



FANSHAWE



2020
2021

**Annual
Report**

OUR MISSION

To provide pathways to success, an exceptional learning experience, and a global outlook to meet student and employer needs.



FANSHAWE

Unlocking Potential

ANNUAL REPORT 2020/2021

FANSHAWE COLLEGE

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NOTE: Appendix E does not apply to Fanshawe College (Appendix E: Institutes of Technology and Advanced Learning (ITAL) Reports) so an Appendix E is not included in this report.



At the outset, I want to extend my sincere appreciation and thanks to every employee of the College for making the past year an incredible success. The uncertainties and changes of the global pandemic affected all of us. Without your collaborative efforts, spirit, commitment and dedication, the past year could have ended much differently. However, it did not!

Throughout 2020, the Board of Governors witnessed demonstrated examples of leadership and perseverance. The significant shift in program delivery to online and blended formats combined with permitted face-to-face deliveries was a significant achievement, which should not be understated. Moreover, despite the distractions of COVID-19, the Board of Governors is equally proud of the new programming developed during the past year in response to student and labour market demands. These efforts contribute directly to reputation and prospective enrolment growth.

The accomplishments described above demonstrate the magnitude of “what can be” when an organization works together to support their common interest—in our case, it is our students. It is important to recognize that our students have been resilient and focused throughout this tumultuous period.

As Chair, I am equally pleased with the internal efforts to manage costs to ensure the College remained in a solid financial position. I know the decisions were tough, sometimes intense and, in early 2020, looked daunting with the potential to end the year in a deficit position. However, the collective efforts of the entire Fanshawe family diminished these early concerns resulting in a positive and balanced outcome.

Strong and thoughtful planning is required to support the future growth of the College. The Board of Governors is pleased to see the advancement and opening of Phase 1 of Innovation Village. Once complete, this multi-year project will become a wonderful centrepiece for the College. The workforce is ever changing, and even more so now due to the impacts of COVID-19. A space for students, faculty and the community to collaborate to advance the technical and human skills required for a changing world of work is imperative.

I would be remiss if I did not mention the work undertaken during the past year leading to the opening of Fanshawe’s state-of-the-art Oral Health Clinic. This learning lab investment supports our Dental Hygiene and Assisting programs—but the clinic also supports the London community by providing preventive oral health services to those who would not otherwise have access to this important area of care. Another strong example of Fanshawe’s linkage to the community.

To conclude, I want to reiterate the Board of Governors’ many thanks to President Peter Devlin and the entire Fanshawe team for making 2020 a successful year. Although it was difficult, it also served as an opportunity to grow as an organization. We have grown and now are even stronger as we look to the future.

Sincerely,

Brad Duncan

Chair, Fanshawe College Board of Governors



What an extraordinary year 2020 was! At year-end, my thoughts are immediately drawn to the many experiences and changes imposed on us due to the COVID-19 global pandemic. I know that each of us, including myself, has found a quiet moment to think about family, friends and acquaintances impacted by this deadly virus. At Fanshawe, despite the many challenges of COVID-19, we persisted, adapted, supported one another and, most importantly, kept the interests of our students at the forefront of all our decisions.

I am extremely proud of the College community's response to the pandemic. COVID-19 pushed our leaders, administrators, faculty and staff to be creative and explore new ways to deliver academic programming and student services. The swift and professional online academic delivery, coupled with the compassionate and comprehensive delivery of student services, was inspiring. I was equally pleased with the incredible outcomes achieved by our Corporate Training Solutions (CTS) team as demonstrated by their agility to deliver targeted training, and up-skilling services funded by the Federal and Provincial governments in response to COVID-19 labour and skills shortages.

Without a doubt, our campus life changed in 2020; however, our commitment to program quality and new program development did not. I witnessed a brilliant combination of online, blended and face-to-face delivery supporting student success. For this reason, Fanshawe continues to be among the leading post-secondary institutions in Ontario and a destination of choice for both domestic and international students.

Notably, our vision to provide every student a Signature Innovative Learning Experience (SILEx) and Job Skills for the Future is becoming a true reality. Innovation Village came alive, as Phase 1 of this multi-year project is now open including our beautiful new Indigenous Spirit Assembly, *Kalihwíyo*, which means "good message" in the Oneida language.

Fanshawe's financial health remains strong. However, as we all know, COVID-19 created financial uncertainty across many sectors of our economy, including higher education. In response to these uncertainties, we implemented aggressive, yet thoughtful, cost containment measures to support the financial sustainability of the College. The Job Experience Training (JET) Program, a program designed to redeploy staff whose work was paused, is a great example of the teamwork and resiliency witnessed during COVID-19 in managing a large number of vacant positions as well as intentional cost containment efforts to balance a significant projected deficit.

One of our College values calls on us "to engage each other." Many of our employees have been powerful leaders in the community, modelled by individual and collective acts of support and understanding. I am also very proud of the foundational work completed enterprise-wide to advance Fanshawe's commitment to Equity, Diversity and Inclusion (EDI). The College is now in the process of recruiting its first EDI Director in 2021.

In closing, the pandemic highlighted innovation and creativity of the Fanshawe Team. I anticipate that Fanshawe will see a heightened innovative spirit as the College emerges from the pandemic.

Sincerely,

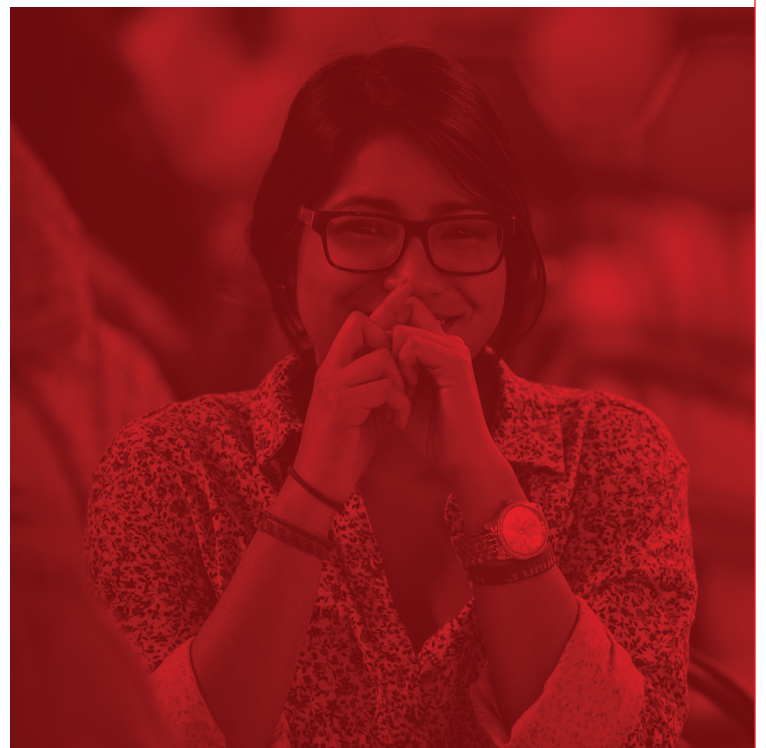
Peter Devlin

President, Fanshawe College



SECTION A

Report on Previous Year's Goals



Challenges and Opportunities

The external environment (i.e., political, economic, social, and technological) affected the post-secondary sector greatly in 2020/21. The most pressing challenge being the impacts of the ongoing COVID-19 pandemic.

Although the COVID-19 pandemic continued to have stronghold effect on the government, economy, and society, the College also faced other challenges and opportunities in 2020/21. Some of these include: adapting to remote work culture; online education and the future of learning; systemic inequalities and supporting a diverse population; as well as government initiatives to increase funding for mental health for post-secondary students, the expansion and improvement of broadband, and support for micro-credentials.

In the sections below, the College's successful attainment of its strategic goals and commitments are discussed.

Goal 1: Enhance innovative practices for exceptional student learning

Commitment 1.1. Create a Signature Innovative Learning Experience (SILEx) for every student by ensuring that at least one experiential learning activity (entrepreneurship; live client interaction; multidisciplinary projects; global projects; and applied research) is incorporated in all new and existing post-secondary programs by September 2021.

The majority of program teams have identified a SILEx for their programs and all will have done so by September 2021. The identification of a SILEx, and integration into the curriculum, has now been included as part of the new program development process and will also be verified through the annual program excellence survey (PRESS).

Commitment 1.2. Incorporate at least three of the College's seven identified job skills for the future (novel and adaptive thinking; resilience; social intelligence; self-directed learning; global citizenship; complex problem solving; implementation) in learning outcomes for all programs by September 2021.

The Phase 2 Implementation Plan for Job Skills for the Future was implemented in September 2020 and will run through August 2021. Phase 2 addresses the requirements for successful curriculum integration through the creation of program-specific resources by The Centre for Academic Excellence (CAE), including lesson plans for each job skill and offering professional development opportunities for faculty teaching the job skills.

Commitment 1.3. Complete the Innovation Village capital project, supported by the Innovation Village concept, with the cost not to exceed \$55M. Launch Phase 1 by September 2020.

Although originally projected for a Fall 2020 opening, Phase 1 of the Innovation Village Project was officially completed in mid-February, 2021. It is important to note that the pandemic had a significant influence on projected completion dates. Delays were unavoidable due to the Premier's Emergency Orders shutting down construction from April 4 – May 14, 2020 and continued interruptions to the supply chain, including material and equipment delays. As a result, the completion date for the construction of Innovation Village has been projected to Fall 2023.

The College has completed the design development stage for Phases 2 and 3 of the Innovation Village Project, and at the end of March 2021, received cost estimates from consultants and construction manager for the Tender Series 3 bids. Demolition is underway for Phases 2 and 3.

We have been proactive in targeting reductions through selective design choices, intended to offset potential increases due to the current pandemic driven market influences. As a result, the project is on track to remain within budget, with the cost not to exceed \$55M.

Beyond design and construction, the Innovation Village continued to collaborate with external community partners to promote innovative approaches for experiential learning for students. Fanshawe is a founding partner in CityStudio alongside the City of London, Pillar Nonprofit Network and the city's other post-secondary institutions. CityStudio is a proven model of experiential education and civic engagement. In addition, supporting virtual live client engagement, Innovation Village via a pilot project supported through RBC Future Launch, has promoted and co-ordinated the use of the Riipen platform. Riipen brings industry and academia together with real company projects. These projects are embedded into curriculum, or completed as remote internships. Furthermore, Innovation Village provided several opportunities for student engagement through SILEx collaborations within the design and build of the project.

Commitment 1.4. Continue to implement the College's Mental Health Strategy, through a comprehensive and college-wide approach to student wellness that focuses on creating a culture of support and responsiveness to student mental health concerns. Complete an evaluation of impact for the strategy by September 2023.

The past year saw an increase in attendance at group counseling as well as increased engagement with social media in the Fall and Winter, with students indicating that social isolation is a factor in their interest in these engagements.

A Stepped Care model was applied to the development of services and approaches to counseling delivery for students. The Stepped Care model is a triage process whereby students receive supports based on level of need, driven by a philosophy of student resilience. The steps include: use of virtual supports, group sessions, counseling case management and external mental health and crisis supports. Since March 2020, this has been reflected in the adaptation to virtual/remote services (for Urgent needs, short-term counselling, groups and workshops) as well as the availability of in-person supports for students in urgent need while on campus. It is also reflected in the work to respond to the different ways that students have been accessing service and a focus on improvements to the portal, access to self-help resources, collaboration between services and peer supports.

College capacity for mental health support was increased through the development of a Faculty Toolkit, training to provide Mental Health First Aid virtually, and social media campaigns incorporating mental health and wellness messaging in collaboration with student service areas and the Wellness Centre. In December, the Wellness Centre expanded virtual offerings to students. Live and on-demand fitness classes were delivered, as well as workshops on mindfulness, nutrition, stretching, low back pain and ergonomics.

Counseling services continued to deliver off-site, but in September added two on-site counselors at the Wellness Centre services hub to support on campus student appointments. Through a partnership with Canadian Mental Health Association (CMHA) and a contract with WellTrack, students received virtual crisis support and online self-assessment and support. In the Winter term, CMHA counseling support was increased from two days per week to four days per week, and transitioned to full virtual service, to meet student off campus demand.

Commitment 1.5. Continue to implement the Here for You campaign with a focus on systems and social media tools that improve student awareness of available services and supports, increase student engagement on campus, and refine referral from departments and schools to relevant services. Complete an evaluation of impact for the campaign by September 2020.

Fanshawe's Here for You awareness campaign took on new meaning in a virtual world, and became a blend of online and some on site support over the past year. Forms, former paper processes, services, events, personal fitness and social connections were moved to online delivery. Referral from one service to another or from schools to services became a triage from the first point of question to the right off site person who could respond. To support this triage approach, and to align with the Here for You philosophy of service, Student Services Hubs were located on campuses to respond to student enquiries and to help students navigate both on-site store front and curbside options and virtual service contacts. The focus over this past year was on striking the right balance between safety and student on campus experience. Using a combination of triage hubs, store front opening and curbside pick up and drop off, many services created a level of campus experience for students in blended programs. Other services were available for students by creatively using online delivery. There were increases in student attendance in fitness classes online, a steady use of Zoom and Webex counseling and career appointments, and high satisfaction with new online forms and online ordering and home delivery through the bookstore. A highlight for students was the opening of the new library, phase 1 of Innovation Village. As permitted, the library was open to students for research, learning support and study. Overall, this combination of on site and online delivery kept our promise to students to be here for them in a very difficulty year.

Goal 2: Manage enrolment growth

Commitment 2.1. Maintain the enrolment of domestic students by staying within the corridor midpoint (equating to 17,200 weighted funding units) as defined in the Strategic Mandate Agreement (SMA) 2020-25.

Fanshawe is very pleased to report that it exceeded each of the five (5) Year 1 SMA targets.

Fanshawe's domestic corridor has a floor of 15,996 weighted funding units (WFUs) and a ceiling of 17,716 WFUs, with a midpoint of 17,200. For Fanshawe to maintain its position within the corridor for the 2020/21 assessment year, the three year average of WFUs from 2016/17, 2017/18 and 2018/19 must stay within the corridor. Fanshawe's actual WFUs were as follows:

2016/17 = 17,276

2017/18 = 17,097

2018/19 = 17,288

Based on these results, Fanshawe's three year average is 17,220, which is slightly above the midpoint and well above the corridor floor.

Looking ahead, Fanshawe's 2019/20 WFUs were 17,093. The three year average 2017/18 to 2019/20 was 17,159. Thus, for the 2021/22 assessment year, Fanshawe is still positioned well above the corridor floor.

Commitment 2.1.1. Develop and implement a Mature/Part-time Learner Strategy focusing on growth strategies mapped to renewed segmentation analysis and existing and emergent flexible delivery methods (develop by Spring 2020 and implement by Spring 2022).

A Mature/Part-time Learner Strategy was developed and presented to the Board. The strategy which closely aligns with the College's Digital and e-Learning strategies, included recommendations for many areas of the College, such as: academic and service areas, Reputation and Brand Management, the International Office, and the Advancement and Alumni Office. It also included broader community implications. In addition, a market segmentation and needs analysis was completed.

Mature learners are defined as applicants, students, and alumni who are 25 years or older, including both domestic and international.

Commitment 2.1.2. Implement an organizational-level eLearning Strategy to support enrolment growth and enhance the student's digital learning experiences:

Over the past year, the College developed an organizational-level Digital/eLearning strategy that was presented and consequently endorsed by the Board. The College's rapid response to the pandemic necessitated strong and immediate focus on key actions and deliverables in the strategy. The now established organizational committee structure responsible for actioning change stewarded and supported many student service improvements as most processes, services, and events transitioned to virtual delivery. Academic service advancements included multiple successful eCampus grant approvals from the Virtual Learning Strategy program resulting in funding of 6 Fanshawe-led and 12 Fanshawe-partnered projects and the completion of a program-team led advanced planning exercise resulting in projected online and blended program increases beyond the Fall of 2021. Several additional initiatives all outlined in the Strategy positioned the organization with a balance of short-term resourcing and long-term planning for a competitive post-COVID recovery.

- Increase the number of fully-online post-secondary programs by 10, by September 2023.

The Fall of 2020 and the Winter of 2021 saw an average of 7,015 studying online and an average of 10,743 student studying in-person, resulting in a sharp annual increase to 39.5 per cent of two-terms of the College's students engaging virtual learning in the course of a single academic year. In the 2020/21 academic year, the College delivered 22 programs with a fully online option (unrelated to the pandemic), and now projects 27 programs with sustained fully online options in the 21/22 academic year. Most of those fully online programs referenced here are also delivered in traditional face-to-face mode, permitting students choice in determining which mode or format of delivery best suits their learning style and circumstances.

