The George Brown College of Applied Arts and Technology

FINANCIAL STATEMENTS

For the Year Ended March 31st, 2023

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FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

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

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

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

The Audit Committee is appointed by the Board of Governors and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor`s report. The Committee reports its findings to the Board for consideration when approving the financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

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

President	Senior Vice-President, Institutional Planning & Chief Financial Officer	June 7, 2023

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BDO Canada LLP
360 Oakville Place Drive, Suite 500
Oakville ON L6H 6K8 Canada

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of The George Brown College of Applied Arts and Technology

Opinion

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

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

Basis for Opinion

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

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

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 7, 2023

THE GEORGE BROWN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

STATEMENT OF FINANCIAL POSITION

(expressed in thousands of dollars)

Assets Current	March 31, 2023	March 31, 2022 (Restated) (Note 2)
Cash (Note 3)	$24,213	$199,406
Short-term investments (Notes 3 & 4 (a))	219,586	29,381
Grants receivable	6,863	3,219
Accounts receivable	40,358	26,210
Inventories	986	1,193
Prepaid expenses	7,719	4,242
	299,725	265,607
Deposits	542	542
Investment in GBSP Centre Corp. (Note 5)	5,492	5,493
Long-term investments (Notes 4 (b) & 16)	14,222	14,233
Capital assets (Note 6)	555,646	500,927
Capital assets held for sale (Note 6)	–	2,550
	$875,627	$789,352
Liabilities and Net Assets Current	**March 31, 2023**	**March 31, 2022** (Restated) (Note 2)
Accounts payable and accrued liabilities	$115,883	$99,381
Vacation payable	13,323	14,278
Current portion of long-term debt (Note 8)	1,957	1,870
Deferred revenue (Note 7 (a))	73,800	46,809
Deferred contributions - expenses of future periods (Note 11 (a))	21,055	19,275
	226,018	181,613
Liability for contaminated site (Note 6 & 15)	–	806
Post employment benefits and compensated absences (Note 9)	8,478	8,338
Long-term debt (Note 8)	58,512	60,471
Deferred revenue (Note 7 (b))	3,767	3,810
	70,757	73,425
Asset retirement obligations (Note 2 & 23)	6,332	6,036
Deferred contributions - capital assets (Note 11 (b))	237,313	237,144
	314,402	316, 605
	540,420	498,218
Net Assets	**March 31, 2023**	**March 31, 2022** (Restated) (Note 2)
Operating	20	(6,015)
Post employment benefits and compensated absences (Note 9)	(8,478)	(8,338)
Vacation pay	(13,323)	(14,278)
Unrestricted	(21,781)	(28,631)
Internally restricted (Note 12)	77,093	95,615
Investment in capital assets (Note 13)	266,545	211,349
Restricted for endowments (Note 16)	13,556	13,913
	335,413	292,246
Accumulated remeasurement losses	(206)	(1,112)
	335,207	291,134
	$875,627	$789,352

On behalf of the Board: Chair ______________ President ______________

STATEMENT OF OPERATIONS

(expressed in thousands of dollars)

For the year ended March 31

Revenue	2023	2022 (Restated) (Note 2)
Tuition and other student fees	$225,976	$203,961
Grants and reimbursements	146,506	141,093
Ancillary	17,289	20,235
Other (Note 6)	58,375	9,661
Amortization of deferred contributions related to capital assets	10,059	10,045
Total Revenue	458,205	384,995
Expenses	**2023**	**2022** (Restated) (Note 2)
Salaries and benefits	249,516	238,254
Services	50,042	44,776
Rental, utilities and maintenance	35,151	28,795
Amortization of capital assets	24,675	24,660
Supplies and minor equipment	17,808	13,267
Other expenses	17,060	11,899
Ancillary (other than salaries and benefits)	14,499	11,402
Scholarships, bursaries and grants	5,930	6,410
Total Expenses	414,681	379,463
Excess of revenue over expenses for the year	$43,524	$5,532

STATEMENT OF CHANGES IN NET ASSETS

(expressed in thousands of dollars)

March 31, 2023

Balance	Unrestricted	Internally Restricted	Investment in Capital Assets	Restricted for Endowments	Total
Balance, beginning of year	$(28,631)	$95,615	$211,349	$13,913	$292,246
Excess (deficiency) of revenue over expenses	58,140	–	(14,616)	–	43,524
Capital assets additions financed by college funds	(69,812)	–	69,812	–	–
Restricted endowments (Note 16)	–	–	–	(357)	(357)
Internally imposed restrictions (Note 12)	18,522	(18,522)	–	–	–
Balance, end of year	$(21,781)	$ 77,093	$266,545	$13,556	$335,413

March 31, 2022 (Restated - Note 2)

