employee benefits to most of its employees.

The cost of other post-employment benefits (including medical benefits, dental care, and life insurance premiums waived during long-term disability (“LTD”) related to the employees’ current service is charged to income annually. The cost is computed on an actuarial basis using the projected benefit method estimating the usage frequency and cost of services covered and management’s best estimates of investment yields, salary escalation, and other factors. Plan assets are valued at fair value for purposes of calculating the expected return on plan assets.

The fair value of plan assets and accrued benefit obligations were determined by independent actuaries on behalf of the College System as a whole as at January 1, 2014 for the obligations set out below.

The following tables outline the components of Sheridan’s post-employment benefits and the related expense:

	2016		2015
Accrued benefit obligations	\$ 1,900,000	\$	1,839,000
Fair value of plan assets	(344,000)		(327,000)
Funded status-plan deficit	1,556,000		1,512,000
Unamortized actuarial loss	80,000		88,000
Employee future benefits accrual	\$ 1,636,000	\$	1,600,000

	2016		2015
Current service cost	\$ 60,000	\$	151,000
Interest on accrued benefit obligation	2,000		3,000
Experience loss	1,000		2,000
Amortization of actuarial gain	(10,000)		(13,000)
Benefit payments	(17,000)		(22,000)
Total employee future benefits expense	\$ 36,000	\$	121,000

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

13. Employee future benefits and sick leave entitlements (continued):

The following tables outline the components of Sheridan's sick leave benefit entitlements:

	2016	2015
Vesting sick leave:		
Accrued benefit obligation	\$ 412,000	\$ 472,000
Unamortized actuarial gain	(11,000)	(45,000)
Sick leave benefit entitlements	401,000	427,000
Non-vesting sick leave:		
Accrued benefit obligation	5,182,000	5,307,000
Unamortized actuarial loss	181,000	245,000
Non-vesting sick leave benefit entitlements	5,363,000	5,552,000
Total sick leave benefit entitlements	\$ 5,764,000	\$ 5,979,000

	2016	2015
Vesting sick leave:		
Current service cost	\$ 18,000	\$ 16,000
Interest on accrued benefit obligation	7,000	13,000
Amortization of actuarial loss	32,000	29,000
Benefit payments	(83,000)	(103,000)
	(26,000)	(45,000)
Non-vesting sick leave:		
Current service cost	341,000	301,000
Interest on accrued benefit obligation	86,000	137,000
Amortization of actuarial gain	(111,000)	(148,000)
Benefit payments	(505,000)	(534,000)
	(189,000)	(244,000)
Total sick leave benefit recovery	\$ (215,000)	\$ (289,000)

The unamortized actuarial loss is amortized over the expected average remaining service life as listed below:

Sick leave benefit entitlements	8.9 years
Post employment benefits	11.7 years

These amounts represent the results of the actuarial valuation completed effective January 1, 2014 and extrapolated to March 31, 2016.

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

13. Employee future benefits and sick leave entitlements (continued):

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

Assumptions	2016	2015
Discount rate	1.7% per annum	1.6% per annum
Medical cost increase		
Hospital:	4% per annum	4% per annum
Drugs:	9% per annum in 2014, grading down to 4% by 2034	9% per annum in 2014, grading down to 4% by 2034
Other Medical:	4% per annum	4% per annum
Vision/Hearing Care:	4% per annum	4% per annum
Dental costs increase	4% per annum	4% per annum
Expected return on plan assets	1.1%	1.4%

14. Pension plans:

Qualifying employees of Sheridan 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 of public colleges and related employers in Ontario. Sheridan 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. Sheridan does not recognize any share of the Plan’s pension surplus or deficit as insufficient information is available to identify Sheridan’s share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2016 indicated an actuarial surplus of \$1.179 billion. For the year ending March 31, 2016, Sheridan made contributions to the Plan and its associated retirement compensation arrangement of \$15,540,734 (2015 - \$14,714,504), which has been recorded in salaries and benefits in the statement of revenue and expenditures.

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

15. Ontario Student Opportunity Trust Fund and other endowments:

Endowments represent restricted donations received by Sheridan where the principal is required to be maintained. The investment income generated from the endowments must be used in accordance with the various purposes specified by the donors. Sheridan ensures that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on endowments that was disbursed during the year has been recorded in the statement of revenue and expenditures once the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions for expenses of future periods. Total investment income on endowed assets recognized during the year is \$1,766,647 (2015 - \$639,502). Total investment income recognized as revenue by reducing deferred contributions of endowment expenses of future periods is \$3,206,927 (2015 - \$6,712,192).