Commitment 2.2. Increase Indigenous student enrolment to represent 6 per cent of the College's annual domestic student population (Target 1 of the Indigenous Action Plan) by December 2025.

Commitment 2.2.1. Develop innovative and alternative pathways to recruit and retain Indigenous students by March 2021 (Goal 1 of the Indigenous Action Plan).

Creating a sense of belonging and confidence in ones academic abilities are cornerstones of the Institute of Indigenous Learning's approach to improving access and retention of Indigenous students. The innovative program Niisitaug FutureWork was developed with community partners during 2020/21 as an access program utilizing Indigenous pedagogy, design thinking, Fanshawe College's 7 skills of the future, and experiential learning. The program has been developed for both online and in person delivery, and is targeted to First Nation communities both in Southwestern Ontario, and across Canada. The Institute has also taken a leadership role in Ontario in the utilization of Indigenous student data to target at risk students, including the addition of transition and learning advisors. This has improved both retention levels, and closed educational gaps in student course outcomes. The focus is to reach students before they experience difficulties. We aim to help them adjust to, transition and understand the expectation of a college environment.

During the past year, we have also implemented community learning hubs within First Nation communities to alleviate difficulties with a lack of access to suitable broadband technology, and appropriate learning environments with computer stations. These community learning hubs are also home to in community delivery of the Niisitaug FutureWork program, and other Fanshawe College programs such as the accelerated ECE program. To further limit the impact of the move to online learning, the Institute put in place a lending program using data enabled iPads.

Commitment 2.3. Increase international term enrolments by 50 per cent (from baseline established April 1, 2020) over five years.

The full-time post-secondary enrolment (FTPS) count that includes Summer 2020, Fall 2020 and Winter 2021 was 41,112. This represents a year-over-year decrease of 8.4 per cent. Of greater significance, the College has now experienced an enrolment decrease of 2.2 per cent over the past three years (2018/19, 2019/20, 2020/21).

International enrolment has grown at the College with cumulative growth from 2018/19 of 9.4 per cent; year-to-year there was a decrease of 13.2 per cent between 2019/20 and 2020/21. In comparison, domestic enrolment is on a slight downward trend. Cumulative from 2018/19, domestic enrolment declined by 7.9 per cent; domestic enrolment dropped by 5.5 per cent in the year-to-year change between 2019/20 and 2020/21.

Commitment 2.3.1. Implement the staff and faculty pillars of the Global Engagement Framework by March 2025 (retention of global learners to London; sector leadership in international student supports; supports to staff to be responsive of student needs; and opportunities for students to learn abroad).

Uncertainty prevailed with changing international travel restrictions, quarantine requirements, and study permit availability and validity. Most notably, international students were granted permission to study outside of Canada for the duration of their program and qualify for a postgraduate work permit. Fanshawe International capitalized on the ongoing enthusiasm for Canada and rapidly deployed with both virtual and in-person recruitment events throughout India, China, Korea, Vietnam, Philippines, Turkey, Ukraine, Bangladesh, and Brazil where experienced and credible Recruitment Representatives responded to the opening and closures of their country hosting 6,161 virtual meetings with future students.

The pandemic necessitated novel approaches in efforts to reach the world and inspired Fanshawe's first virtual Worldwide Recruitment Fairs, offered in four time zones to 4,300 visitors from 128 countries with 7,200 leads collected. The first virtual Education Partner Day celebrated the achievements of 276 agencies from 44 countries.

The Ministry of Colleges and Universities and the Public Health of Agency of Canada's joint Attestation required meticulous attention and planning for the safe arrival of new international students. Transportation, quarantine and accommodation protocols were implemented resulting in 1,000 students being cared for from arrival to throughout quarantine with daily check ins, workshops and access to entertainment through the Fanshawe Cares website and team members. We supported over 1000 students to arrive, transit and quarantine safely and productively with daily check ins and workshops.

In addition, support for faculty continued with virtual sessions in each semester focusing on Teaching to International Students Online session at the beginning of each semester with over 100 faculty in attendance.

Opportunities for students to learn abroad through exchange were temporarily suspended and an updated safety plan for international activities at the College with funding secured through Colleges and Institutes Canada commenced.

Commitment 2.4. Maintain Fall semester level one retention rate within a +/-1 per cent band of tolerance from a target of 79.2 per cent

The 2020 Fall Level 1 retention rate for all starting intakes was 78.4 per cent, and the retention rate was 77.8 per cent for Level 1 programs only.¹ The target for Commitment 2.4 was partially met. Student services embarked on a series of initiatives that include an enhanced orientation program along with a review of student advising services to improve this outcome.

Commitment 2.5. Develop an Apprenticeship Strategy, in alignment with metrics as defined in SMA3 and in congruence with current government priorities, by Spring 2020 and implement by Spring 2022.

Ministry-led apprenticeship modernization efforts continue to remain a strong focus in the Ontarian skilled trades training network of delivery agents – where pandemic challenges resulted in approximately 20 per cent of the College's apprenticeship program converted to online delivery. The College continued to prepare to meet its year-three, 2022/23 Strategic

¹ Note - this is for FTSPS domestic and international students only and does not include the collaborate nursing program.

Mandate Agreement apprenticeship metric of reporting increased graduation rates in trade-related post-secondary programs. Accordingly, the College tracked increases in the past four years (2016/17 to 2019/20), where the overall graduation rate in trade-related programs with clearly identified pathways to apprenticeship (PLAR pathways) ranged from 67.3 per cent (in 2016/17) to 72.4 per cent (in 2019/20). Graduating from one of these post-secondary programs will help students more seamlessly enter the trades without having to duplicate schooling time, thereby improving completion rates within the apprenticeships themselves.

Preparations to meet the SMA3 College commitment and related goals continued this past year, with 152 intakes converted to a 'guarantee to max' payment type, with a resulting estimated additional funding for approximately additional 129 seats throughout the provincial lockdown, and this translated into over \$330,000 of delivery efficiencies over two terms.

Goal 3: Optimize use of resources and enhance organizational capacity

Commitment 3.1. Implement a procedure to evaluate, prioritize, and select capital requests for investments over \$500,000, that the College will approve funding for, by March 2021.

In collaboration with Institutional Research, Finance developed and presented a systematic dashboard tool to the Capital Planning Committee (CPC) in March 2021 consistent with the stated Commitment. The evaluation tool is foundational to improving and advancing enterprise-wide capital planning, prioritization and project selection in the small capitalization category.

Commitment 3.2. Implement the College's ERP/integrated solutions project with a focus on a new/improved Student Information System (SIS), Financial System, and Human Resource Management System (HRMS) by March 2025.

During this past year, 1000's of hours were spent by a cross-section of College leaders and staff working with Deloitte in virtual workshop formats. These workshops examined current state pain points and future state aspirations, which fed into an RFP for a new ERP system or systems. The RFP concluded with all three functional areas (Human Resources, Finance, Student Information Systems) selecting Workday as the product. An RFP for a Workday Systems Implementer is underway and will conclude in late Spring 2021. Pre-implementation and project team staffing activities are well underway.

Commitment 3.3. Complete the five phases of the Data Strategy (student success; budgeting and planning; capital planning; enrolment optimization; and workforce planning) by March 2025.

The College's Data Strategy and associated Implementation Plan were finalized mid-2019 consistent with the project plan. Individual and collaborative leads for each Phase of the Strategy are advancing work consistent with the objectives and timelines for each Phase. A fourth quarter progress review determined anticipated delays due to COVID-19 had not materialized and there was no evidence of risk to initial implementation timelines. Moreover, the approved streamed versus integrated implementation approach demonstrated resiliency against operational delays. The advancement of the College ERP initiative combined with the introduction of new data analytics tools supported work under multiple Phases of the Strategy.

The College is committed to implementing its Data Strategy over the next five years and has included doing so in its Strategic Goals and Commitments for 2020-25.

Commitment 3.4. Foster wellness, creativity and personal and professional fulfillment among faculty and staff through a culture of innovation, interdisciplinary collaboration, lifelong learning and flexible work environments. Conduct a needs assessment, by September 2020, of human resource supports required to implement changes arising from the 2020-2025 Strategic Goals and Commitments.

The unexpected change to working from home in March 2020 required immediate responses to foster wellness, creativity, and employee fulfillment. Supports were quickly put in place including providing office equipment for home use, technologies for meeting and collaboration, and training for remote work and on delivery of online learning. Several regular opportunities were provided to employees and managers to remain connected with colleagues including regular corporate communications, a learning community branded Fanshawe Connects, and a forum for managers called Falcon Cafe. These learning communities provide a place to formulate ideas for wellness and ongoing strategies for maintaining effectiveness the unfamiliar workplace realities resulting from the pandemic.

A Learning Continuity Hub provided digital supports for faculty to quickly and effectively transition from in-person to online learning and teaching. The Hub provides on-demand supports and a weekly series of faculty development webinars that are updated each week since March 2020. In Summer 2020, a survey of employee needs, and well-being was conducted. The survey validated that employees transitioned well to working from home and highlighted some needs for further supports. A repeat survey was conducted in May 2021 to inform the ongoing development of flexible work arrangements that will become embedded in College policy. Managers have collaborated to refine their support for employees to remain productive and engaged throughout the changes brought by the stages of the pandemic. As we emerge from the pandemic, further needs assessment will be done to determine human resource supports for the 2020-2025 Goals and Commitments.

Commitment 3.4.1. Execute an Equity, Diversity, and Inclusion Strategy by December 2021.

This past year the College concluded a comprehensive survey research study that identified and quantified the size of its under-represented and racialized student and staff groups. Moreover, this study examined barriers to equity, diversity, and inclusion (EDI) - identified by each of the groups – both while attending the College and while living in the broader London community. The survey research was coupled with a literature review and thought leader interviews focused on identifying practical ways that the College can and ought to remediate gaps in its policies, practices, and processes relating to EDI. The information informed the development of a job profile for a new EDI Director at the College, reporting directly to the President. A recruitment firm has been retained, and an internal hiring committee created, to ensure that the EDI Director is hired by July, 2021. The new EDI Director will use the research information to help inform and operationalize a first-ever EDI Strategy for the College.

Commitment 3.4.1. Create a culturally safe environment for Indigenous students and employees by providing awareness and competency training to at least 20 per cent of staff annually commencing in September 2020 (Goal 3 of the Indigenous Action Plan).

The health and safety restrictions of COVID impacted the delivery schedule of the awareness and competency training to staff. The program was developed with an emphasis on learning and understanding Indigenous ways, practices and experiences using Indigenous circle teaching methodologies. Recognizing that without meaningful actions, and respectful relationships, we cannot expect our Indigenous students and communities to remain engaged with the Indigenous Action Plan. Resources were committed to develop new digital media learning resources, including an expansion of the Institutes YouTube Learning site. The site is now one of Fanshawe College's highest used social media sites with a range of 500-1000 hours of monthly viewing, plus 200 additional subscribers being added each month.

Goal 4: Build sustainable, complementary sources of revenue.

Commitment 4.1. Increase revenues generated from providing instructional and non-instructional services to Non-Government Ontario-based, Canadian and foreign firms, agencies, or associations, where the activity is paid for by the firm, agency, or association and not by students through student tuition or fees, as determined by the SMA3 targets.

Corporate Training Solutions (CTS) had an exceptional growth year, exceeding targeted revenues, which was achieved in eight months of business activity due to COVID-19. CTS made a remarkable adjustment to market conditions by seamlessly migrating products and services to on-line and blended formats meeting the needs of business and industry partners. Moreover, CTS successfully met the training needs of Ontario's trucking and logistics industry by maintaining services to this essential sector.

Nationally, CTS was awarded their first contract with Colleges and Institutes Canada and Employment and Social Development Canada as the lead institution responsible for designing and developing a fully online, micro-certification for Supportive Care Assistants. Provincially, CTS received Minister approval to lead two Skills Advance Ontario (SAO) pilot projects; one in healthcare and the other in construction. The team continues to develop strong regional partnerships and secure local client engagements to support continued growth and advancement towards achieving strategic targets.

Commitment 4.2. Implement the operational plan for offshore education and training by March 2021 with a focus on business development in countries identified as most aligned to the BoG's Offshore Opportunities Framework (Commitment 4 of the Global Engagement Strategy).

Fanshawe Global (FG) had a notable year amidst the pandemic which halted international travel and froze the global economy. Through the development of a strong business continuity plan, FG pivoted their efforts to concentrate on new markets. FG secured their first contract in the Caribbean (CARICOM region) on electric vehicle technology. Furthermore, FG was awarded their first contract in Chile with the University of Los Lagos (ULAGOS) with a focus on delivering educational services. At year-end, offshore training and educational services delivered to customers based in South America, Mexico and the Caribbean produced a positive contribution to college operations.

Commitment 4.3. Increase annualized cash donations from \$3M (2019/20FY) to \$6M (2022/23FY).

Commitment 4.3.1. Continue to implement data - driven and contemporized advancement efforts (structure, processes, data, talent, and platforms).

Commitment 4.3.2. Develop persona descriptions that can be used to tailor high-impact donor cultivation and conversion strategies - by September 2021.

Commitment 4.3.3. Finalize a multi-year College donor cultivation and conversion strategy, enabled by the donor segmentation study findings, by December 2021.

Due to COVID-19, the Alumni and Advancement Office adjusted its goal down to \$1.5 million from its original \$3 million target. Notably, the Alumni and Advancement Office exceeded the revised target by \$400,000 resulting in year-end cash contributions of \$1.9 million.

The Alumni and Advancement Office worked with Ketchum Canada (KCI) and completed a comprehensive program review and capacity analysis in September 2020. The Executive

Leadership Team and Foundation Board approved the Ketchum recommendations now incorporated into a multi-year operational plan.

In addition to the above, the Board of Governors' created a Task Force to review Foundation activities resulting in a renewed set of strategic priorities with a strong focus on donor recruitment.

The Alumni and Advancement Office also completed, and are now implementing the revised donor stewardship and recognition programs, which will position Fanshawe within the donor community in a positive and professional way. These efforts will create high impact, professional cultivation and solicitation materials for major and principal gift donors. Looking forward, there will be a much stronger focus on engaging successful alumni with the College as donors, volunteers and corporate partners. Early work is underway to segment lists of alumni for targeted engagement this fiscal year and in the future.



SECTION B

Analysis of College Operational Performance



Summary of Major College Achievements

This past year is the first year of the College's 2020-25 strategic goals and commitments. Despite the challenges caused by the COVID-19 pandemic, the College was successful in its strategic plans for the past year. Below are some selected achievements for 2020/21:

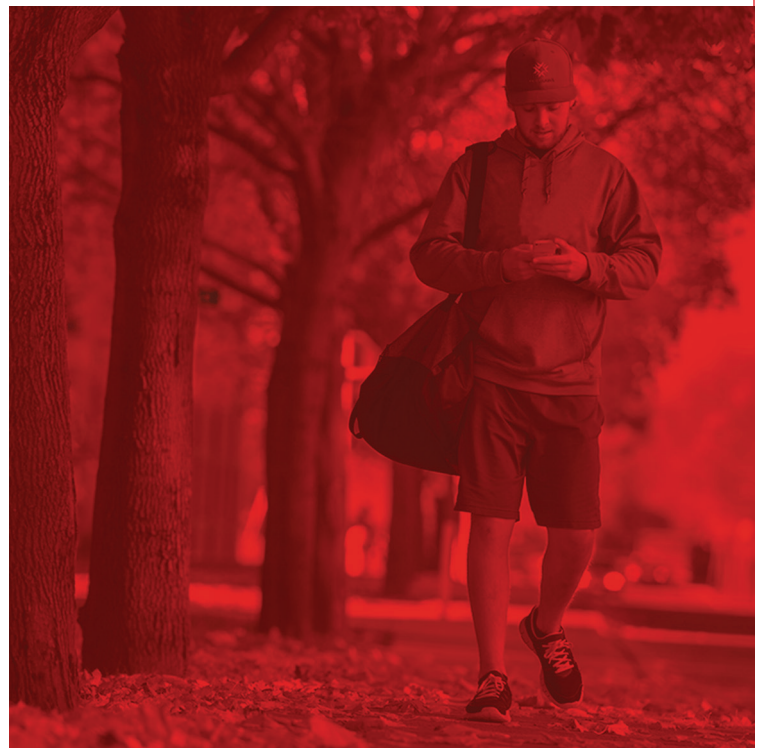
- A SILEx was identified for almost all the programs at the College, and Phase 2 Implementation Plan for Job Skills for the Future was implemented.
- Phase 1 of the Innovation Village Project was officially completed in mid-February, 2021.
- The College developed an organizational-level Digital/eLearning strategy.
- The College received funding for 6 Fanshawe-led and 12 Fanshawe-partnered academic service advancements projects, and completed a program-team led advanced planning exercise.
- There was an annual increase to 39.5 per cent of students engaging in virtual learning in 2020/21, with an average of 7,015 studying online and 10,743 student studying in-person.
- The College delivered 22 programs with a fully online option (unrelated to the pandemic).
- Fanshawe International hosted 6,161 virtual meetings with future students across different countries of the world, in partnership with experienced and credible recruitment representatives.
- The College concluded a comprehensive equity, diversity, and inclusion (EDI) survey research study that identified and quantified the size of its under-represented and racialized student and staff groups.
- An awareness and competency training program was developed for staff to learn and understand Indigenous ways, practices and experiences using Indigenous circle teaching methodologies.
- Fanshawe Global (FG) was awarded their first contract in Chile with University of Los Lagos (ULAGOS) focused on delivering educational services.
- Supports in form of training for remote work and delivery of online learning were provided for College faculty and staff.
- Corporate Training Solutions (CTS) exceeded targeted revenues. CTS was also awarded their first contract with Colleges and Institutes Canada and Employment and Social Development Canada as the lead institution responsible for designing and developing a fully online, micro-certification for Supportive Care Assistants. In addition, CTS received Minister approval to lead two Skills Advance Ontario (SAO) pilot projects; one in healthcare and the other in construction.