Balance	Unrestricted	Internally Restricted	Investment in Capital Assets	Restricted for Endowments	Total
Balance, beginning of year	$(20,943)	$101,004	$198,005	$13,177	$291,243
Adoption of asset retirement obligation (Note 2)	(5,754)	–	489	–	(5,265)
Balance, beginning of year restated	(26,697)	101,004	198,494	13,177	285,978
Excess (deficiency) of revenue over expenses	20,429	–	(14,597)	–	5,832
Adoption of asset retirement obligation (Note 2)	(282)	–	(18)	–	(300)
Excess (deficiency) of revenue over expenses as restated	20,147	–	(14,615)	–	5,532
Capital assets additions financed by college funds	(27,470)	–	27,470	–	–
Restricted endowments (Note 16)	–	–	–	736	736
Internally imposed restrictions (Note 12)	5,389	(5,389)	–	–	–
Balance, end of year	$(28,631)	$95,615	$211,349	$13,913	$292,246

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(expressed in thousands of dollars)

For the year ended March 31

Cash provided by (used in)

Operating Activities	2023	2022 (Restated) (Note 2)
Excess of revenue over expenses for the year	$43,524	$5,532
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities. Amortization of capital assets	24,675	24,660
Accretion expense (Note 2)	296	282
Amortization of deferred contributions related to capital assets	(10,059)	(10,045)
Change in non-cash operating working capital (Note 18)	25,170	11,934
Accrual for post employment benefits and compensated absences	140	(163)
Gain on sale of buildings (Note 6)	(35,774)	–
Extinguishment of liability for contaminated site (Note 15)	(806)	–
Change in interest in GBSP (Note 5)	1	12
Total Operating Activities	47,167	32,212
Investing Activities	**2023**	**2022** (Restated) (Note 2)
Net change in long-term investment	11	(591)
Repayment from George Brown College Foundation	–	270
Change in short-term investments - net	(190,205)	119,889
Change in long-term endowment investments - net assets	(357)	736
Change in accumulated remeasurement losses	906	(1,133)
Change in deposits	–	(256)
Total Investing Activities	(189,645)	118,915
Financing Activity	**2023**	**2022** (Restated) (Note 2)
Repayment of long-term debt	(1,870)	(1,780)
Capital Activities	**2023**	**2022** (Restated) (Note 2)
Deferred contributions received related to capital assets	10,228	10,229
Additions to capital assets	(76,847)	(41,358)
Net proceeds from sale of capital assets (Note 6)	35,774	–
Total Capital Activities	(30,845)	(31,129)
Cash	**2023**	**2022** (Restated) (Note 2)
Increase (decrease) in cash during the year	(175,193)	118,218
Cash, beginning of year	199,406	81,188
Cash, end of year	$24,213	$199,406

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

(expressed in thousands of dollars)

For the year ended March 31

Gains and Loses	2023	2022
Accumulated remeasurement gains (losses), beginning of year	$(1,112)	$21
Unrealized gains (losses) attributable to: Unrestricted short-term investments	2,282	(1,355)
Realized gains (losses) on short-term investments: Unrestricted short-term investments	(1,376)	222
Net remeasurement gains (losses) for the year	906	(1,133)
Accumulated remeasurement (losses)—unrestricted short-term investments	$ (206)	$ (1,112)

The George Brown College of Applied Arts and Technology (the "College"), was established as a community college in 1967 under The Department of Education Act of the Province of Ontario. The College is dedicated to providing post-secondary and vocationally-oriented education. The College is a registered charity and is exempt from income taxes under the Income Tax Act. These financial statements do not reflect the assets, liabilities and the results of operations of The George Brown College Foundation (the "Foundation") and various student organizations (Note 17).

1. Significant Accounting Policies

These financial statements are the representations of management and 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 Public Sector Accounting Board ("PSAB for Government NPOs"). The significant accounting policies are as follows:

A. Revenue Recognition:

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

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.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are incurred. Contributions externally 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.

Investment income (loss) consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses. Interest, dividends, income distributions from pooled funds and realized gains and losses pertaining to unrestricted investments are recognized in the statement of operations. Unrealized changes in the fair value pertaining to unrestricted investments are recognized in the statement of remeasurement gains (losses).

Realized and unrealized gains and losses pertaining to restricted investments held for endowments are added to/removed from the net assets restricted for endowments. Interest and dividends pertaining to restricted investments are recorded as deferred contributions on the statement of financial position until the criterion attached to the restrictions has been met.

Tuition fees are recognized ratably over the term to which the tuition fee revenue applies to the extent that the related courses are provided to the student.

Ancillary revenue consists of bookstore revenue, daycare and student residence fees, and other revenue, which are recognized when the related services are provided or the related products are delivered.