The Ministry requires Sheridan to include in its financial statements the following disclosures for its Ontario Student Opportunity Trust Funds ("OSOTF I" and "OSOTF II"), and Ontario Trust for Student Support ("OTSS"):

OSOTF I

Schedule of changes in endowed funds related to OSOTF I within the Endowment Fund balance for the year ended March 31, 2016 (schedule based on book value):

	2016	2015
Fund balance, beginning of year	\$ 25,258,608	\$ 25,258,608
Cash donations received	-	-
Preservation of capital	-	-
Fund balance, end of year	\$ 25,258,608	\$ 25,258,608

Schedule of changes in expendable funds related to OSOTF I available for awards for the year ended March 31, 2016 (schedule based on book value):

	2016	2015
Balance, beginning of year	\$ 7,566,413	\$ 5,373,163
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	4,294,792	2,528,607
Bursaries awarded (2016-1,296; 2015-332)	(1,406,330)	(335,357)
Balance, end of year	\$ 10,454,875	\$ 7,566,413

Endowment total based on book value	\$ <u>35,713,483</u>	\$ <u>32,825,021</u>
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The market value of the endowment as at March 31, 2016 is \$43,692,606 (2015 - \$46,447,722).

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

15. Ontario Student Opportunity Trust Fund and other endowments (continued):

OSOTF II

Schedule of changes in endowed funds related to OSOTF II within the Endowment Fund balance for the year ended March 31, 2016 (schedule based on book value):

	2016	2015
Fund balance, beginning of year	\$ 615,174	\$ 615,174
Cash donations received	25,000	-
Preservation of capital	-	-
Fund balance, end of year	\$ 640,174	\$ 615,174

Schedule of changes in expendable funds related to OSOTF II available for awards for the year ended March 31, 2016 (schedule based on book value):

	2016	2015
Balance, beginning of year	\$ 66,393	\$ 20,111
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	93,989	62,053
Bursaries awarded (2016-26; 2015-14)	(30,087)	(15,771)
Balance, end of year	\$ 130,295	\$ 66,393
Endowment total based on book value	\$ 770,469	\$ 681,567

The market value of the endowment as at March 31, 2016 is \$953,932 (2015 - \$987,850).

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

15. Ontario Student Opportunity Trust Fund and other endowments (continued):

OTSS

Schedule of changes in endowed funds related to OTSS within the Endowment Fund balance for the year ended March 31, 2016 (schedule based on book value):

	2016	2015
Fund balance, beginning of year	\$ 4,343,657	\$ 4,312,997
Cash donations received	4,307	30,660
Matching funds from the Ministry	-	-
Preservation of capital	-	-
Fund balance, end of year	\$ 4,347,964	\$ 4,343,657

Schedule of changes in expendable funds related to OTSS available for awards for the year ended March 31, 2016 (schedule based on book value):

	2016	2015
Balance, beginning of year	\$ 567,806	\$ 368,663
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	583,927	330,798
Bursaries awarded (2016-85; 2015-70)	(161,750)	(131,655)
Balance, end of year	\$ 989,983	\$ 567,806
Endowment total based on book value	\$ <u>5,337,947</u>	\$ <u>4,911,463</u>

The market value of the endowment as at March 31, 2016 is \$5,858,972 (2015 - \$6,197,755).

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

15. Ontario Student Opportunity Trust Fund and other endowments (continued):

Total endowment fund balance is comprised of:

	2016	2015
Endowed fund related to OSOTF I, OSOTF II and OTSS within endowment fund	\$ 30,246,746	\$ 30,217,439
Other endowed funds	1,770,330	1,692,262
Endowment fund balance, end of year	32,017,076	31,909,701
Expendable funds available for OSOTF I, OSOTF II and OTSS awards	11,575,153	8,200,612
Expendable funds available for other endowed funds	247,569	153,919
Expendable funds within deferred contribution - expenses of future periods based on book value	\$ 11,822,722	\$ 8,354,531

The market value of other endowed funds as at March 31, 2016 is \$2,071,049 (2015 - \$2,042,784).

The market value of total endowment fund as at March 31, 2016 is \$52,576,559 (2015 - \$55,676,111).

16. Internally restricted net assets:

Internally restricted net assets are for:

	2016	2015
Capital projects	\$ 22,235,962	\$ 15,167,027
Strategic initiatives	1,400,000	4,205,147
Operating expenses for the following year	15,458,357	5,696,895
Total	\$ 39,094,319	\$ 25,069,069

17. Other revenue:

Other revenue in the statement of revenue and expenditures is comprised of:

	2016	2015
Processing service fees	\$ 3,600,077	\$ 4,090,986
Research grants	2,048,487	2,475,256
Interest income	1,426,633	1,653,651
Daycare fees	1,058,572	1,036,447
Other	2,826,235	2,000,969
Total	\$ 10,960,004	\$ 11,257,309

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

18. Supplies and services expenditures:

Supplies and services expenditures in the statement of revenue and expenditures is comprised of:

	2016	2015
Services	\$ 37,321,361	\$ 35,145,567
Supplies and minor equipment	22,646,027	22,597,834
Plant and property	22,504,174	21,035,012
Other	909,758	878,843
Total	\$ 83,381,320	\$ 79,657,256

19. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Sheridan is exposed to credit risk with respect to the accounts receivable, grants receivable, student levy receivable, other notes receivable, cash and investments.

Sheridan assesses, on a continuous basis, all receivable balances and provides for any amounts that are not collectible in the allowance for doubtful accounts. Accounts receivable and student levy receivable are due from students. Credit risk is mitigated by financial approval processes before a student is enrolled. Sheridan measures its exposure to credit risk based on how long the amounts have been outstanding. The maximum exposure to credit risk of Sheridan at March 31, 2016 is the carrying value of these assets.