Perhaps the biggest achievement of the College is its response to the COVID-19 pandemic. Faculty and staff showed their commitment to student success in the transition of most programs to online delivery, as well as online student supports and College operations.



SECTION C

Analysis of College Financial Performance



The consolidated financial statements for The Fanshawe College of Applied Arts and Technology (“the College”) which are attached contain the consolidated results for the College, Fanshawe College Foundation (“the Foundation”), Fanshawe Global Corporation (“FGC”), Canadian Centre For Product Validation Inc. (CCPV), and Hot Zone Training Consultants Inc. (“HZTC”). The separate financial statements for the Foundation, FGC and HZTC are attached.

Fanshawe College Foundation

The Foundation was formed to support the growth of the College and the financial needs of its students. It has just finished its thirteenth year of operation. Support is provided to students through the provision of bursaries and scholarships. The College will receive support for capital improvements from time to time from the funds derived from fundraising campaigns. The Foundation had an increase in net assets of \$4.5M in the year driven primarily by increases in the fair value of investments of \$4M. The Foundation provided Student assistance (bursaries and scholarships) of \$913K in the year.

Fanshawe Global Corporation (FGC)

FGC was formed to provide teaching and training activities outside of Canada using the expertise we have developed within the College. FGC recorded a decrease in contract service income for the end year ended March 31, 2021 of \$187K compared to the previous year, as a result of the global pandemic. Net Income of the corporation decreased by 65%, however continued to obtain a surplus of \$36K.

Canadian Centre for Product Validation Inc. (CCPV)

CCPV was incorporated in February 2015. CCPV commenced operations in June 2016. Canadian Centre for Product Validation Inc. (“CCPV”) is an incorporated entity which conducts developmental, performance and compliance testing for new or improved products in the areas of thermal, mechanical, electrical and environmental testing to support The Fanshawe College of Applied Arts and Technology (“the College”).

The College, the sole shareholder of CCPV, resolved at its Board of Governors meeting in April 2020 to dissolve CCPV. Articles of Dissolution were approved by the Ministry of Government and Consumer Services on November 16, 2020. The assets and liabilities of CCPV become those of the College, without compensation. The tangible capital assets have been transferred to the College at their net book value. The remaining net financial assets have been transferred to the College at cost.

Hot Zone Training Consultants Inc.

In July 2015, the College purchased Hot Zone Training Consultants Inc., an incorporated entity that operates as a safety training consulting organization. This wholly-owned subsidiary of the College is reporting a deficit primarily due to the application of push down accounting and the global pandemic.

Fanshawe College (consolidated)

The College recorded a surplus of \$6.9M for the year ended March 31, 2021 compared to \$26.8M in the prior year. Total revenue decreased by \$30.6M from the prior year. Significant variances within the revenue categories are detailed below. The unprecedented effects of the COVID-19 pandemic, government-imposed travel and border restrictions and quarantine requirements is the key driver for the overall reduction in year over year revenue. Total expenditures decreased by \$10.6M due to cost containment strategies and lower operating expenses as a result of the lower volume of onsite activities. Charts for both revenue and expenditures covering the last six years are included in the section.

Revenue

Enrolment Revenue – Full time postsecondary enrolments decreased year over year. The \$19.3M (-10%) decrease in revenues is driven by the global pandemic. Enrolment trends reflecting domestic and international enrolments are included on the last page of this section for Full Time Post-Secondary as of November 1st count dates for the last 6 years. The College anticipates growth to resume once the restrictions surrounding travel are reduced.

Government Grants – Grant revenue decreased by \$500K (-1%) in the year. This decrease is driven by a decline in apprenticeship funding due to the cancelation of some apprentice programs as a result of the global pandemic.

Ancillary revenue – Ancillary revenue experienced a decrease of \$12.7M (-56%) due to the impact of COVID-19. Students were advised to return home and were no longer on campus during the second half of March 2020 and into the summer. In the summer of 2020 a small number of in person courses resumed, with a large percentage of students remaining off campus. This temporary change to the teaching model impacted Food Services, Retail Services, Parking and most significantly Residence.

Other revenue – Other revenue increased by \$2.0M (-8%) over 2019/20 driven by a number of factors. Investment income increased by \$1.6M from the prior year is a reflection of the reopening of businesses as well as a rebound in energy and other markets.

Expenditures

Instructional Services – Expenditures that are directly involved with the learning process where there is an expectation of a positive financial contribution. These costs include, but are not limited to, academic programs funded by government and contract training funded by business and industry. The main contributor for the decreased cost of \$1.4M (-1%) is deliberate cost containment (limited travel, conferences and contracted services and a hiring freeze) in order to mitigate the financial pressure due to COVID-19.

Instructional Support Services – Expenditures incurred that primarily support Instructional Services and contribute to the learning process, which may or may not attract additional revenue. Examples include, but are not limited to, the Library, Research and International

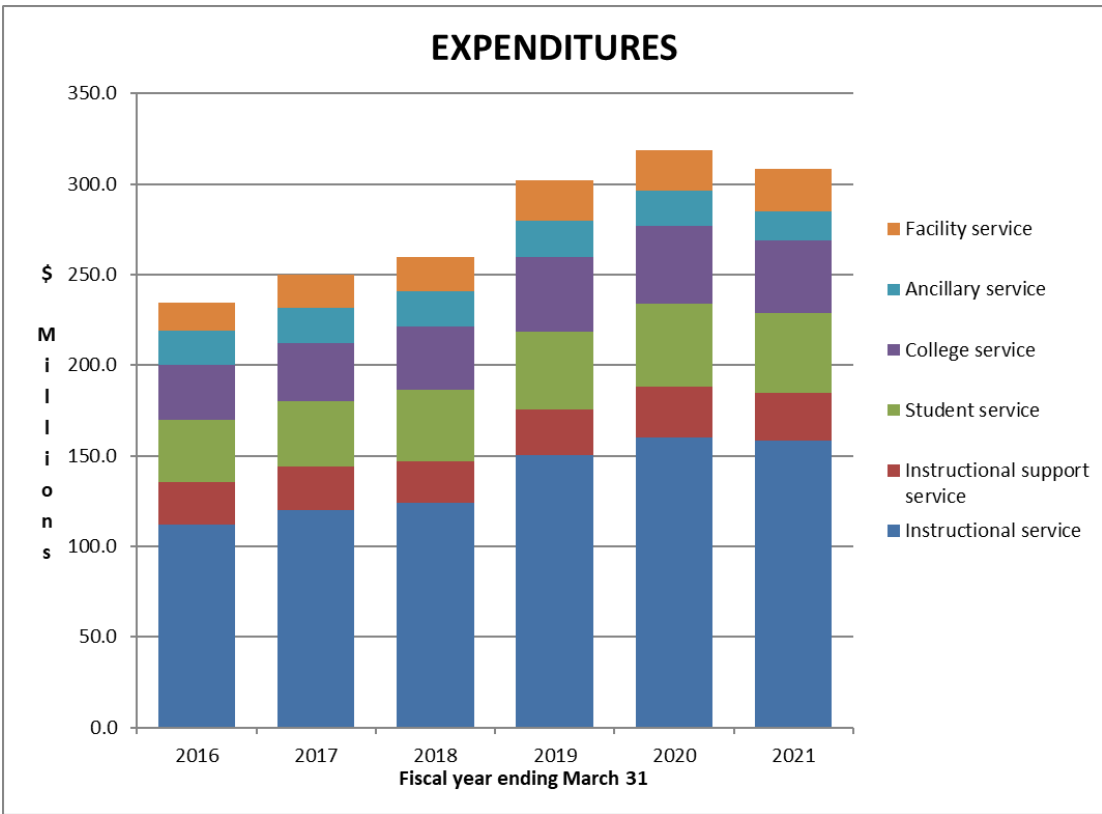
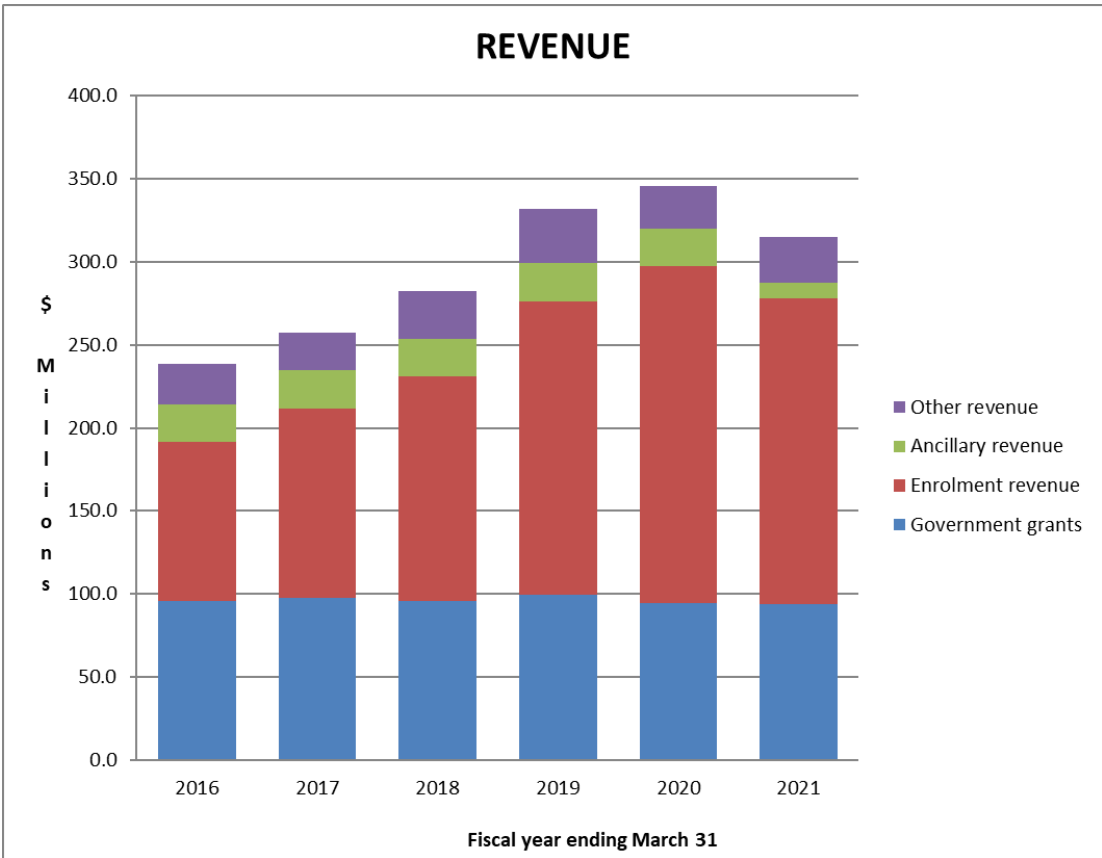
Partnerships. There was a \$2.3M (-8%) decrease to these costs, which are directly tied to decreased enrolments and cost containment measures as listed above.

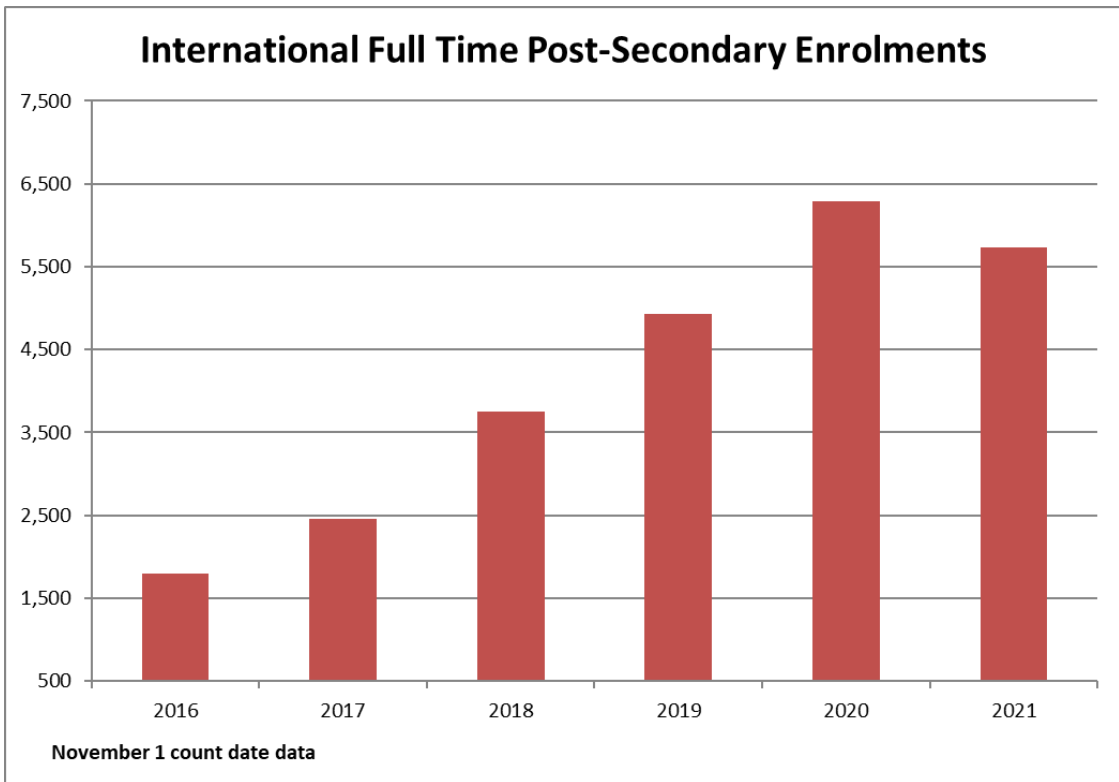
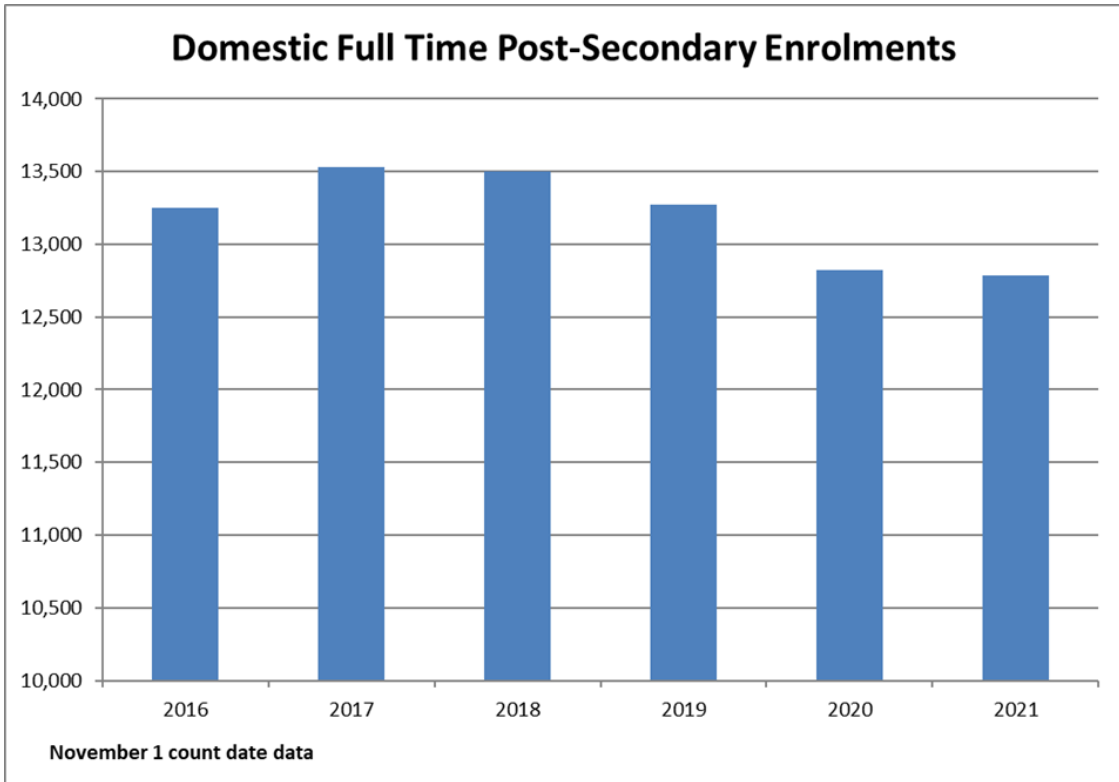
Student Services – Expenditures incurred to support the needs of students either in the learning process or in student life activities. Examples include, the Registrar's Office, Counselling and Accessibility Services and Athletics. The \$1.3M (-3%) decrease in expenditures is attributable to the suspension of certain activities over the year such as, Athletics and the Wellness Centre, as the health and safety risk of providing these services is too high, and the delivery of these activities cannot be done virtually. Mandatory fees related to these activities were subsequently not collected for the year. The reduction in costs for these activities are masked by the increase in bursaries and awards paid out to students to assist with technology requirements in order to succeed with remote learning.