B. Financial Instruments:

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

(i) Fair value

Financial instruments reported at fair value comprise equity instruments quoted in an active market as well as investments in pooled funds and any fixed-income investments where the investments are managed on a fair value basis and the fair value option is elected.

Investments reported at fair value are initially recognized at fair value and subsequently carried at fair value.

Transaction costs are expensed as incurred.

Where a decline in fair value is known with sufficient precision, and there is no realistic prospect of recovery, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations.

(ii) Amortized cost

Financial instruments reported at amortized cost include accounts receivable, grants receivable, accounts payable and accrued liabilities, and long-term debt. These instruments are initially recognized at fair value 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.

Writedowns are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

C. Inventories:

Inventories other than books are valued at the lower of cost and net realizable value with cost being determined on the first-in first-out basis. Books are valued at the lower of cost and net realizable value with cost being determined using the retail inventory method, which approximates average cost. Net realizable value is the estimated selling price less the estimated cost to make the sale.

D. Investment in GBSP Centre Corp.:

The investment in the George Brown Soulpepper Centre Corp. ("GBSP Centre Corp.") joint venture is accounted for using the modified equity method. No adjustment is made for the basis of accounting of the joint venture being different than PSAB for Government NPOs.

E. Capital Assets:

(i) Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution when fair value is reasonably determinable. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, which have been determined as follows:

Buildings and improvements	40 years
Building under capital lease	49 years
Leasehold improvements	10 to 13 years
Computer equipment	3 years
Other equipment	5 years

Construction in progress is unamortized until the construction is complete and the asset is in use.

(ii) Assets under capital leases: The College leases a building on terms which transfer substantially all the benefits and risks of ownership to the College. This lease has been accounted for as a capital lease as though an asset had been purchased and a liability incurred.

F. Vacation Pay:

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

G. Liability for Contaminated Site:

A liability for the remediation of contamination sites is recognized in the financial statements when at the financial reporting date: a) an environmental standard exists; b) contamination exceeds the environmental standard; c) the College is directly responsible or accepts responsibility; d) it is expected that future economic benefits will be given up and; e) a reasonable estimate of the amount can be made.

H. Retirement and post-employment benefits and compensated absences:

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

(i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and 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 assumptions and/or experience are recognized over the estimated average remaining service life of the employees.

(iv) The discount rate used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

I. Use of estimates:

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Areas of key estimation include determination of deferred revenue, allowance for doubtful accounts, capital asset amortization, amortization of deferred capital contributions, asset retirement obligations, contamination liability, and actuarial estimation of post-employment benefits and compensated absences liabilities.

J. Asset retirement obligations:

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

2. Change in Accounting Policy

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

(a) April 1, 2021: an increase of $489 to capital assets, an increase of $5,754 to asset retirement obligations, a $5,754 decrease to net assets unrestricted opening and an increase of $489 to invested in capital assets.

(b) March 31, 2022: an increase of $18 to accumulated amortization resulting in a capital assets balance of $500,927 and an increase of $282 to asset retirement obligations resulting in an ending balance of $6,036. An increase of $18 to amortization of capital assets expense and an increase of $282 to accretion expense recorded in other expenses resulting in an excess of revenue over expenses of $5,532.

3. Cash and Short-Term Investments

The College's cash and short-term investments include amounts available to be spent at the College's discretion and amounts restricted for specific purposes that are not available to be spent at the College's discretion. The amount available to be spent at the College's discretion is calculated as follows:

Cash and Short-Term Investments	2023	2022
Cash	$ 24,213	$ 199,406
Short-term investments (Note 4 (a))	219,586	29,381
Total cash and short-term investments	243,799	228,787
Less amounts related to: Endowments - externally restricted (Note 16)	154	154
Deferred contributions (Note 11(a))	21,055	19,275
Unspent deferred capital contributions (note 13(b))	8,681	7,357
Total	$213,909	$202,001

4. Investments

A. Short-term Investments:

Short-term Investments are comprised of the following:

Short-term Investments	2023	2022
Bonds	$29,586	$29,381
Guaranteed Investment Certificates (GICs)	190,000	–
Total	$219,586	$29,381

The redeemable bonds earn interest at rates ranging from 0.50% to 4.31% (2022 – 0.50% to 3.65%), and have maturities ranging from June 2024 to September 2027 (2022 – December 2022 to April 2027). The GICs, earn interest at rates ranging from 4.70% to 5.85% (2022 – nil%) and have maturities ranging from April 2023 to June 2024.

B. Long-term Investments:

The College's long-term investments are invested primarily in pooled funds, which are managed by four investment managers. All long-term investments are held for endowments:

Long-term Investments	2023	2022
Canadian cash equivalents	$171	$57
Fixed income	3,178	3,110
Canadian equity	3,204	3,332
US equity	3,996	4,213
Global equity	2,478	2,305
Alternatives	1,195	1,216
Total	$ 14,222	$ 14,233

Investments in pooled funds have been allocated among the asset classes based on the underlying investments held in the pooled funds.