The carrying amount of all receivable balances is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of revenue and expenditures. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of revenue and expenditures. The balance of the allowance for doubtful accounts at March 31, 2016 is \$735,813 (2015 - \$703,794).

As at March 31, 2016, \$2,884,481 (2015 - \$2,763,141) of accounts receivable were past due, but not impaired.

Sheridan holds its cash accounts with federally regulated chartered banks and credit unions who are insured by the Canadian Deposit Insurance Corporation. In the event of default, Sheridan's cash accounts are insured up to \$200,000 (2015 - \$200,000).

The maximum exposure to investment credit risk is outlined in Note 3.

There have been no significant changes to the credit risk exposure from 2015.

**THE SHERIDAN COLLEGE INSTITUTE OF
TECHNOLOGY AND ADVANCED LEARNING**

Notes to the Financial Statements (continued)

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

19. Financial risks and concentration of credit risk (continued):

(b) Liquidity risk:

Liquidity risk is the risk that Sheridan will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Sheridan manages its liquidity risk by monitoring its operating requirements. Sheridan prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice. The contractual maturities of long-term debt are disclosed in Note 9.

There have been no significant changes to the liquidity risk exposure from 2015.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect Sheridan's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

(i) Foreign exchange risk:

Sheridan is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, Sheridan makes purchases denominated in U.S. dollars. Sheridan does not currently enter into forward contracts to mitigate this risk. Sheridan does not have any material transactions during the year or financial instruments denominated in foreign currencies at year end.

There have been no significant changes to the foreign exchange risk exposure from 2015.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose Sheridan to cash flow interest rate risk. Sheridan is exposed to this risk through its interest bearing investments and long-term debt.

Sheridan's long-term debt is fixed rate debt as disclosed in Note 9. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

As at March 31, 2016, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the estimated impact on the market value of investments would approximate \$1,161,658.

Sheridan's investments are disclosed in Note 3.

There has been no change to the interest rate risk exposure from 2015.

**The Sheridan College Institute of
Technology and Advanced Learning**
Schedule 1 - Endowment and Deferred Contributions for Expenses of Future Periods

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

								2016
	Endowment fund (note 3 (b))	Endowment fund investment income and disbursements	Bursaries and scholarships	Other	Student Centre	Total		
Balance, beginning of year	\$ 31,909,701	\$ 23,766,410	\$ 1,382,827	\$ 2,728,847	\$ 4,818,065	\$ 64,605,850		
Receipts:								
Donations	107,375	-	1,436,595	1,494,412	1,714,086	4,752,468		
Gain and interest on investments	-	5,234,838	537	6,300	58,839	5,300,514		
Unrealized (loss) gain	-	(6,675,118)	-	-	-	(6,675,118)		
Tuition reinvestment fund contributions	-	-	5,422,370	-	-	5,422,370		
	107,375	(1,440,280)	6,859,502	1,500,712	1,772,925	8,800,234		
	32,017,076	22,326,130	8,242,329	4,229,559	6,590,990	73,406,084		
Disbursements:								
Awards	-	1,623,227	5,616,278	12,068	-	7,251,573		
Other	-	143,420	1,445,389	940,334	19,168	2,548,311		
Transfer to deferred capital contributions	-	-	-	-	-	-		
	-	1,766,647	7,061,667	952,402	19,168	9,799,884		
Balance, end of year	\$ 32,017,076	\$ 20,559,483	\$ 1,180,662	\$ 3,277,157	\$ 6,571,822	\$ 63,606,200		
<hr/>								
								2015
	Endowment fund (note 3 (b))	Endowment fund investment income and disbursements	Bursaries and scholarships	Other	Student Centre	Total		
Balance, beginning of year	\$ 31,725,327	\$ 17,054,218	\$ 677,052	\$ 2,583,018	\$ 3,553,805	\$ 55,593,420		
Receipts:								
Donations	184,374	-	1,436,779	2,116,161	1,470,229	5,207,543		
Gain and interest on investments	-	3,136,862	695	7,037	52,228	3,196,822		
Unrealized gain	-	4,214,832	-	-	-	4,214,832		
Tuition reinvestment fund contributions	-	-	5,921,029	-	-	5,921,029		
	184,374	7,351,694	7,358,503	2,123,198	1,522,457	18,540,226		
	31,909,701	24,405,912	8,035,555	4,706,216	5,076,262	74,133,646		
Disbursements:								
Awards	-	499,433	5,700,960	9,972	-	6,210,365		
Other	-	140,069	951,768	939,431	258,197	2,289,465		
Transfer to deferred capital contributions	-	-	-	1,027,966	-	1,027,966		
	-	639,502	6,652,728	1,977,369	258,197	9,527,796		
Balance, end of year	\$ 31,909,701	\$ 23,766,410	\$ 1,382,827	\$ 2,728,847	\$ 4,818,065	\$ 64,605,850		