College Services – Expenditures incurred that primarily serve the needs of the College as a corporation. Examples include, but are not limited to, the Board of Governors, Development Office, Human Resources, Marketing and Finance. The \$3.3M (-8%) decrease in expenditures is attributable to cost containment as noted above as well as lower recruitment fees associated with a decrease in international enrolment.

Ancillary Services – Expenditures incurred that primarily refer to user-pay services provided at competitive rates as a convenience to students, and in some cases the College. Examples include the College Stores, Residence operations and Parking Services. The decrease in this category of \$3.2M (-16%) is due to the lower cost of goods sold in Retail Services as a result of lower foot traffic within the College, as well as cost containment efforts in all of the Ancillary activities.

Facility Services – Expenditures incurred that are primarily associated with providing a physical learning and working environment that is both safe and secure and complies with numerous codes and regulations. Examples include, but are not limited to facilities planning and development, maintenance, utilities, custodial services, and security. The cost increase of \$750K (3%) over 2019/20 reflects inflationary pressures, staff escalation and additional costs due to the pandemic. Cost containment measures were made in this category, however they are masked by the new costs required to keep the campuses as safe as possible in response to the global pandemic.







SECTION D

Subsidiaries & Foundations



The financial statements for Fanshawe College Foundation, Fanshawe International Corporation, Canadian Centre for Product Validation Inc. and Hot Zone Training Consultants Inc. are included in the Consolidated Financial Statements for the College included in Appendix B.



SECTION E

Appendices





APPENDIX A

Strategic Mandate Agreement Report Back



2020-2025 Strategic Mandate Agreement

FANSHAWE COLLEGE
1001 FANSHAWE COLLEGE BLVD
LONDON ON N5Y 5R6

Ontario 
MINISTRY OF COLLEGES AND UNIVERSITIES



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Signing Page

2020-2025 Strategic Mandate Agreement

Signed Between

Fanshawe College

And

Ministry of Colleges and Universities

SIGNED for and on behalf of the Ministry of
Colleges and Universities by:



Shelley Tapp
Deputy Minister

August 28, 2020

Date

SIGNED for and on behalf of Fanshawe College by:



Peter Devlin
President

August 31, 2020

Date

This agreement focuses on performance-based funding associated with the institution's differentiation envelope and enrolment corridor funding. Special purpose/other institutional grants are not included as part of this agreement.

The Government remains committed to SMA3 (2020-25) and implementing the performance-based funding model for colleges and universities approved as part of Budget 2019.

Given the uncertainty regarding future impacts of the COVID-19 outbreak on the SMA3 metrics, the Ministry will delay the planned activation of performance-based funding for two years --Year 1 (2020-21) and Year 2 (2021-22) of SMA3. To determine how to link SMA3 metric performance to institutions' funding beyond Year 2, each year the Ministry will engage institutions through the SMA3 Annual Evaluation process to assess SMA3 metric performance for the current year; and, evaluate potential COVID-19 impacts on the SMA3 metrics for future years. This will include a review of the performance-based funding starting point proportion. Metric data collection, evaluation, and publication will proceed through the SMA3 period as planned.

The agreement may be amended in the event of substantive economic or policy changes that would significantly affect the SMA deliverables. Any such amendment would be mutually agreed to in writing, dated, and signed by both signatories.

Introduction

Preamble

This Strategic Mandate Agreement between the Ministry of Colleges and Universities and Fanshawe College is a key component of the Ontario government's accountability framework for the postsecondary education system.

The Strategic Mandate Agreement (SMA):

- Outlines provincial government objectives and priority areas for the postsecondary education system
- Describes the elements of Ontario's performance-based funding mechanism, including the college's annual performance-based funding notional allocation for the five-year SMA3 period
- Establishes the corridor midpoint that will form the basis of enrolment-related funding over the five-year SMA3 period
- Supports transparency and accountability objectives, and
- Establishes allowable performance targets for 10 metrics upon which institutional performance will be assessed.

This SMA is for the fiscal period from April 1, 2020 to March 31, 2025.

Ontario's Objectives

SMAs are bilateral agreements between the ministry and the province's publicly-assisted colleges and universities and are a key component of the Ontario government's accountability framework for the postsecondary education system. This cycle of agreements is focused on promoting accountability through transparency and a focus on performance outcomes. The following objectives underlie SMA3:

- Increasing trust and accountability through transparency and improved performance outcomes in Ontario's postsecondary education system
- Reducing red tape by striking an appropriate balance between accountability and reporting through streamlined processes and a reduced number of metrics
- Incentivizing colleges and universities to redirect resources and invest in initiatives that result in positive economic outcomes
- Encouraging alignment of postsecondary education with labour market outcomes, and
- Incentivizing differentiation and specialization to support increased efficiencies.

Institutional Profile

The ministry recognizes the importance of supporting a differentiated system, and recognizing institutional specializations, as a means of enhancing efficiencies in the postsecondary education sector.

The Institutional Profile is intended to describe how the college's institutional mission and strategic goals support the priority areas of the Ontario government, as identified in this agreement. Institutions may also wish to include narrative related to the post-COVID-19 context for the institution.

Fanshawe College supports the three priority areas of the Ontario government (Community and Economic Impact; Skills and Job Outcomes; and Productivity, Accountability, and Transparency), as evidenced by its mission, values, and its newly developed 2020-25 Strategic Goals and Commitments.

The *Community and Economic Impact* priority area seeks to measure and evaluate the College's role in supporting Ontario's economy. In *SMA2*, Fanshawe proposed the creation of *Innovation Village* – designed to drive economic prosperity in the region by providing a comprehensive ecosystem where students and faculty, as well as local businesses and entrepreneurs, can collaborate, nurture new ideas and bring them to fruition. Construction for Fanshawe's Oxford street campus *Innovation Village* began in January 2020 and the initiative is projected to have a regional economic impact of \$64M and support over 840 jobs by 2030.

Another way the College has impacted its regional economy is through the recruitment of students from outside its catchment area - including international students. The funds students spend at local businesses toward living expenses greatly contribute to the region's economy. For this reason, one of its four strategic goals for the 2020-25 planning cycle is to "*manage enrolment growth*". The College intends to continue recruiting and retaining students from various market segments including indigenous, mature, apprenticeship, and international students. The College also demonstrates economic impact by attracting revenue from private sector sources for non-academic products and services. To this end, another of its goals is to "*build sustainable, complementary sources of revenue.*" This revenue will come from domestic and foreign firms as well as through advancement efforts.

The *Skills and Jobs Outcomes* priority area seeks to measure and evaluate the College's role in supporting student and graduate outcomes while strengthening Ontario's economy. This priority area aligns with Fanshawe's mission statement, which is to "*provide pathways to success, an exceptional learning experience and a global outlook to meet student and employer needs.*" The College commits to aligning the skillsets of its students and graduates to evolving labour market needs, while ensuring that students are educated in a positive and healthy environment. To that end, one of the College's strategic goals is to "*enhance innovative practices for exceptional student learning.*" Amongst other things, the outcomes of this goal are to ensure that all Fanshawe's postsecondary students engage in at least one Signature Innovative Learning experience (SILEx); develop work/human skills of the future; and are taught and learn in an environment conducive to their mental health and overall wellness.

Finally, in order to provide accurate data and information in a timely manner to help the Government meet its enhanced transparency and accountability objective (*Productivity, Accountability and Transparency* priority), the College is investing in two initiatives – (a) the implementation of a new ERP/integrated solutions project and (b) the implementation of a Data Strategy. These two initiatives are part of its final goal – "*optimize use of resources and enhance organizational capacity*" – and will support accurate and more efficient data collection and reporting.

The COVID-19 pandemic will likely impact the College's ability to meet many of these objectives. First, International student enrolment is projected to significantly decline in the 2020/21 academic year, and likely beyond. Fear of contracting the virus and the significant shift to virtual delivery will cause many students, including domestic, to defer or withdraw from PSE. Second, the impact of the pandemic has created severe damage to Ontario's economy, including uncertainty in the labour market, the ruin of many firms (specifically SMEs), and persistent unemployment. Finally, due to these uncertainties, the College's operating budget remains unknown in the short-term, making it extremely difficult to plan and meet proposed objectives.

Performance-Based Funding

Notional Annual Allocation

For the 2020-2025 SMA cycle, Fanshawe College’s annual allocation of performance-based funding has been calculated by the ministry in accordance with the college funding model and Ontario’s Performance-based Funding Technical Manual. Fanshawe College’s notional allocations will not be impacted by previous year performance, and will follow a graduated activation plan as follows:

	2020-21*	2021-22*	2022-23	2023-24	2024-25
Differentiation Envelope	\$22,409,606	\$31,231,407	\$40,053,207	\$48,875,008	\$53,285,908
Performance-based Grant	\$20,434,050	\$28,607,669	\$36,781,289	\$44,954,909	\$49,041,719

* Activation of performance-based funding will not be in place for 2020-21 and 2021-22. Thereafter, activation for the following years will be determined through the SMA3 Annual Evaluation process.

**Further details on calculations are available in Ontario’s Performance-based Funding Technical Manual. The Performance-based Grant has been capped at the system-average annual proportion and residual funding remains part of the Differentiation Envelope. Notional allocation represents the Performance-based Portion of the Differentiation Envelope capped to the system-wide average.

***The notional allocations presented above are estimates based on 2019-20 final operating grant totals.

Institutional Weighting Strategy

The performance-based funding mechanism enables institutions to assign metric weightings to reflect institutional strengths and differentiated roles in the postsecondary education system. Assigned metric weightings will impact performance-based funding on a metric-by-metric basis per the table below. Metric details are described in the following section.

Metric	Institutional Assigned Weightings & Notional Performance-based Funding									
	2020-21		2021-22		2022-23		2023-24		2024-25	
	Max 35%, Min 10%		Max 30%, Min 5%		Max 25%, Min 5%		Max 25%, Min 5%		Max 25%, Min 5%	
	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)
1. Graduate Employment Rate in a Related Field	10%	\$2,043,405	5%	\$1,430,383	5%	\$1,839,064	5%	\$2,247,745	5%	\$2,452,086
2. Institutional Strength/Focus	25%	\$5,108,512	10%	\$2,860,767	10%	\$3,678,129	10%	\$4,495,491	10%	\$4,904,172
3. Graduation Rate	20%	\$4,086,810	10%	\$2,860,767	10%	\$3,678,129	10%	\$4,495,491	10%	\$4,904,172
4. Community/Local Impact – Student Enrolment	35%	\$7,151,917	30%	\$8,582,301	25%	\$9,195,322	25%	\$11,238,727	25%	\$12,260,430
5. Economic Impact (Institution-specific)	10%	\$2,043,405	5%	\$1,430,383	5%	\$1,839,064	5%	\$2,247,745	5%	\$2,452,086
6. Graduate Employment Earnings	--	--	5%	\$1,430,383	5%	\$1,839,064	5%	\$2,247,745	5%	\$2,452,086
7. Experiential Learning	--	--	30%	\$8,582,301	25%	\$9,195,322	25%	\$11,238,727	25%	\$12,260,430
8. Revenue Attracted from Private Sector Sources	--	--	5%	\$1,430,383	5%	\$1,839,064	5%	\$2,247,745	5%	\$2,452,086
9. Apprenticeship-related (Institution-specific)	--	--	--	--	5%	\$1,839,064	5%	\$2,247,745	5%	\$2,452,086
10. Skills & Competencies	--	--	--	--	5%	\$1,839,064	5%	\$2,247,745	5%	\$2,452,086

Priority Areas and Performance Metrics

Summary

To support improved performance in key areas aligned with the Ontario government's priorities and objectives, allowable performance targets will be set against metrics that measure institutions' effectiveness in addressing the evolving needs of the labour market, enhancing the skills and competencies of our students, and supporting a postsecondary education system that strengthens Ontario's economic competitiveness.

The combination of established targets and assigned metric weightings will be used for institutional assessment of performance through the SMA3 Annual Evaluation process.

Skills & Job Outcomes

This priority area seeks to measure and evaluate the college's role in supporting student and graduate outcomes and alignment with Ontario's economy. Metrics measure institutional commitment to areas of strength and specialization; students' preparation with the skills essential for employment; experiential learning opportunities; graduation; and positive labour-market outcomes for graduates, through the following performance indicators:

- Graduate Employment Rate in a Related Field
- Institutional Strength/Focus
- Graduation Rate
- Graduate Employment Earnings
- Experiential Learning
- Skills & Competencies

Economic & Community Impact

This priority area seeks to measure and evaluate the college's role in supporting Ontario's economy. Metrics measure funding from private sector sources; the positive economic impact on local economies brought by students at an institution; and the differentiated ways institutions demonstrate economic impact, through the following performance indicators:

- Community/Local Impact of Student Enrolment
- Economic Impact (Institution-specific)
- Revenue Attracted from Private Sector Sources
- Apprenticeship-related (Institution-specific)

Productivity, Accountability & Transparency

To support the Ontario Government's objective of enhanced transparency and accountability, institutions will provide reporting data in the following areas which will not be tied to performance funding:

- Faculty Activity
- Faculty Compensation

Skills & Job Outcomes

Performance Metrics: Narrative

Metrics will be initiated over three years as new data is collected and validated. For 2020-21, allowable performance targets are calculated using historical data as per the Performance-based Funding Technical Manual.

For the remainder of the SMA3 cycle, allowable performance targets will be calculated annually as per the Performance-based Funding Technical Manual using the most recent historical data available for Fanshawe College and included as part of the SMA3 Annual Evaluation process for performance-based funding. See appendix for details regarding historical data and annual allowable performance targets.

For the Skills and Competencies metric being initiated for performance-based funding in 2022-23, the Ministry of Colleges and Universities will apply a ‘participation weighting’ of 5% of annual performance-based funding notional allocations for all institutions. Institutional targets will not be set for this metric in SMA3. Participation will be validated and included as part of the SMA3 Annual Evaluation process for performance-based funding.