5. Investment in GBSP Centre Corp.

Pursuant to a Joint Venture Agreement dated February 12, 2004, the College has a 50% interest in GBSP Centre Corp., a joint venture corporation providing facilities for performances as well as for education and instruction in theatre, dance, music and the related arts. The joint venture has a December 31 fiscal year end. The College's equity share of the joint venture from April 1, 2022 to March 31, 2023 has been included in the financial statements as at March 31, 2023 using the modified equity method. The College's 50% interest in the joint venture is summarized below:

Investment in GBSP Centre Corp.	2023	2022
Current assets	$857	$492
Capital assets	4,629	4,726
Current liabilities	(694)	(302)
Deferred contributions	(4,808)	(4,932)
Net liabilities	$(16)	$(16)
Revenue	$1,693	$1,145
Expenses	(1,694)	(1,157)
Excess (deficiency) of revenue over expenses	$(1)	$(12)
Cash flows (used in) provided by operating activities	$550	$203
Cash flows (used in) provided by financing activities	(124)	6
Cash flows used in by investing activities	(59)	(25)
Net cash (outflow) inflow	$367	$184

The College's 50% equity share of the deficiency of revenue over expenses of GBSP Centre Corp. from April 1, 2022 to March 31, 2023 has been included in other expenses.

During the year, the College paid rent of $232 (2022 – $357) and made contributions of $813 (2022 – $267) to the joint venture which were included in rental, utilities and maintenance, and services expenses, respectively.

The joint venture is a not-for-profit organization, and follows the recommendations of CPA Handbook Part III – Accounting Standards for Not-for-Profit Organizations. As such, there are differences between the accounting policies of the College under PSAB for Government NPO's and the Joint Venture under Part III of the CPA Handbook. Under the modified equity approach, the College makes no adjustment to the amounts disclosed or recognized in its financial statements for these differences. For the year ended March 31, 2023, there were no accounting policy differences that would have resulted in an adjustment to amounts or disclosures in these financial statements.

6. Capital Assets

Capital Assets	2023 Cost	2023 Accumulated Amortization	2022 Cost (Restated) (Note 2)	2022 Accumulated Amortization (Restated) (Note 2)
Land	$21,459	$–	$21,459	$–
Buildings and improvements	622,484	219,486	611,598	204,035
Building under capital lease (Note 10)	10,110	4,328	10,110	4,122
Construction in progress	98,972	–	43,218	–
Leasehold improvements	14,015	8,277	12,881	7,474
Computer equipment	74,535	68,581	70,603	64,303
Other equipment	113,369	98,626	105,053	94,061
	$954,944	$399,298	$874,922	$373,995
Net book value	–	$555,646	–	$500,927

Title to land, buildings, furniture and equipment and other capital assets occupied and used by predecessor institutions was transferred to the College at nominal value. If these assets are not used by the College for educational purposes, the Province of Ontario has the right to repurchase the assets at the nominal value.

In fiscal 2017, the College started a tall wood building project The Limberlost Place Project to provide additional instructional space at its Waterfront Campus. As at March 31, 2023, the College has recognized construction in progress for pre-construction management services valued at $88,029 (2022 – $32,176). The project is anticipated to be completed in fiscal year 2025.

The buildings located at 500 MacPherson Avenue, Toronto and 555 Davenport Road, Toronto were classified as held for sale.

Capital Assets	2023 Cost	2023 Accumulated Amortization	2022 Cost	2022 Accumulated Amortization
500 MacPherson Avenue, Toronto	$–	$–	$1,612	$1,069
555 Davenport Road, Toronto	–	–	4,809	2,802
	$–	$–	$6,421	$3,871
Net book value	$–	$–	$–	$2,550

On June 29, 2022, the buildings located at 500 MacPherson Avenue, Toronto and 555 Davenport Road, Toronto were sold for total proceeds of $36,000 resulting in a gain on disposition of $35,774 after closing costs, which was recorded in other revenue on the statement of operations. Furthermore, as a result of the sale, the liability for contaminated site, which was associated with 555 Davenport Road, was extinguished as part of the gain on sale.

7. Deferred Revenue

A. Current deferred revenue consists of:

Deferred Revenue	2023	2022
Tuition fees	$67,373	$42,373
Other	6,427	4,436
Total	$73,800	$46,809

B. Long-Term deferred revenue:

On March 31, 2017, the College assigned its interest in a parking garage for total compensation of $4,064. The amount is being recognized in the statement of operations over 99 years ending in 2109, which is consistent with the ground lease. The balance of deferred revenue as at March 31, 2023 of $3,767 (2022 – $3,810) has been classified as long-term.