Graduate Employment Rate in a Related Field

Proportion of graduates employed full-time in a field related or partially related to their program six months after graduation
Metric initiated in 2020-21
Narrative
<p>Historically, Fanshawe has performed well on this metric. In the most recent Key Performance Indicator reporting year (2018/19), 90.3% of Fanshawe graduates reported being employed six months after graduation – a rate that exceeded those of all other 23 colleges in the province¹. The College has been able to achieve this outcome through the implementation of various career-related strategies and initiatives including, but not limited to: Fanshawe’s Career Conference (Ignite) focused on soft skills; pre-career fair professional networking for students; the LEAP Junction, a Campus Linked Accelerator; and career fairs and other networking events.</p> <p>In addition, through the Innovation Village initiative, the College has committed to preparing students and graduates for the labour market by providing them with relevant and innovative skills. This objective will be achieved in two ways. First, every postsecondary student will participate in at least one Signature Innovative Learning Experience as part of his or her program. Second, at least three of seven newly identified work/human skills for the future will be incorporated in the learning outcomes of all postsecondary programs. These objectives are expected to positively impact the College’s graduate employment rate.</p> <p>Furthermore, the College’s intentional decision to develop new postsecondary programs is, amongst other factors, based on their ability to meet identified labour market needs. Moreover, existing programs undergo comprehensive reviews on a regular basis. These evaluations often include recommendations from industry stakeholders on how to improve programs in order to meet emerging labour market needs. New program development and revisions are expected to lead to better learning outcomes and more relevant job skills for students and graduates, and should positively impact the College’s graduate employment rate.</p> <p>The College recognizes that factors outside the control of the College may impact this metric. For instance, the economic environment (e.g., the threat of a recession or an actual recession; the availability of jobs) and the personal choice of graduates, who may decide to change their fields of study after graduation, are strong</p>

¹ Published on Ontario College’s website - <https://www.collegesontario.org/en/resources/2019-kpi-results>

influencers on this metric. For these reasons, the College has low to moderate control on this metric, and has decided to give it a 10% weighting in 2020/21 and a 5% weighting in subsequent years.

Source: College Graduate Outcomes Survey (CGOS)/Ministry of Colleges and Universities

Institutional Strength/Focus

Business and Management, Leadership and Entrepreneurship; Information Technology and Aerospace
Enrolment (full-time headcount, domestic and international) in an institution's program area(s) of focus
Metric initiated in 2020-21
Narrative
<p>In the last few years, Fanshawe has embarked on an aggressive growth strategy, significantly increasing its student population. Most of this increase is attributed to international student growth in a high proportion of academic programs under the College's existing areas of strength. For instance, between the fall terms of 2016/17 and 2018/19, the Business and Management, Leadership and Entrepreneurship area experienced over a 30% enrolment growth. Over the past two years, the College has launched several new postsecondary programs contributing to this growth.</p> <p>The College is actively developing promising new programs for development in the areas of Business and Management, Leadership and Entrepreneurship; Information Technology and Aerospace. These new programs, in addition to existing programs in these three areas, will comprise Fanshawe's institutional strength/focus.</p> <p>These areas have also reported strong Key Performance Indicators. For example, in the 2017/18 reporting year, the Lawrence Kinlin School of Business, which hosts most programs in the Business and Management, Leadership and Entrepreneurship area of strength, reported an 88.5% Graduate Employment Rate. The Norton Wolf School of Aviation Technology, which offers all Aerospace programs, reported a 94.1% rating on this metric.</p> <p>In addition, the College has formed a strategic alliance with the London Economic Development Corporation in order to pursue a shared goal of developing a skilled workforce and contributing to the regional economy. The College's program areas of strength are aligned to the main regional industries that are the beneficiaries of this partnership.</p> <p>The College believes that it can exert a moderate level of control over this metric, as it has a history of successfully evaluating applicant demand and labour market needs (regionally and globally), developing programs aligned to these needs, and successfully recruiting students to fill these programs. It should be noted that in order to maximize the use of its resources such as facilities and equipment, a significant proportion of its enrolment growth will occur in the winter and summer terms.</p> <p>The College has proposed a 25% weighting for this metric in 2020/21 and 10% in subsequent years.</p>

Source: Provided by Institutions, validated by College Statistical Enrolment Report (CSEER)/Ministry of Colleges and Universities

Graduation Rate

Percentage of full-time students (domestic and international), who entered a program of instruction in a particular enrolment reporting period and graduated within a specific period of time (200% program completion timeframe for diploma and certificate programs and 175% for degrees)
Metric initiated in 2020-21
Narrative

Historically, Fanshawe has performed well on this metric. For example, in the most recent Key Performance Indicator reporting year (2018/19), the College reported a 69.5% Key Performance Indicator graduation rate – a rate that exceeded the provincial rate (67.2%) and those of all other large colleges². The College has been able to achieve this outcome through the implementation of various initiatives and activities that are designed to improve retention and graduation rates. These include, but are not limited to: the hiring of a Retention Analyst for the purpose of providing data and information on retention rates across academic programs as well as across student cohorts and groups; developing a detailed program retention dashboard; enhancing the experience of level one students through initiatives that support their transition through the College (e.g., Orientation Day); enhancing the College’s student advisement model; placing more emphasis on Universal Design for Learning (UDL); the identification of gatekeeper courses, and developing a Peer Mentor Support program.

Furthermore, for its 2020-25 planning cycle, the College has committed to developing and implementing strategies that are aimed at improving the experience of its various student groups. These strategies are also expected to positively impact retention and graduation rates, and include: a mental health strategy; a mature learner strategy; an Indigenous action plan; an equity, diversity, and inclusion initiative; and a global engagement framework.

The College has proposed a 20% weighting for this metric in 2020/21 and 10% in subsequent years.

Source: Graduate Rate Submission Process, College Graduation Rate Tool (CGRT)

Graduate Employment Earnings

Median employment earnings of college graduates in a given calendar year, two years after graduation

Metric initiated in 2021-22

Narrative

Fanshawe College will continue to develop new programs that lead to jobs and careers with viable incomes, while also providing its students and graduates with the future work/human skills that they need to not only succeed in their chosen professions, but also negotiate reasonable job offers in a professional manner. In order to maximize graduate earnings, the College’s comprehensive program development process relies on data gathered from program advisory committees and external data sources which forecast future employment demand.

Nevertheless, economic factors are more likely to impact employment earnings. For example, a 2017 Bank of Canada study examined the causes of the subdued pace of wage growth in Canada since the commodity price decline in 2014³. At the time of the report, wage growth remained below the country’s historical average. Results of the study revealed that ongoing labour market slack and weak productivity growth were key factors impacting wage growth – factors that are external to the College. Other factors such as inflation expectations, demographic factors, globalization, and the changing nature of jobs could also impact earnings⁴.

The College has proposed a 5% weighting for the 2021/22 reporting year and beyond.

Source: Educational and Labour Market Longitudinal Platform/Statistics Canada

Experiential Learning

Number and proportion of graduates in programs, who participated in at least one course with required Experiential Learning component(s)

Metric initiated in 2021-22

Narrative

² Information obtained from the College’s Ontario website - <https://www.collegesontario.org/en/resources/2019-kpi-results>

³ <https://www.bankofcanada.ca/wp-content/uploads/2017/07/san2017-8.pdf>

⁴ <https://www.theglobeandmail.com/business/commentary/article-canada-needs-to-address-a-weak-wage-growth-conundrum/>

Fanshawe College offers a broad array of experiential learning opportunities for students – clinical placements, co-op and field placements, simulation labs, capstone projects and other activities. A significant proportion of postsecondary programs at the College provide students with these experiential learning opportunities. These programs include, but are not limited to the following: Aviation Technician – Aircraft Maintenance; Business – Finance; Law Clerk; Renewable Energies Technician; Software and Information Systems Testing; Pharmacy Technician; Dental Hygiene; Respiratory Therapy; and Advanced Care Paramedic.

Leap Junction, the College’s entrepreneurship centre, also provides experiential learning opportunities for students and alumni interested in launching start-ups. The centre provides one-on-one consultations, opportunities for networking, events, and workshops for interested students and alumni. The centre also provides a summer incubator program that focuses on new business-growth and in-depth education to foster success.

Furthermore, the College has committed to providing students in all its postsecondary programs with a Signature Innovative Learning Experience, by ensuring that at least one experiential learning activity is incorporated in all new and existing postsecondary programs by September 2021. In 2018/19, over 5,000 students participated in live client projects, which are industry-sponsored real-world projects. Services that students provided to industry clients included but were not limited to: product modifications; marketing services; event planning; product design and testing; web application development; and website design and outreach campaigns.

These initiatives should help the College meet or exceed the targets set by the government. For these reasons, the College believes that it can positively impact this metric and has proposed a 30% weighting in 2021/22 and a 25% weighting in subsequent years.

Source: MCU Graduate Record File Data; File attached to College Graduate Outcomes Survey (CGOS)

Skills & Competencies

Education and Skills Online: Random sample of students (domestic and international)

Metric initiated in 2022-23

Narrative

Fanshawe commits to participate in the Education and Skills Online assessment beginning in 2022-23.

Further, Fanshawe has developed a suite of seven job skills for the future and will embed a minimum of three of these skills in the learning outcomes of each postsecondary program. Each program will self-select the three skills that are most relevant to the success of their graduates. The seven skills are: novel and adaptive thinking, resilience, social intelligence, self-directed learning, global citizenship, complex problem solving and implementation skills.

Source: Education and Skills Online Assessment, Organisation for Economic Co-operation and Development (OECD)

Economic & Community Impact

Performance Metrics: Narrative

Metrics will be initiated over three years as new data is collected and validated. For 2020-21, allowable performance targets are calculated using historical data as per the Performance-based Funding Technical Manual.

For the remainder of the SMA3 cycle, allowable performance targets will be calculated annually as per the Performance-based Funding Technical Manual using the most recent historical data available for Fanshawe College and included as part of the SMA3 Annual Evaluation process for performance-based funding. See appendix for details regarding historical data and annual allowable performance targets.

Community/Local Impact of Student Enrolment

Institutional enrolment share in the population of the city (cities)/town(s) in which the institution is located
Metric initiated in 2020-21
Narrative
<p>Over the last few years, Fanshawe has embarked on an aggressive growth strategy with the intention of recruiting, educating, and training students and graduates in order to positively impact the College’s regional communities and economies. This has led to a significant increase in its student population – primarily among international students.</p> <p>The College is engaging in various initiatives that are expected to impact enrolment growth. For instance, in the fall term of 2019, it opened a new campus – its London South Campus – located at 1060 Wellington Road, London. Four graduate certificate programs were offered at launch: Agri-Business Management, Business Management, Business and Information Systems Architecture, and Retirement Residence Management. Over 200 students enrolled in these programs and now call this campus home.</p> <p>A significant proportion of the College’s student body (including international students) relocate to its regional communities to enrol in its academic programs. In addition, if the College (and its regional campuses) did not exist, some regional residents would have left their homes in order to enrol in academic programs in other regions. As such, the funds that these relocated and retained students spend at local businesses towards living and other expenses can be attributed to the College, and constitute a positive community/local impact.</p> <p>Fanshawe College intends to continue growing its student enrolments (primarily its international student enrolments) in the next few years, which should positively impact this metric. For its 2020-25 planning cycle, the College has committed to developing and implementing strategies that are aimed at recruiting and retaining students from different segments. These strategies include: a mature/ part-time learner strategy, indigenous action plan, an apprenticeship strategy, and a global engagement strategy. For these reasons, it believes that it can positively impact this metric and has proposed a 35% weighting in 2020/21, a 30% weighting in 2021/22 and a 25% weighting in subsequent years.</p>

Source: College Statistical Enrolment Report (CSER), Ministry of Colleges and Universities, Census Data/Statistics Canada

Economic Impact (Institution-specific)

<i>Number of co-op work placements</i>
Number of students in co-operative education placements each year
Metric initiated in 2020-21
Narrative
<p>To demonstrate the economic impact of Fanshawe College to its regional communities, the College will use the number of co-operative (co-op) work placements that it records each year.</p> <p>To meet the needs of its community, Fanshawe offers co-operative education opportunities to students. The College is a leader in the development of co-operative education at the college level in Canada. Co-op students are provided with mandatory employment preparation workshops and guidance; support in finding appropriate work term opportunities; advice and guidance in resolving workplace issues; and access to exclusive co-op job positions. Student performance during work terms is also monitored and evaluated.</p> <p>The College has over 50 co-operative education programs, including eight (8) degree programs. It enjoys a high placement rate, with most of its eligible students successfully securing jobs during their co-op work terms. Co-op continues to be a strong springboard for students to gain meaningful work experience while studying.</p> <p>Co-operative education at the College has been made possible by its Employment and Student Entrepreneurial Services department. In a 2016 study conducted by the Canadian Education and Research Institute for Counselling (CERIC) and Ontario Institute for Students in Education (OISE), this department was identified as having the most impressive model of postsecondary colleges across Canada⁵. The College will continue to improve on its model, ensuring that attractive employment opportunities are made available to students who are enrolled in co-operative education programs.</p> <p>Fanshawe College has proposed a 10% weighting for this metric in 2020/21 and 5% in subsequent years.</p>

Source: Orbis Career/Co-op Portal Professional

Revenue Attracted from Private Sector Sources

Total revenue attracted from private sector and not-for-profit sources
Metric initiated in 2021-22
Narrative
<p>In its 2014-17 planning cycle and as part of its goal to “<i>foster a high-performing and sustainable College,</i>” Fanshawe developed a framework for generating alternative sources of revenue. Alternative sources of revenue were mostly defined as business development activities (domestic and foreign) that were not part of the College’s core academic activity.</p> <p>In its 2017-20 planning cycle, the College decided to dedicate one of its four core goals to these activities – “<i>build sustainable sources of alternative revenue</i>”. This led to increased investments in regional (mostly through its Corporate Training Solutions department) and international (mostly through its Fanshawe Global department) business development activities. For its next planning cycle (2020-25), the College will maintain an alternative revenue-generating objective as one of its four core goals.</p> <p>Although the College has experienced revenue growth in this area (a 61.6% increase between 2016/17 and 2018/19), it should also be noted that external factors can impact business development activities such as changes in the political environments in countries abroad and economic changes that could make it less likely for organizations to purchase products and services they consider ‘non-essential’ (e.g., employee professional</p>

⁵ <https://ceric.ca/project/insight-into-canadian-post-secondary-career-service-models/>

development programs and consulting services). For this reason, the College believes that it can only exert a low to moderate control over this metric and is proposing a 5% weighting in 2021/22 and beyond.

Source: College Financial Information System (CFIS)

Apprenticeship-related (Institution-specific)

Graduation rates in trade-related programs with clearly identified pathways to apprenticeship (PLAR programs)

Metric initiated in 2022-23

Narrative

Fanshawe is a proud supporter of the skilled trades and engages in various activities and initiatives to promote the skilled trades in its regional communities. The College partners with local district school boards to expose high school students to the skilled trades and apprenticeship – for example, through the School-College Work Initiative (SCWI) – where the College hosts 15 transitionary programs. In addition to this engagement, Fanshawe hosts an annual Skilled Trades Day, with over 1,800 secondary school visitors each year.

In the past three years (2016/17 to 2018/19), the overall graduation rate in trade-related programs with clearly identified pathways to apprenticeship (PLAR pathways) ranged from 67.3% (in 2016/17) to 71.4% (in 2018/19). Graduating from one of these post-secondary programs will help students more seamlessly enter the trades without having to duplicate schooling time, thereby improving completion rates within the apprenticeships themselves. These trade-related programs are: Auto Body Techniques (MCU: 46401), Motive Power Technician – Auto (56405), Motive Power Technician – Diesel (56405), Mechanical Engineering Technician – Industrial Maintenance (51007), Mechanical Techniques - CNC (41007), Mechanical Technician - CNC/CAM (51007), Mechanical Technician – Tool and Die (55300), Welding Techniques (44900), and Baking and Pastry Arts Management (53104).

Fanshawe is also a prominent and experienced provider of skilled trades and apprenticeship training in Ontario. Each of the four apprenticeship sectors is represented in the College's 21 program portfolio.

In the most recently reported Key Performance Indicator (Apprenticeship) Satisfaction Survey (2017/18), 87% of apprenticeship students reported being satisfied with the extent to which their programs gave them the knowledge and skills that will be useful for their future careers, and 83% of apprenticeship students reported being satisfied with their learning experiences in their programs; these percentages are above the provincial averages of 84% and 77%, respectively. Further, students in Fanshawe's apprenticeship programs have high completion rates; most recent rates were 94.1% and 94.4% for the fall term of 2018 and the winter term of 2019 respectively.

At present, the College is defining an apprenticeship strategy with four categories of strategic focus, including: provincial reform and industry alignment; growth and opportunity recognition; school board and community engagement; and local coordination efforts. A key aspect of the College's new strategy is an industry and municipally partnered Skilled Trades Education Centre proposal, now underway, which will serve as a regional apprenticeship hub for the communities the College serves.

The College believes that it can only exert a low to moderate control over this metric and is proposing a 5% weighting in 2022/23 and beyond.