8. Long-Term Debt

In 2017, the College received a $40,000 loan from the Ontario Financing Authority ("OFA") for the new student residence. The loan, referred to as OFA 2, is for a 25 year term, is unsecured, at an interest rate of 5.75% and is repayable in equal, semi-annual installments of $1,518.

In 2019, the College received a $30,000 loan from the OFA for the Daniel's building. The loan, referred to as OFA 3, is for a 25 year term, is unsecured, at an interest rate of 3.77% and is repayable in equal monthly installments of $155.

The future principal repayments are as follows:

Year	Student Residence OFA2	Daniel's OFA3	Total
2024	1,079	878	1,957
2025	1,142	920	2,062
2026	1,209	955	2,164
2027	1,279	989	2,268
2028	1,354	1,027	2,381
Thereafter	28,235	21,402	49,637
	34,298	26,171	60,469
Less: current portion	1,079	878	1,957
	$33,219	$25,293	$58,512

9. Post-Employment Benefits and Compensated Absences

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

Liability 2023

Liability	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$1,978	$7,903	$509	$10,390
Value of plan assets	(473)	–	–	(473)
Unamortized actuarial gains (losses)	56	(1,457)	(38)	(1,439)
Total liability	$1,561	$6,446	$471	$8,478

Liability 2022

Liability	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$1,814	$7,319	$415	$9,548
Value of plan assets	(487)	–	–	(487)
Unamortized actuarial gains (losses)	79	(766)	(36)	(723)
Total liability	$1,406	$6,553	$379	$8,338

Expense 2023

Expense	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Current year benefit cost	$187	$485	$18	$690
Interest on accrued benefit obligation	4	214	10	228
Amortized actuarial (gains) losses	(26)	69	186	229
Total expense	$165	$768	$214	$1,147

Expense 2022

Expense	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Current year benefit cost (recovery)	$(157)	$659	$18	$520
Interest on accrued benefit obligation	3	143	8	154
Amortized actuarial (gains) losses	(21)	197	13	189
Total expense (recovery)	$(175)	$999	$39	$863

Post-employment benefits and compensated absences expense has been included in salaries and benefits expenses.

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

Retirement Benefits

CAAT Pension Plan

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2023 indicated an actuarial surplus of $4,713,000 (2022 – $4,369,000). The College made contributions to the Plan and its associated retirement compensation arrangement of $18,771 (2022 – $18,669) which has been included in salaries and benefits in the statement of operations.

Post-Employment benefits

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

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

(a) Discount rate
The present value of employee future benefits as at March 31, 2023 was determined using a discount rate of 3.4% (2022 – 2.9%), while the 2023 period expense was calculated using a discount rate of 2.9% (2022 – 1.7%).

(b) Medial premiums
Medical premium increases were assumed to increase at 6.2% per annum in 2023 (2022 – 6.3%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2040.

(c) Dental costs
Dental costs were assumed to increase at 4.0% per annum (2022 – 4.0%).

Compensated absences

Vesting Sick Leave

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

Non-Vesting Sick Leave

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

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

Vesting and Non-Vesting Sick Leaves	2023	2022
Wage and salary escalation: Academic	1.00%	1.00%
Wage and salary escalation: Support	1.00% - 1.25%	1.25% - 2.0%
Discount rate used to calculate: Present value of future benefits	3.40%	2.90%
Discount rate used to calculate: 2022 period expense	2.90%	1.70%

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 26.2% (2022 — 0% to 26.2%) and 0 to 51 days (2022 — 0 to 51 days) respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

10. Obligations Under Leases

The College is committed to lease payments for its leased premises under various operating leases, until 2109. Future minimum annual lease payments are as follows:

Year	Amount
2024	5,657
2025	3,874
2026	2,670
2027	2,675
2028	2,572
and thereafter	6,477
Total	$23,925

Effective December 16, 2010, the College entered into a 100 year land lease agreement with the City of Toronto in connection with constructing a new Centre for the Health Sciences. This agreement which expires in 2109 has an initial rental period of 23 years at which point the rent will be reset based on the then fair market value of the land, its unimproved value and its intended educational use and tied to the CPI. The rental commitment for the initial 23 years has been included in the operating lease commitment schedule above.

Effective December 21, 2003, the College entered into a lease agreement in connection with its joint venture (Note 5) to lease certain facilities for an initial term of twenty (20) years, with an option to extend the lease for five (5) successive terms of twenty years each. Annual lease payments under this agreement are $155 per annum for "grade level facilities" and $2 per square foot for "above grade premises". Rent escalation is tied to CPI and is provided for during the period September 1, 2014 to February 29, 2024. The above lease agreement is superseded by an annual licensing agreement which commits the College to estimated annual payments of $260 for the use of the facilities. In the event of the cancellation of the licensing agreement, the lease agreement becomes enforceable. In February 2023, GBSP submitted a written notice to the landlord expressing the intention to renew the lease for the second successive term of 20 years effective February 2024.

Effective July 30, 2001, the College entered into an agreement, as part of the Ontario Government Superbuild Program, with Toronto Metropolitan University to lease additional premises at the Sally Horsfall Eaton Centre for a term of forty-nine years, with related total capital lease payments over the lease period estimated at $9,966. The premises are disclosed as "Building under capital lease" in Note 6. These capital lease payments were paid as at March 31, 2003, from Superbuild funding, fundraising and College funds. As a result, there is no related obligation under capital lease related to this facility.

11. Deferred Contributions

(a) Expenses of future periods:
Deferred contributions related to expenses of future periods represent unspent restricted grants and donations for bursary and other purposes.

Expenses of Future Periods	2023	2022
Balance, beginning of year	$19,275	$20,458
Contributions received	23,848	23,720
Less: amount recognized as revenue	(22,068)	(24,903)
Balance, end of year	$21,055	$19,275

(b) Capital assets:
Deferred capital contributions related to capital assets represent the unamortized amount of grants and other contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

Capital Assets	2023	2021
Balance, beginning of year	$237,144	$236,960
Contributions received	10,228	10,229
Less: amount amortized to revenue	(10,059)	(10,045)
Balance, end of year	$237,313	$237,144

The balance of unamortized capital contributions related to capital assets consists of the following:

Unamortized Capital Contributions Related to Capital Assets	2023	2022
Unamortized capital contributions used: to purchase capital assets	$222,849	$223,804
Unamortized capital contributions used: to finance building under capital lease	5,783	5,983
Amounts financed by deferred capital contributions (Note 13(a))	228,632	229,787
Unspent contributions	8,681	7,357
	$237,313	$237,144

12. Internally Imposed Restrictions

The Board of Governors, effective March 31, 2023, approved the transfer of $18,522 from internally restricted net assets to unrestricted net assets, (2022 - $5,389 from internally restricted net assets to unrestricted net assets) and the following allocations:

Internally Imposed Restrictions	2023	2022
General contingency	$18,000	$18,000
Committed capital projects	59,093	77,615
	$77,093	$95,615

13. Investment in Capital Assets

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

Investment in Capital Assets	2023	2022 (Restated) (Note 2)
Capital assets	$555,646	$500,927
Capital assets held for sale	–	2,550
Amounts financed by deferred capital contributions (Note 11(b))	(228,632)	(229,787)
Financed by long-term debt	(60,469)	(62,341)
	$266,545	$211,349

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

Net Assets Invested in Capital Assets	2023	2022 (Restated) (Note 2)
Deficiency of revenue over expenses: Amortization of deferred contributions related to capital assets	$10,059	$10,044
Less: amortization of capital assets	(24,675)	(24,660)
	$(14,616)	$(14,616)
Purchase of capital assets	$76,847	$41,358
Adoption of asset retirement obligation (Note 2)	–	489
Amounts funded by: Deferred contributions	(8,905)	(15,668)
Amounts funded by: Repayment of long-term debt	1,870	1,780
	69,812	27,959
	55,196	13,343

14. Commitments and Contingent Liabilities

A. Litigation:

The College has been named as a defendant in several litigations alleging actual and punitive damages. The College has made a provision management believes will be sufficient based on the amount of the claims, however management is not able to determine the final outcome of these claims. Settlement, if any, will be accounted for during the period of resolution.

B. Purchase commitments:

In 2018, the College signed an agreement with an architect firm to provide professional services to support the construction of a new College building (Limberlost) for the total cost of $16,916 (2022 – $10,678). As of March 31, 2023, the College has made payments totaling $15,171 including HST (2022 – $9,309) based on a percentage of completion method. The outstanding commitment as of March 31, 2023 is $1,745 (2022 – $1,369).

In 2021, the College signed an agreement with PCL Construction Canada Inc. to perform construction of the Limberlost building for the total cost of $172,657 including HST. As at March 31, 2023, the College has made payments totaling $58,970 based on a percentage of completion method. The outstanding commitment as of March 31, 2023, is $113,687.

C. Contingent liability:

Effective June 2019, the Province of Ontario enacted Bill 124 "Protecting a Sustainable Public Sector for Future Generations Act, 2019". This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be "void and of no effect". On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. The impact, if any, to the organization as a result of the Ontario Superior Court decision is not determinable at this time. As such, no provision has been made in the financial statements.