Source: Graduation Rate File

Productivity, Accountability and Transparency

Reporting Metrics – Attestation

This priority area of the Ontario government supports the government’s goal of increasing trust in Ontario’s finances and promoting accountability through transparency and improved performance outcomes in Ontario’s postsecondary education system.

These metrics are not tied to funding, and are used to measure and report on the following indicators:

- *Faculty Activity*
- *Faculty Compensation*

Faculty Activity

Information regarding Fanshawe College Faculty Activity will be made publicly available in Year 3 (2022-23).

Faculty Compensation

Information regarding Fanshawe College Faculty Compensation will be made publicly available in Year 3 (2022-23).

Enrolment Profile

In addition to the performance-based funding outlined in sections above, institutions will receive enrolment-related funding through a funded corridor 'midpoint' to provide funding predictability to institutions.

Corridor Midpoint

For funding purposes **17,199.67** Weighted Funding Units (WFUs) will be the corridor midpoint value for the five-year period from 2020-25 for Fanshawe College. Enrolment-related funding will be distributed consistent with this level of enrolment and subject to the policies contained within the *Ontario College Funding Formula Reform Technical Manual, May 2017, Version 1.1*.

NOTE: Midpoints were established using the average of funding-eligible enrolment from 2015-16, 2016-17, and 2017-18.

Projected Funding-Eligible Enrolments

Below is Fanshawe College's projection of funding-eligible full-time headcount as of August 18, 2020:

	2020-21	2021-22	2022-23	2023-24	2024-25
Ontario College Certificate	2,033	1,992	1,973	1,953	1,933
Ontario College Diploma/Advanced Diploma	8,488	8,318	8,235	8,152	8,071
Ontario College Graduate Certificate	566	555	550	544	539
Baccalaureate Degree in Applied Area of Study	870	853	844	836	827
Total	11,957	11,718	11,602	11,485	11,370

Note: This table reports on full-time headcounts from the Fall term.

All other funding activity in full-time equivalent (FTE); Part-time, Tuition short, (PLAR)	678	685	691	698	705
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Projected International Enrolment

Below is Fanshawe College's projection of funding-ineligible international full-time headcount at college-operated campuses as of August 18, 2020:

	2020-21	2021-22	2022-23	2023-24	2024-25
Ontario College Certificate	248	275	286	301	316
Ontario College Diploma/Advanced Diploma	2,817	2,930	3,067	3,527	3,986
Ontario College Graduate Certificate	1,907	2,145	2,403	2,802	3,334
Baccalaureate Degree in Applied Area of Study	78	79	80	81	82
Total	5,050	5,429	5,836	6,711	7,718

Note: This table reports on full-time headcounts from the Fall term.

Appendix: Metric Data, Targets and Results

The following table will be refreshed annually by the ministry to display results from SMA3 Annual Evaluation process and update Allowable Performance Targets (APT) for the current year. The SMA3 Evaluation will occur every year in the Fall-Winter and the updated appendix will be made publicly available the following Spring. Please note that greyed out fields indicate metrics that will be initiated in later years of SMA3.

It should be noted that historical data reflects pre-COVID-19 context. Actual values achieved during the SMA3 period may include COVID-19 pandemic impacts.

Fanshawe College													
SMA3 Metric	Historical Data			SMA3 Performance									
				2020-21		2021-22		2022-23		2023-24		2024-25	
				APT	Actual	APT	Actual	APT	Actual	APT	Actual	APT	Actual
1. Graduate Employment Rate in a Related Field	2016-17	2017-18	2018-19	71.67%									
	73.94%	70.81%	72.52%										
2. Institutional Strength/ Focus	2016-17	2017-18	2018-19	28.85%									
	26.18%	29.20%	30.58%										
3. Graduation Rate	2016-17	2017-18	2018-19	71.60%									
	71.99%	71.09%	72.45%										
4. Community/ Local Impact of Student Enrolment	2016-17	2017-18	2018-19	6.69%									
	6.28%	6.80%	7.26%										
5. Economic Impact (Institution-specific)	2016-17	2017-18	2018-19	1,716									
	1,610	1,786	1,899										
6. Graduate Employment Earnings	2016-17	2017-18	2018-19										
	\$	\$	\$										
7. Experiential Learning	2016-17	2017-18	2018-19										
	#	#	#										
	%	%	%										
8. Revenue Attracted from Private Sector Sources	2016-17	2017-18	2018-19										
	\$	\$	\$										
9. Apprenticeship-related (Institution-specific)	2016-17	2017-18	2018-19										
	%	%	%										
10. Skills & Competencies							Survey initiated	E-g- Yes					



APPENDIX B

Audited Financial Statements



Consolidated Financial Statements of

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

And Independent Auditors' Report thereon

Year Ended March 31, 2021

Consolidated Financial Statements

March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of the Fanshawe College of Applied Arts and Technology

Opinion

We have audited the consolidated financial statements of the Fanshawe College of Applied Arts and Technology (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of remeasurement gains and losses
- the consolidated statement of cash flows for the year then ended
- and notes and schedule to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2021, and its consolidated results of operations, its consolidated changes in net assets, its consolidated remeasurement gains and losses and its consolidated cash flows 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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.



Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the "Annual Report" as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' report that includes our opinion.



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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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.



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- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 28, 2021

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

As at March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets		
Cash (Note 2)	\$ 129,713,377	\$ 127,983,386
Accounts receivable (Note 4 and 24)	12,261,357	15,647,345
Grants receivable	5,016,434	9,136,846
Inventories	2,941,389	3,092,724
Prepaid expenses	2,140,956	61,327
Current portion of Student fee receivable (Note 5)	630,912	608,400
Current portion of Student Union receivable (Note 6)	201,729	189,218
Current portion of long term receivable (Note 7)	4,400	-
	<u>152,910,554</u>	<u>156,719,246</u>
Student fee receivable (Note 5)	19,558,068	20,188,980
Student Union receivable (Note 6)	1,758,434	1,960,163
Long term receivable (Note 7)	35,200	-
Investments (Note 8)	144,897,305	139,095,212
Capital assets (Notes 9, 11 and 12)	372,195,001	365,696,975
Intangible assets (Note 10)	-	151,361
	<u>\$ 691,354,562</u>	<u>\$ 683,811,937</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 33,324,106	\$ 33,365,100
Accrued vacation pay	11,723,594	10,537,811
Deferred revenue	132,103,310	125,329,480
Capital lease obligation (Note 11)	6,030	5,917
Current portion of bank loans (Note 12)	2,881,419	2,726,333
	<u>180,038,459</u>	<u>171,964,641</u>
Bank loans (Note 12)	45,939,345	48,820,764
Deferred derivative liability (Note 3)	2,213,997	3,072,944
Post-employment benefits and compensated absences (Note 13)	7,669,365	6,956,962
Capital lease obligation (Note 11)	4,599	10,629
	<u>55,827,306</u>	<u>58,861,299</u>
Deferred contributions		
Restricted contributions (Note 14)	17,243,327	16,820,440
Capital assets (Note 15)	190,601,375	196,304,145
	<u>207,844,702</u>	<u>213,124,585</u>
Net assets (deficit)		
Investment in capital assets (Note 16)	154,911,374	140,775,946
Endowments	27,535,507	22,892,917
Internally restricted (Note 17)	93,606,793	84,981,314
Unrestricted	(23,352,072)	(7,461,703)
Accumulated remeasurement loss	(5,057,507)	(1,327,062)
	<u>247,644,095</u>	<u>239,861,412</u>
Commitments (Notes 18 and 19)		
Contingencies (Note 20 and 21)		
Contractual rights (Note 22)		
	<u>\$ 691,354,562</u>	<u>\$ 683,811,937</u>

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue		
Enrollment revenue	\$ 183,799,453	\$ 203,115,209
Government grants	93,936,204	94,455,573
Ancillary revenue	9,897,702	22,642,236
Other revenue		
Amortization of deferred contributions related to capital assets (Note 15)	12,421,317	12,306,106
Investment income	5,816,508	4,155,263
Restricted contributions	1,269,128	2,096,574
Miscellaneous	7,932,272	6,863,450
	<u>315,072,584</u>	<u>345,634,411</u>
Expenditures		
Instructional service	158,589,512	159,942,968
Student service	44,328,395	45,592,494
College service	39,668,797	42,977,705
Instructional support service	26,031,807	28,291,096
Facility service	23,188,088	22,438,257
Ancillary service	16,400,638	19,611,156
(Schedule 1)	<u>308,207,237</u>	<u>318,853,676</u>
Excess of revenue over expenditures	<u>\$ 6,865,347</u>	<u>\$ 26,780,735</u>

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	Accumulated Remeasurement Loss	2021 Total
Balance, beginning of year	\$ 140,775,946	\$ 22,892,917	\$ 84,981,314	\$ (7,461,703)	\$ (1,327,062)	\$ 239,861,412
Excess (deficiency) of revenue over expenditures (Note 16)	(10,276,206)	-	-	17,141,553	-	6,865,347
Unrealized gains (losses) attributable to:						
Investments	-	-	-	-	(4,589,392)	(4,589,392)
Deferred derivative liability	-	-	-	-	858,947	858,947
Endowments						
Donations	-	276,753	-	-	-	276,753
Investment income	-	847,042	-	-	-	847,042
Net gain	-	4,048,842	-	-	-	4,048,842
Awards	-	(559,517)	-	-	-	(559,517)
Net transfers from the College and Foundation	-	29,470	-	-	-	29,470
Internally restricted						
Deferred expenditures	-	-	39,234,430	(39,234,430)	-	-
Interfund transfer	-	-	(30,608,951)	30,608,951	-	-
Net transfers to the College	-	-	-	5,191	-	5,191
Net change in investment in capital assets (Note 16)	24,411,634	-	-	(24,411,634)	-	-
Balance, end of year	\$ 154,911,374	\$ 27,535,507	\$ 93,606,793	\$ (23,352,072)	\$ (5,057,507)	\$ 247,644,095

See accompanying notes to consolidated financial statements.

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	Accumulated Remeasurement Loss	2020 Total
Balance, beginning of year	\$ 137,637,413	\$ 23,993,207	\$ 40,685,453	\$ 13,185,131	\$ (2,769,534)	212,731,670
Excess (deficiency) of revenue over expenditures (Note 16)	(12,700,401)	-	-	39,481,136	-	26,780,735
Unrealized gains (losses) attributable to:						
Investments	-	-	-	-	1,497,425	1,497,425
Deferred derivative liability	-	-	-	-	(54,953)	(54,953)
Endowments						
Donations	-	231,448	-	-	-	231,448
Investment income	-	1,066,837	-	-	-	1,066,837
Net loss	-	(1,721,253)	-	-	-	(1,721,253)
Awards	-	(686,687)	-	-	-	(686,687)
Net transfers from the College and Foundation	-	9,365	-	-	-	9,365
Internally restricted						
Deferred expenditures	-	-	51,045,786	(51,045,786)	-	-
Interfund transfer	-	-	(6,749,925)	6,749,925	-	-
Net transfers to the College	-	-	-	6,825	-	6,825
Net change in investment in capital assets (Note 16)	15,838,934	-	-	(15,838,934)	-	-
Balance, end of year	140,775,946	22,892,917	84,981,314	(7,461,703)	(1,327,062)	239,861,412

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 6,865,347	\$ 26,780,735
Change in non-cash working capital items (Note 23)	13,496,725	34,236,332
Items not involving cash:		
Amortization of capital assets	22,805,231	22,220,943
Gain on disposal of capital assets	(107,708)	(77,650)
Loss on disposal of library books	-	2,863,214
Amortization of intangible assets	151,361	302,720
Amortization of deferred contributions related to capital assets	(12,421,317)	(12,306,106)
Net increase in deferred contributions related to restricted contributions	422,887	1,164,863
Increase (decrease) in post employment benefits and compensated absences	712,403	(218,000)
	<u>31,924,929</u>	<u>74,967,051</u>
Cash flows from investing activities		
Long term investments, net	(10,391,485)	(40,230,841)
Increase in internally restricted net assets	5,191	6,825
	<u>(10,386,294)</u>	<u>(40,224,016)</u>
Cash flows from capital activities		
Additions to deferred contributions related to capital assets	6,718,547	7,359,704
Additions to capital assets	(29,335,929)	(21,460,386)
Proceeds from sale of capital assets	140,380	83,280
Repayment of capital lease obligation	(5,917)	(5,806)
Repayment of bank loans	(2,537,115)	(2,402,417)
	<u>(25,020,034)</u>	<u>(16,425,625)</u>
Cash flows from financing activities		
Repayments from Student Union	189,218	177,482
Repayment of bank loans	(189,218)	(177,482)
Repayment of student fee receivable	608,400	586,691
Increase in long term receivable	(44,000)	-
Repayment of long term receivable	4,400	-
Endowments		
Donations	276,753	231,448
Investment income	847,042	1,066,837
Net gain (loss)	4,048,842	(1,721,253)
Awards	(559,517)	(686,687)
Net transfers from the College and Foundation	29,470	9,365
	<u>5,211,390</u>	<u>(513,599)</u>
Increase in cash	1,729,991	17,803,811
Cash, beginning of year	127,983,386	110,179,575
Cash, end of year	<u>\$ 129,713,377</u>	<u>\$ 127,983,386</u>

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ (1,327,062)	\$ (2,769,534)
Unrealized (losses) gains attributable to:		
Investments	(4,589,392)	1,497,425
Deferred derivative liability-interest rate swap	858,947	(54,953)
Net remeasurement (loss) gain for the year	(3,730,445)	1,442,472
Balance, end of year	\$ (5,057,507)	\$ (1,327,062)

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

The Fanshawe College of Applied Arts and Technology (“the College”) is an incorporated entity that provides quality education and learning for employment to its communities. The College is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

(a) General:

The financial statements of the College have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board (“PSAB for Government NPO’s”).

The consolidated financial statements reflect the operations of the College and its wholly owned subsidiaries Fanshawe College Foundation, Fanshawe Global Corporation, Canadian Centre for Product Validation Inc., and Hot Zone Training Consultants Inc. The Canadian Centre for Product Validation Inc. was dissolved on November 16, 2020. Tangible capital assets have been transferred to the College at their net book value. The remaining net financial assets have been transferred to the College at cost.

(b) Revenue recognition:

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

Under the Ontario Colleges of Applied Arts and Technology Act, the College is funded by the Ministry of Colleges and Universities (“MCU”). 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.

Revenue from enrollment, ancillary operations and other revenue is recognized when the services are provided or the products are sold.

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 recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Deferred restricted contributions represent unspent donations for bursaries and scholarships, programs and other purposes. Deferred contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets.

Endowment contributions, having externally imposed restrictions requiring that the principal be maintained intact, 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 incurred. Restricted investment income that must be maintained as an endowment is credited to net assets. Unrestricted investment income is recognized as revenue when earned.

Materials and services donated to the College are recognized as restricted contributions in the year received and are recorded at their fair value.

(c) Inventories:

Inventories are stated at the lower of cost and net realizable value.

(d) Financial instruments:

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

Financial assets and financial liabilities are initially recognized at cost and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the College's designation of such instruments. Settlement date accounting is used.

Fair Value

This category includes instruments quoted in an active market.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations.

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

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Fair Value (continued)

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the Statement of Operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the Statement of Operations.

Amortized Cost

This category includes accounts receivable, grants receivable, student fee receivable, Student Union receivable, long term receivable, accounts payable and accrued liabilities, capital lease obligation and bank loans. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the Statement of Operations.

(e) Derivative financial instrument:

Derivative financial instruments are utilized by the College in the economic management of its interest rate exposure. The College does not enter into derivative financial instruments for trading or speculative purposes. The College uses interest rate swap agreements to economically manage the floating interest rate of a portion of the debt portfolio and the related overall cost of borrowing.

(f) Capital assets:

Purchased capital assets are recorded at cost. 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 the College's ability to provide services, its carrying amount is written down to its residual value.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(f) Capital assets (continued):

Buildings occupied and equipment used by the former Ontario Vocational Centre, London were donated to the College as of September 1, 1967 by the Ontario Department of Works and Education and have been recorded at the original capital cost incurred by those departments. Land donated to the College by the Department of Public Works has been recorded at the nominal value of \$6. Subsequent additions to capital assets have been recorded at cost.

Capital assets are amortized on a straight line basis using the following estimated useful lives:

Buildings	40 years
Building improvements	15 years
Site improvements	10 years
Leasehold improvements	Term of the lease
Furniture and equipment	5 years
Information technology equipment	3 years

The College utilizes the ½ year rule when amortizing capital assets in the year of acquisition.