15. Liability for Contaminated Site

The College previously recognized a liability of $806 for remediation of a contaminated site. The liability resulted from petroleum impacts in soil and ground water in the vicinity of a basement boiler room. The estimate of the liability was determined by a third party based on the fair value of the cost of the remediation work required. During the year, the contaminated site was sold and the liability was extinguished (Note 6).

16. Net Assets Restricted for Endowments

Net assets restricted for endowments consist of monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund ("OSOTF") and the Ontario Trust for Student Support ("OTSS") matching programs to award student aid together with an equal amount of endowed donations.

Effective April 1, 2022, the College has adopted a capital preservation policy. This policy has the objective of protecting the real value of the endowments by limiting the amount of interest, dividends and distributions from pooled funds made available for spending to 3.5% of the opening market value of the investments held for endowment net assets. In any particular year, any excess is recorded as deferred contributions. Any shortfall is covered to the extent that accumulated excess amounts are available in deferred contributions.

17. Related Party Transactions

A. The George Brown College Foundation

The Foundation, an organization which the College has an economic interest, is incorporated under the Ontario Corporation Act and is a registered charity under the Income Tax Act. Its purpose is to raise and administer fund for the benefit of the College, as well as for charitable purposes, including the advancement of education, within Canada.

Total net assets of the Foundation as at March 31, 2023 were $32,611 (2022 – $30,443)

Foundation Net Assets	2023	2022
Restricted endowments	$18,964	$18,401
Restricted capital projects	8,042	7,127
Restricted scholarships and other projects	4,560	4,195
Unrestricted	1,045	720
Total net assets of the Foundation	$32,611	$30,443

The College and the Foundation have entered into agreements that outline services to be provided between the College and the Foundation.

During the year, the College paid the Foundation $2,118 (2022 – $1,300) for services rendered by the Foundation to raise funds to support the College and to administer the College's long-term investments. The Foundation utilized office space owned by the College that is provided rent free, and the College provided certain administrative services to the Foundation without charges.

During the year, the Foundation provided $4,924 (2022 – $4,780) directly to the College, comprising of $476 for various projects, $3,100 for capital initiatives and $1,348, for student scholarships and awards (2022 – $2,668, $840, and $1,272 respectively).

B. Student Association Centre

Pursuant to an agreement dated in 2001, the College leases a portion of its facilities to the student body for use as a student centre. The agreement is for a term of 49 years with nominal rental to be paid at $1.00 per year.

18. Statement of Cash Flows

The net change in non-cash working capital balances related to operations presented on the Statement of Cash Flows consists of the following:

Cash Flows	2023	2022
Grants receivable	$ (3,644)	$ (1,648)
Accounts receivable	(12,192)	(2,227)
Inventories	207	89
Prepaid expenses	(3,476)	(1,202)
Accounts payable and accrued liabilities	16,502	14,477
Vacation payable	(955)	1,816
Deferred revenue	26,948	1,812
Deferred contributions - expenses of future periods	1,780	(1,183)
Total cash flows	$25,170	$11,934

19. Guarantees

In the normal course of business, the College enters into agreements that meet the definition of a guarantee.

a) The College has provided indemnities under lease agreements for the use of various operating facilities and license agreements. Under the terms of these agreements, the College agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, losses, suits, and damages arising during, on or after the terms of the agreements. The amount of any potential future payment cannot be reasonably estimated.

b) Indemnity has been provided to all directors and or officers of the College for various items including, but not limited to, all costs to settle suits or actions due to association with the College, subject to certain restrictions. The College has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the College. The amount of any potential future payment cannot be reasonably estimated.

In the normal course of business, the College has entered into agreements that include indemnities in favour of third parties, such as student work placement agreements. These indemnification agreements may require the College to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the College from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, the College has not made any significant payments under such or similar indemnification agreements and therefore no amount has been recorded in the statement of financial position with respect to these agreements.

20. City of Toronto Daycare Subsidies

During the fiscal year ended March 31, 2023, the College received wage subsidies totaling $1,864 (2022 – $1,864), Special Needs grants totaling $232 (2022 – $207), Special Needs One-on-One grants totaling $43 (2022 – $55), and Safe Restart Funding $nil (2022 – $4,297), Electronic Devices grants totaling $39 (2022 – $nil), CWELCC Affordability funding totaling $3,428 (2022 – $nil), and CWELCC Implementation grants totaling $200 (2022 – $nil) from the City of Toronto.

21. Financial Instrument Classification

The following table provides cost and fair value information of financial instruments by category.