(g) Intangible assets:

Intangible assets are recorded at cost at the date of acquisition. When an intangible asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

Intangible assets are amortized on a straight line basis using the following estimated useful lives:

Goodwill	5 years
Future value of customer lists	5 years

The College utilizes the ½ year rule when amortizing intangible assets in the year of acquisition.

(h) Cost allocation:

Expenditures are recorded on the accrual basis and allocated among academic programs on the basis of direct charges wherever possible and otherwise on the basis of full time equivalent students or teaching contact hours.

(i) Vacation pay:

Vacation pay is accrued, as entitlement is earned.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(j) 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 and salary escalation, employee's use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

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

(k) Liabilities for contaminated sites:

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the College is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

The College does not have any liabilities for contaminated sites.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(l) Measurement uncertainty:

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. Areas of estimation include determination of the allowance for doubtful accounts, derivative financial instruments and the actuarial estimation of post-employment benefits and compensated absence liabilities as outlined in Note 13.

2. Cash:

Includes a balance held in trust by Campus Living Centres Inc. for residence management purposes of \$713,814 (2020-\$0).

3. Financial instrument classification:

The following tables provide fair value and cost information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below:

	2021		
	Fair Value	Amortized Cost	Total
Cash	\$ 129,713,377	\$ -	\$ 129,713,377
Accounts receivable	-	12,261,357	12,261,357
Grants receivable	-	5,016,434	5,016,434
Student fee receivable	-	20,188,980	20,188,980
Student Union receivable	-	1,960,163	1,960,163
Long term receivable	-	39,600	39,600
Investments	144,897,305	-	144,897,305
Accounts payable and accrued liabilities	-	33,324,106	33,324,106
Capital lease obligation	-	10,629	10,629
Bank loans	-	48,820,764	48,820,764
Deferred derivative liability	2,213,997	-	2,213,997
	<u>\$ 276,824,679</u>	<u>\$ 121,622,033</u>	<u>\$ 398,446,712</u>

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

3. Financial instrument classification (continued):

	2020		
	Fair Value	Amortized Cost	Total
Cash	\$ 127,983,386	\$ -	\$ 127,983,386
Accounts receivable	-	15,647,345	15,647,345
Grants receivable	-	9,136,846	9,136,846
Student fee receivable	-	20,797,380	20,797,380
Student Union receivable	-	2,149,381	2,149,381
Investments	139,095,212	-	139,095,212
Accounts payable and accrued liabilities	-	33,365,100	33,365,100
Capital lease obligation	-	16,546	16,546
Bank loans	-	51,547,097	51,547,097
Deferred derivative liability	3,072,944	-	3,072,944
	<u>\$ 270,151,542</u>	<u>\$ 132,659,695</u>	<u>\$ 402,811,237</u>

The amortized cost of accounts receivable, grants receivable and accounts payable and accrued liabilities approximate fair value because of their short terms to maturity. The student fee receivable, Student Union receivable, long term receivable, capital lease obligation and bank loans have an insignificant interest rate differential, therefore, recording at fair value is unnecessary.

The College entered into interest rate swap agreements in a prior year to economically manage the floating interest rate of term loans (Note 12). Under the terms of the interest rate swap agreements, the College has contracted with the counterparty to pay a fixed rate of interest, while receiving interest at a variable rate to be set monthly based on the term loan rates during the year. The fair value of the interest rate swap agreements are recorded as a deferred derivative liability on the consolidated statement of financial position.

The following tables provide 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).

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

3. Financial instrument classification (continued):

	2021			
	Level 1	Level 2	Level 3	Total
Cash	\$ 129,713,377	\$ -	\$ -	\$ 129,713,377
Investments	-	144,897,305	-	144,897,305
Deferred derivative liability	-	-	2,213,997	2,213,997
	<u>\$ 129,713,377</u>	<u>\$ 144,897,305</u>	<u>\$ 2,213,997</u>	<u>\$ 276,824,679</u>
	2020			
	Level 1	Level 2	Level 3	Total
Cash	\$ 127,983,386	\$ -	\$ -	\$ 127,983,386
Investments	-	139,095,212	-	139,095,212
Deferred derivative liability	-	-	3,072,944	3,072,944
	<u>\$ 127,983,386</u>	<u>\$ 139,095,212</u>	<u>\$ 3,072,944</u>	<u>\$ 270,151,542</u>

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2021 and March 31, 2020. There were also no transfers in or out of Level 3.

4. Accounts receivable:

Includes a balance owing from the Student Union for March 2021 expenditures of \$291,904 (2020-\$826,898).

5. Student fee receivable:

The receivable represents the student's share in support of the construction costs related to the Wellness Centre located on the London campus.

Principal repayments are due in accordance to the amortization schedule relating to the long term debt identified in Note 12. The following is a summary of the total amount receivable from the London campus students:

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

5. Student fee receivable (continued):

	2021	2020
Loan receivable, negotiated with the London Campus Student Union, from London campus students with an effective fixed interest rate of 3.65% repayable over 25 years. No specific security has been received.	\$ 20,188,980	\$ 20,797,380
	20,188,980	20,797,380
Less current portion	630,912	608,400
	\$ 19,558,068	\$ 20,188,980

Principal repayments required during the next five years and thereafter are as follows:

2022	\$ 630,912
2023	654,257
2024	678,467
2025	703,572
2026	729,606
Thereafter	16,792,166
	\$ 20,188,980

6. Student Union receivable:

The receivable represents the Student Union's share in support of the construction costs related to the student centre located on the London campus.

Principal repayments are due in accordance to the amortization schedule relating to the long term debt identified in Note 12. The following is a summary of the total amount receivable from the Student Union:

	2021	2020
Loan receivable from the London Campus Student Union with an effective fixed interest rate of 7.17% repayable over 25 years. No specific security has been received.	\$ 1,960,163	\$ 2,149,381
	1,960,163	2,149,381
Less current portion	201,729	189,218
	\$ 1,758,434	\$ 1,960,163

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

6. Student Union receivable (continued):

Principal repayments required during the next five years and thereafter are as follows:

2022	\$	201,729
2023		215,068
2024		229,288
2025		244,450
2026		260,614
Thereafter		809,014
	\$	1,960,163

7. Long term receivable:

The receivable represents the balance owing from Campus Living Centres Inc. for severance costs paid by the College to the former residence manager's staff.

Repayments are due in accordance with the agreement negotiated with Campus Living Centres Inc. The following is a summary of the total amount receivable:

	2021	2020
Long term receivable, negotiated with Campus Living Centre Inc., with an effective fixed interest rate of 0% repayable over 10 years. No specific security has been received.	\$ 39,600	\$ -
	39,600	-
Less current portion	4,400	-
	\$ 35,200	\$ -

Repayments required during the next five years and thereafter are as follows:

2022	\$	4,400
2023		4,400
2024		4,400
2025		4,400
2026		4,400
Thereafter		17,600
	\$	39,600

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

8. Investments:

The estimated fair and book values, held directly and indirectly through pooled funds, as at March 31 are:

	2021		2020	
	Estimated Fair Value	Book Value	Estimated Fair Value	Book Value
Bonds	\$ 116,369,150	\$ 119,212,661	\$ 115,532,184	\$ 113,786,302
Held through pooled funds:				
Bonds	11,550,850	11,517,745	10,836,569	10,671,820
Global equities	8,501,379	6,801,833	6,686,257	6,897,148
Canadian equities	8,329,014	7,773,642	5,769,818	7,424,516
Money market/short term	146,912	146,907	270,384	270,384
	<u>\$ 144,897,305</u>	<u>\$ 145,452,788</u>	<u>\$ 139,095,212</u>	<u>\$ 139,050,170</u>

9. Capital assets:

	2021		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 7,262,945	\$ -	\$ 7,262,945
Buildings	469,297,713	157,248,059	312,049,654
Buildings, construction in progress	321,061	-	321,061
Building improvements	21,269,742	1,156,339	20,113,403
Building improvements, construction in progress	5,503,014	-	5,503,014
Site improvements	29,869,519	23,894,802	5,974,717
Leasehold improvements	6,151,422	1,377,160	4,774,262
Furniture and equipment	182,913,662	169,057,069	13,856,593
Furniture and equipment, construction in progress	33,505	-	33,505
Information technology equipment	3,390,959	1,085,112	2,305,847
	<u>\$ 726,013,542</u>	<u>\$ 353,818,541</u>	<u>\$ 372,195,001</u>

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

9. Capital assets (continued):

	2020		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 7,262,945	\$ -	\$ 7,262,945
Buildings	464,513,125	146,185,579	318,327,546
Buildings, construction in progress	522,778	-	522,778
Building improvements	6,710,216	223,674	6,486,542
Building improvements, construction in progress	1,642,704	-	1,642,704
Site improvements	29,370,477	23,390,785	5,979,692
Leasehold improvements	3,810,089	381,009	3,429,080
Leasehold improvements, construction in progress	311,804	-	311,804
Furniture and equipment	181,932,655	161,532,155	20,400,500
Furniture and equipment, construction in progress	33,505	-	33,505
Information technology equipment	1,559,855	259,976	1,299,879
	<u>\$ 697,670,153</u>	<u>\$ 331,973,178</u>	<u>\$ 365,696,975</u>

Construction in progress relates to a number of capital projects which are underway, but are not completed, as at March 31. No amortization has been recorded.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

10. Intangible assets:

Due to the acquisition of Hot Zone Training Consultants Inc. in July 2015, and as a result of the College's consolidation process, intangible assets were recorded and as at March 31 were:

	2021		
	Cost	Accumulated Amortization	Net Book Value
Goodwill	\$ 814,599	\$ 814,599	\$ -
Future value of customer lists	699,000	699,000	-
	\$ 1,513,599	\$ 1,513,599	\$ -

	2020		
	Cost	Accumulated Amortization	Net Book Value
Goodwill	\$ 814,599	\$ 733,139	\$ 81,460
Future value of customer lists	699,000	629,099	69,901
	\$ 1,513,599	\$ 1,362,238	\$ 151,361

11. Capital lease obligation:

	2021	2020
Equipment lease contract, repayable in monthly installments of \$515 including an effective fixed interest rate of 1.90%. The lease is repayable over 5 year and one-half years and matures December 2022. The lease is secured by specific equipment.	\$ 10,629	\$ 16,546
	10,629	16,546
Less current portion	6,030	5,917
	\$ 4,599	\$ 10,629

Principal payments required in each of the next two years are as follows:

2022	\$ 6,030
2023	4,599
	\$ 10,629

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

12. Bank and term loans:

The debt noted below is structured with fixed repayment terms which will retire the debt over an agreed period of time. The College is not in violation of any covenants as at March 31, 2021 and it is the intent of the College to repay the debt in accordance with the repayment schedules.

	2021	2020
Term loan with a notional amount of \$22,225,090 and an effective fixed interest rate of 3.65%. The loan is repayable over 25 years in blended quarterly payments of \$339,810 and matures July 2042. No specific security has been pledged.	\$ 20,188,980	\$ 20,797,380
Term loan with a notional amount of \$20,000,000 and an effective fixed interest rate of 5.49%. The loan is repayable over 30 years in blended quarterly payments of \$340,908 and matures February 2040. No specific security has been pledged.	16,024,049	16,491,800
Term loan with a notional amount of \$10,000,000 and an effective fixed interest rate of 6.46%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$67,251. The SWAP agreement matures May 2028. No specific security has been pledged.	4,577,509	5,071,480
Term loan with a notional amount of \$7,500,000 and an effective fixed interest rate of 6.58%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$51,041. The SWAP agreement matures November 2028. No specific security has been pledged.	3,648,168	4,007,449
Term loan with a notional amount of \$10,000,000 and an effective fixed interest rate of 6.05%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$63,526. The SWAP agreement matures September 2024. No specific security has been pledged.	2,407,373	3,009,595

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

12. Bank and term loans (continued):

	2021	2020
Term loan with a notional amount of \$4,000,000 and an effective fixed interest rate of 7.17%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$26,809. The SWAP agreement matures January 2029. No specific security has been pledged.	1,960,163	2,149,381
Term loan with a notional amount of \$28,298 and an effective fixed interest rate of 7.49%. The loan is repayable over 5 years in blended monthly payments of \$567 and matures July 2023. The loan is secured by a vehicle.	14,522	20,012
	48,820,764	51,547,097
Less current portion	2,881,419	2,726,333
	\$ 45,939,345	\$ 48,820,764

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

2022	\$ 2,881,419
2023	3,045,677
2024	3,215,036
2025	3,010,765
2026	2,785,036
Thereafter	33,882,831
	\$ 48,820,764

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

13. Post-employment benefits and compensated absences:

	2021				
	Vesting sick leave	Non-vesting sick leave	Post-employment benefits	WSIB post-employment benefits	Total liability
Accrued employee future benefits obligations	\$ 145,000	\$ 7,140,000	\$ 1,825,000	\$ 1,038,365	\$ 10,148,365
Value of plan assets	-	-	(425,000)	-	(425,000)
Unamortized actuarial gain (loss)	157,000	(2,252,000)	41,000	-	(2,054,000)
Total liability	\$ 302,000	\$ 4,888,000	\$ 1,441,000	\$ 1,038,365	\$ 7,669,365

	2020				
	Vesting sick leave	Non-vesting sick leave	Post-employment benefits	WSIB post-employment benefits	Total liability
Accrued employee future benefits obligations	\$ 375,000	\$ 7,264,000	\$ 1,770,000	\$ 323,962	\$ 9,732,962
Value of plan assets	-	-	(399,000)	-	(399,000)
Unamortized actuarial gain (loss)	167,000	(2,604,000)	60,000	-	(2,377,000)
Total liability	\$ 542,000	\$ 4,660,000	\$ 1,431,000	\$ 323,962	\$ 6,956,962

Above amounts exclude pension contributions to the Colleges of Applied Arts and Technology (“CAAT”) 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.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

13. **Post-employment benefits and compensated absences (continued):**

Retirement Benefits (continued):

CAAT Pension Plan (continued)

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, 2021 indicated an actuarial surplus on a going concern basis of \$3.3 billion (2020-\$2.2 billion). The College made contributions to the Plan and its associated retirement compensation arrangement of \$15,975,341 (2020-\$15,799,879), which has been included 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 employee's tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council ("the Council").

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

(a) Discount rate

The present value as at March 31, 2021 of the future benefits was determined using a discount rate of 1.7% (2020-1.6%).

(b) Medical costs

Medical costs increased 6.42% per annum for fiscal 2021 (2020-8.0%) grading down to 4.0% in 2040 (2020-4.0% in 2040).

(c) Dental costs

Dental costs increased 4.0% per annum for fiscal 2021 (2020-4.0%).

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

13. Post-employment benefits and compensated absences (continued):

Post-employment benefits (continued):

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 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 Council.

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

	2021	2020
Wage and salary escalation		
Support staff	1.0%	1.0%
Academic	2.0%	2.0%
Discount rate	1.7%	1.6%

The probability that the employee will use more sick days than the annual entitlement and the excess number of sick days used over the annual entitlement are within ranges of 0% to 26.2% and 0.0 to 51.0 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

14. Deferred restricted contributions:

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

	2021	2020
Balance, beginning of year	\$ 16,820,440	\$ 15,655,577
Add amounts received during the year	13,763,428	20,067,465
Less amounts disbursed in the year	(13,340,541)	(18,902,602)
Balance, end of year	\$ 17,243,327	\$ 16,820,440

Deferred contributions are comprised of:

	2021	2020
Student activity fees	\$ 7,316,670	\$ 7,521,791
Fundraising campaigns	5,356,245	5,304,211
Bursaries and scholarships	1,875,841	1,650,627
Employee stability fund	584,493	578,765
Alumni activities	400,391	374,271
Other	1,709,687	1,390,775
	\$ 17,243,327	\$ 16,820,440

15. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations. Changes in the deferred capital contributions balances are as follows:

	2021	2020
Balance, beginning of year	\$ 196,304,145	\$ 201,250,547
Add contributions received for capital projects	6,718,547	7,359,704
Less amortization of deferred capital contributions	(12,421,317)	(12,306,106)
Balance, end of year	\$ 190,601,375	\$ 196,304,145

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

16. Investment in capital assets:

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

	2021	2020
Capital assets	\$ 372,195,001	\$ 365,696,975
Amounts financed by: Student fee receivable	20,188,980	20,797,380
Deferred contributions	(190,601,375)	(196,304,145)
Capital lease obligations	(10,629)	(16,546)
Bank loans	(46,860,603)	(49,397,718)
	<u>\$ 154,911,374</u>	<u>\$ 140,775,946</u>

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

	2021	2020
Excess of expenditures over revenue:		
Amortization of deferred contributions related to capital assets	\$ 12,421,317	\$ 12,306,106
Amortization of capital assets	(22,805,231)	(22,220,943)
Gain on disposal of capital assets	107,708	77,650
Loss on disposal of library books	-	(2,863,214)
	<u>\$ (10,276,206)</u>	<u>\$ (12,700,401)</u>

Net change in investment in capital assets:

Additions to capital assets	\$ 29,335,929	\$ 21,460,386
Amount financed by: Student fee receivable	(608,400)	(586,691)
Proceeds on disposal of capital assets	(140,380)	(83,280)
Deferred contributions	(6,718,547)	(7,359,704)
Capital lease obligations	5,917	5,806
Bank loans	2,537,115	2,402,417
	<u>\$ 24,411,634</u>	<u>\$ 15,838,934</u>

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

17. Internally restricted net assets:

Internally restricted net assets represent funds set aside for future expenditures. Details of the internally restricted net asset balances are as follows. These internally restricted net assets will be used in part to fund future commitments disclosed in Note 19, Commitments.