Financial Instruments	2023 Fair Value	2023 Amortized Cost	2023 Total
Cash	$24,213	$–	$24,213
Short-term investments (Note 4 (a))	219,586	–	219,586
Long-term investments (Note 4 (b))	14,222	–	14,222
Grants receivable	–	6,863	6,863
Accounts receivable	–	40,358	40,358
Accounts payable and accrued liabilities	–	115,885	115,885
Long-term debt	–	58,512	58,512

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2023 Financial Instruments	Level 1	Level2	Level 3	Total
Cash	$ 24,213	$–	$–	$–
Short-term investments (Note 4 (a))	–	219,586	–	–
Long-term investments (Note 4 (b))	–	14,222		–
	$24,213	$233,808	$–	$–

During 2023, $190,000 of cash was converted to GICs and was transferred from Level 1 to Level 2. There were no transfers in or out of Level 3.

22. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, investments, grants receivable, and accounts receivable.

The College holds its cash accounts with a highly rated federally regulated chartered bank.

The College's investment policy for excess operating funds invested in short-term investments operates within the constraints of the investment guidelines issued by the Ministry of Colleges and Universities ("MCU") and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. The Investment policy for the long-term investment held for endowments set out investment criteria that limit investments to entities with acceptable credit ratings.

Accounts receivable is primarily due from students, government, and corporations. Credit risk is mitigated by the highly diversified nature of the student population and other customers. Government receivables are mitigated by the governmental nature of the funding source.

The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections.

The amounts outstanding at year end were as follows:

Amounts Outstanding 2023	Total	Current	31–60 days	61–90 days	91–120 days	Over 121 days
Government receivables	$6,863	$6,863	$–	$–	$–	$–
Student receivables	30,523	8,720	662	4,423	5,502	11,216
Other receivables	18,491	17,434	258	455	41	303
Gross receivables	55,877	33,017	920	4,878	5,543	11,519
Less: impairment allowance	(8,656)	–	–	(866)	(1,731)	(6,059)
Net receivables	$47,221	$33,017	$920	$4,012	$3,812	$5,460

Amounts Outstanding 2022	Total	Current	31–60 days	61–90 days	91–120 days	Over 121 days
Government receivables	$3,219	$3,219	$–	$–	$–	$–
Student receivables	22,806	8,037	539	2,634	3,091	8,505
Other receivables	11,739	10,489	128	139	22	961
Gross receivables	37,764	21,745	667	2,773	3,113	9,466
Less: impairment allowance	(6,379)	–	–	(638)	(1,276)	(4,465)
Net receivables	$ 31,385	$ 21,745	$667	$2,135	$1,837	$ 5,001

Market Risk

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

Currency Risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The College's endowment investments include non-Canadian equities, the value of which fluctuates in part due to changes in foreign exchange rates. The US and global equity funds are denominated in currencies other than Canadian dollars and are therefore directly exposed to currency risk as the value of these investments denominated in other currencies will fluctuate due to changes in exchange rates.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The College is exposed to interest rate risk with respect to its interest-bearing investments and long-term debt.

At March 31, 2023, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds of $1,249 (2022 – $1,009).

A change in the interest rate on the College's long-term debt would have no impact on the financial statements since all the debt is measured at amortized cost and has a fixed rate of interest.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The College is exposed to other price risk through its pooled funds that hold equity securities. To manage this risk, the pooled funds in which the College is invested have investment criteria that result in a diversified portfolio across industries and countries. At March 31, 2023, a 10% movement in the stock markets, with all other variables held constant, would have an estimated effect on the fair values of the Colleges equities of $1,422 (2022 – $1,423).

Liquidity Risk

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The following table sets out the expected maturities, representing undiscounted cash-flows of financial liabilities.

2023 Undiscounted Cash-Flows	Within 1 year	1–5 years	Over 5 years
Accounts payable and accrued liabilities	$115,883	$–	$–
Long-term debt	1,957	8,875	49,637
Liability for contaminated site	–	–	6,332
	$117,840	$8,875	$55,969

2023 Maturity profile of bonds held is as follows:

2023 Maturity Profile of Bonds	Within 1 year	1–5 years	Over 5 years	Total
Carrying value of: Bonds	$2,006	$27,580	$–	$29,586
Carrying value of: GIC	160,000	30,000	–	190,000
	$162,006	$57,580	$–	$219,586
Percentage of total	74%	26%	–	100%

23. Asset Retirement Obligations

The College's financial statements include asset retirement obligations for designated substances with confirmed/presumed presence in the buildings owned/leased by the College, where it has been determined that the College is liable for remediation of designated substances. The related asset retirement costs are being amortized on a straight line basis. The liability has been estimated using a net present value technique with a discount rate of 4.90%. The estimated total undiscounted future expenditures are $12,146, which are to be incurred over the remaining useful life of the assets. The liability is expected to be settled at some undeterminable future date.

The carrying amount of the liability is as follows:

Amount of the Liability	2023	2022
Balance, beginning of the year	$6,036	$5,754
Increase due to accretion expense	296	282
	$6,332	$6,036