	2021	2020
Deferred capital expenditures	\$ 90,669,477	\$ 83,875,742
Deferred operating expenditures	2,937,316	1,105,572
Balance, end of year	\$ 93,606,793	\$ 84,981,314

18. Operating leases:

The College leases premises and equipment. The remaining aggregate minimum rental payments under operating leases for the next five years and thereafter are as follows:

2022	\$ 2,356,854
2023	2,287,020
2024	2,209,947
2025	1,638,556
2026	326,457
Thereafter	1,685,442
	\$ 10,504,276

19. Commitments:

As at March 31, 2021, outstanding capital asset commitments approximate \$61,299,979 (2020-\$56,552,301) primarily relating to the construction and expansion of various facilities. The internally restricted net assets in Note 17, Internally restricted net assets, will be used to fund these future commitments.

20. Contingencies:

In the normal course of operations there are outstanding claims against the College, primarily as a result of grievances filed under the provisions of the collective agreements between the College and The Ontario Public Services Employees Union ("OPSEU"). The amount of these claims is not determinable at this time, and accordingly losses, if any, as a result of these claims will be expensed in the period in which the claims are known.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

21. Contingent assets:

The College is a defendant in a number of legal proceedings arising in the normal course of business. The College has insurance to recover any possible legal settlement. The future receipt of these assets is dependent on the outcome of the contingent liability occurring. Contingent assets are not recorded in the consolidated financial statements.

22. Contractual rights:

Estimated amounts from contracts which will be received or receivable in each of the next five years and thereafter are as follows:

2022	\$	937,281
2023		743,414
2024		64,554
2025		4,400
2026		4,400
Thereafter		5,417,600
March 31, 2021	\$	7,171,649
March 31, 2020	\$	8,113,657

23. Supplemental cash flow information:

	2021	2020
Change in non-cash working capital items:		
Accounts receivable	\$ 3,385,988	\$ 923,102
Grants receivable	4,120,412	(633,362)
Inventories	151,335	23,177
Prepaid expenses	(2,079,629)	55,628
Accounts payable and accrued liabilities	(40,994)	4,263,403
Accrued vacation pay	1,185,783	494,354
Deferred revenue	6,773,830	29,110,030
	\$ 13,496,725	\$ 34,236,332

During the year, the following cash amounts were received (paid):

	2021	2020
Interest revenue	\$ 5,131,992	\$ 5,660,370
Interest expense	(2,641,273)	(2,499,862)

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

24. 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 and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to \$100,000 (2020-\$100,000).

The maximum exposure to investment credit risk is the amount of the investments as shown in Note 8.

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 as at March 31, 2021 and March 31, 2020 were as follows:

	2021					
	Total	Current	Past Due			
			1-30 days	31-60 days	61-90 days	91+ days
Student receivables	\$ 9,365,594	\$ 1,091,781	\$ 6,614,878	\$ 86,948	\$ 247,340	\$ 1,324,647
Other receivables	5,751,570	2,031,076	343,295	28,418	34,793	3,313,988
Gross receivables	15,117,164	3,122,857	6,958,173	115,366	282,133	4,638,635
Less: impairment allowances	(2,855,807)	-	-	-	-	(2,855,807)
Net receivables	\$ 12,261,357	\$ 3,122,857	\$ 6,958,173	\$ 115,366	\$ 282,133	\$ 1,782,828

	2020					
	Total	Current	Past Due			
			1-30 days	31-60 days	61-90 days	91+ days
Student receivables	\$ 10,541,995	\$ 5,036,797	\$ 4,159,923	\$ 80,201	\$ 827,098	\$ 437,976
Other receivables	7,513,233	3,559,333	415,217	316,357	60,101	3,162,225
Gross receivables	18,055,228	8,596,130	4,575,140	396,558	887,199	3,600,201
Less: impairment allowances	(2,407,883)	-	-	-	-	(2,407,883)
Net receivables	\$ 15,647,345	\$ 8,596,130	\$ 4,575,140	\$ 396,558	\$ 887,199	\$ 1,192,318

Other receivables include Collections receivables and year end financial statement reclassification balances, for example, credit balances on the student accounts receivable sub ledger.

Credit risk has increased due to the greater uncertainty surrounding the collectability of accounts receivable from students, individuals, and businesses because of the economic slowdown and changes in operations caused by COVID-19. The College is mitigating this risk by closely monitoring these receivables and by entering transactions with credit-worthy counterparties.

Year ended March 31, 2021

24. Risk management (continued):

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 equity risk.

Since it is the College's intent to make payments on the bank loans until maturity, it is not cost effective to determine the fair value of the debt. The fair value of investments included in Note 8 is based on quoted market prices.

The College's investment policy recognizes the investment guidelines issued by MCU. The investment policy's application is monitored by management, the investment managers and the board of governors. Diversification techniques are utilized to minimize risk.

The College is continually monitoring the impact of market volatility on its financial instruments caused by COVID-19 and will make adjustments to investment strategies as required to reduce the risk on the College's operations and financial position.

Currency risk

Currency risk relates to the risk of operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency rates occur.

The College does not have any material transactions or directly hold financial instruments denominated in foreign currencies.

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 this risk through its capital lease obligation and bank loans.

The College mitigates interest rate risk on its capital lease obligation through a fixed interest rate (Note 11) and on its bank loans through derivative financial instruments which replace the variable rates inherent in the bank loans for a fixed rate (Note 12). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the capital lease obligation and bank loans.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

24. Risk management (continued):

Market risk (continued):

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

The College does not have any material transactions or directly hold financial instruments subject to equity risk.

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 tables set out the contractual maturities (representing undiscounted contractual cash flows of financial liabilities):

	2021			
	Within 6 months	6 months to 1 year	1-5 years	>5 years
Accounts payable and accrued liabilities	\$ 33,324,106	\$ -	\$ -	\$ -
Capital lease obligation	3,001	3,029	4,599	-
Bank loans	1,420,764	1,460,655	12,056,514	33,882,831
	<u>\$ 34,747,871</u>	<u>\$ 1,463,684</u>	<u>\$ 12,061,113</u>	<u>\$ 33,882,831</u>
	2020			
	Within 6 months	6 months to 1 year	1-5 years	>5 years
Accounts payable and accrued liabilities	\$ 33,365,100	\$ -	\$ -	\$ -
Capital lease obligation	2,944	2,973	10,629	-
Bank loans	1,344,335	1,381,998	12,152,897	36,667,867
	<u>\$ 34,712,379</u>	<u>\$ 1,384,971</u>	<u>\$ 12,163,526</u>	<u>\$ 36,667,867</u>

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

Year ended March 31, 2021

24. Risk management (continued):

Liquidity risk (continued)

The ability of the College to meet their cash flow requirements caused by COVID-19 in the short term has been impacted by several factors including delays in collections on accounts receivable, and the reduction of revenue associated with student residences, parking and other forms of ancillary services. The College is continuously monitoring their cash flow in order to maintain its liquidity moving forward.

Other risk

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, the College implemented the following actions in relation to the COVID-19 pandemic:

- The College continues to support working from home requirements for employees wherever possible;
- The College continues to support virtual learning for as many students as possible;
- Where virtual learning is not possible, students, and employees training those students, are on campus for lab related activities only;
- The College implemented a number of student bursaries to financially assist students during the pandemic and to assist in retaining students.

As a result of these actions, the College experienced decreases in operating revenues and increases in operating costs.

(a) Current year transactions:

During the year, the College experienced residence revenue reductions of \$6,100,000 due to residence capacity limitations. The College issued pandemic related student bursaries of \$6,451,000. For the year ended March 31, 2021, the Ministry of Labour, Training and Skills Development provided funding of \$355,000, which was recorded in government grants on the consolidated statement of operations.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the College's operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the College is not practicable at this time.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

25. Capital management:

The College's objectives when managing capital are to develop and maintain a financial model and a capital expenditure process which supports the strategic directions of the College, and safeguards the College's ability to continue to provide benefits to the community.

Capital at the College is comprised of net assets. In order to maintain or adjust the capital structure, the College must obtain additional funding.

Endowment contributions have externally imposed restrictions requiring that the principal be maintained intact.

26. Comparative figures:

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

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Expenditures

Schedule 1

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Expenditures		
Salaries and benefits	\$ 192,034,163	\$ 190,491,897
Amortization expense	22,956,592	22,523,663
Contract services	22,907,951	26,826,776
Utilities and maintenance	20,505,453	21,238,255
Other operating costs	16,044,404	24,189,885
Operating supplies	14,641,988	15,723,672
Student assistance	11,249,377	7,519,110
Ancillary cost of sales	5,226,036	7,840,556
Loan interest	2,641,273	2,499,862
	<u>\$ 308,207,237</u>	<u>\$ 318,853,676</u>



APPENDIX C

KPI Performance Report



Thousands of students, graduates, and employers across the province are surveyed every year to collect data pertaining to quality and accountability measures for graduate employment outcomes, graduate satisfaction, employer satisfaction, and student satisfaction. This section presents the 2019/20 results, the most recent data available before the submission of this document.

Results of three surveys are included in this report – the KPI Student Satisfaction Survey, the KPI Graduate Satisfaction Survey, and the KPI Employer Satisfaction Survey. While the KPI Student Satisfaction Survey results are based on ratings from 2019/20 students, the KPI Graduate and Employer Satisfaction Surveys are based on responses from 2018/19 graduates and their employers respectively. Satisfaction ratings for 2019/20 graduates will be collected six months after they graduate and will be included in the next KPI Performance Report, released by the Ministry annually.

The College's KPI graduation rate, which is based on 2018/19 graduates, is 67.9 per cent and remains the highest among large colleges.

Fanshawe's graduates are successful in finding employment after they leave school. KPI survey results reveal that 80.2 per cent of 2018/19 graduates were employed within six months of graduating. This rate is almost parallel with the large college average (79.9 per cent) and the provincial rate (80.3 per cent).

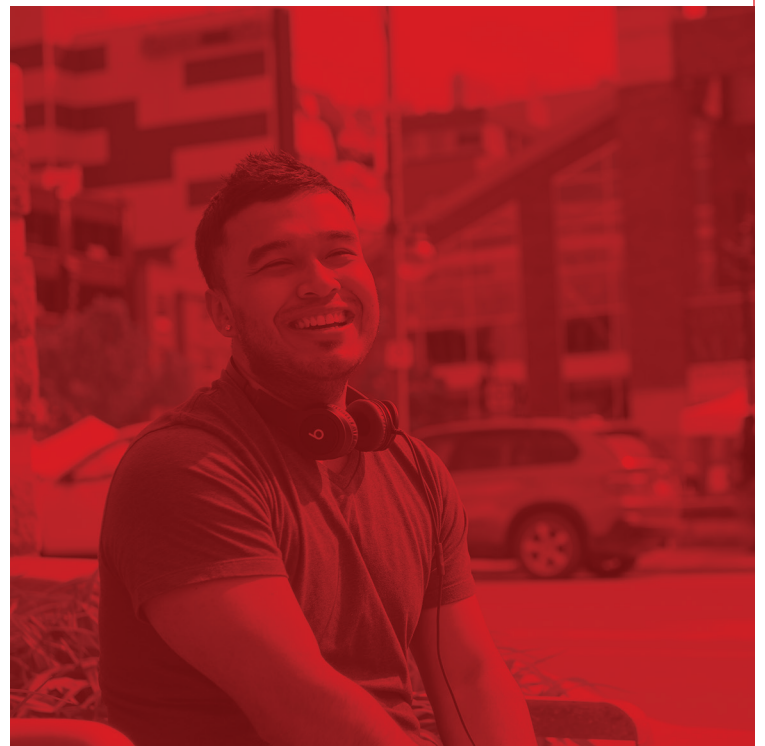
Other key findings include the following:

- 98.0 per cent of employers were satisfied with the quality of educational preparation of Fanshawe graduates, which is higher than the provincial and large college averages of 93.3 per cent and 92.9 per cent, respectively.
- Six months after graduation, 78.4 per cent of Fanshawe graduates reported that they were satisfied with the usefulness of their postsecondary education in achieving their post-graduate goals. This rate was higher than the provincial average of 77.3 per cent and the large college rate of 76.1 per cent.
- 76.5 per cent of full-time Fanshawe students, surveyed in their second semester and beyond, reported that they were satisfied or very satisfied with the overall quality of services, programming, and resources available to them, which is above the provincial average of 75.6 per cent. The results are based on the following data:
 - 87.5 per cent of students were satisfied with the knowledge and skills developed for their future career, which is above the provincial average of 86.8 per cent and the large college average of 85.7 per cent.
 - 79.1 per cent of students were satisfied with their learning experience, which is the same with the provincial average of 79.0 per cent but higher than the large college average of 77.2 per cent.
 - 74.7 per cent of students were satisfied with the quality of Fanshawe's facilities and resources, which is above the provincial average of 73.3 per cent and the large college average of 72.3 per cent.
 - 64.8 per cent of students were satisfied with the quality of Fanshawe's services, which is above the provincial average of 63.5 per cent and the large college average of 62.3 per cent.



APPENDIX D

Summary of Advertising and Marketing Complaints Received



Fanshawe College is filing a nil report.

Nature of complaint	Date received	How resolved / addressed	Date resolution communicated to student	# of working days to resolve

Total number of complaints: **NIL**

Average number of working days to resolution: **N/A**



APPENDIX F

List of Governors



Board of Governors 2020-21

Name	Board Position	Appointment Start	Appointment End	Term
Ms. Tammie Ashton	LGIC Appointment	20-Sep-01	23-Aug-31	1
Mr. Paul Cocker	External	16-Sep-01	22-Aug-31	2
Mr. Peter Devlin	College President (Ex-Officio)	13-Sep-03		
Mr. Brad Duncan	External - First Vice-Chair	16-Sep-01	21-Aug-31	2
Mr. Michael Geraghty	LGIC Appointment Pending	20-Sep-01	23-Aug-31	1
Ms. Connie Graham	LGIC Appointment	19-Sep-01	22-Aug-31	1
Mr. Thomas Hutchison-Hounsell	Student Governor	19-Sep-01	21-Aug-31	1
Mr. George Kerhoulas	External	18-Sep-01	21-Aug-31	1
Mr. Kapil Lakhotia	LGIC Appointment	15-Sep-01	21-Aug-31	2
Mr. Larry Lau	External	19-Sep-01	22-Aug-31	1
Dr. Stephen McClatchie	External	16-Sep-01	22-Aug-31	2
Ms. Michele Martin	External - Second Vice-Chair	17-Sep-01	23-Aug-31	2
Mr. Tom Davis	Academic Staff Member	20-Sep-01	23-Aug-31	1
Ms. Christine Spicer	Support Staff Representative	20-Sep-01	23-Aug-31	1
Mr. Louise Poole	External	19-Sep-01	22-Aug-31	1
Mr. Dave Schwartz	Administrative Staff Representative	16-Sep-01	22-Aug-31	2
Ms. Terry Zavitz	LGIC Appointment Pending	20-Sep-01	23-Aug-31	1

STRATEGIC GOALS

To help direct and focus the time, energy, and resources of the College, strategic goals have been identified:

- 1** Enhance innovative practices for exceptional student learning.
- 2** Manage enrolment growth.
- 3** Optimize use of resources.
- 4** Build sustainable sources of alternative revenue.

