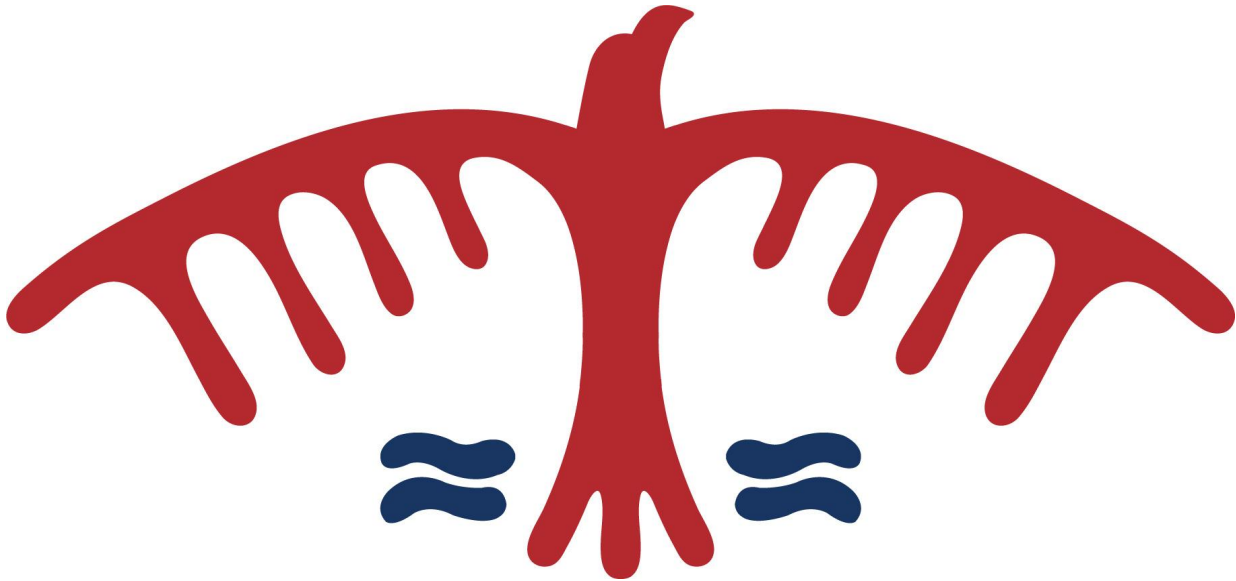


# **Algoma University**

## **Consolidated Financial Statements**

For the year ended April 30, 2022



***Algoma University respectfully acknowledges that its three campuses are located on the inherent and treaty lands of First Nations and within traditional lands of Indigenous peoples.***

***The Sault Ste. Marie campus is located in an area known as Baawaating. Located in Robinson-Huron Treaty territory, this land is the traditional territory of the Anishnaabeg, specifically the Garden River and Batchewana First Nations, as well as Métis People. Sault Ste. Marie is also home to several urban Indigenous peoples.***

***We also acknowledge that;  
The Brampton campus is located in the traditional territory of the Huron Wendat, the Haudenosaunee and Anishnaabeg peoples, including the Mississaugas of the Credit. This territory is covered by the Upper Canada Treaties, and is within the lands protected by the “Dish With One Spoon” wampum agreement.***

***We also acknowledge that:  
The Timmins campus is located on Treaty #9 territory, also known as the James Bay Treaty. It is the traditional territory of the Ojibwe/Chippewa, including the Mattagami First Nation, as well as the Mushkegowuk (Cree), Algonquin, and Métis Peoples.***

# Algoma University

## Consolidated Financial Statements

For the year ended April 30, 2022

### Contents

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Independent Auditor's Report	2
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Net Assets	5
Consolidated Statement of Operations	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8



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## Independent Auditor's Report

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To the Board of Governors of Algoma University

### Opinion

We have audited the consolidated financial statements of Algoma University and its controlled entities (the University), which comprise the consolidated statement of financial position as at April 30, 2022, and the consolidated statements of operations, the consolidated changes in net assets and the consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at April 30, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the University'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 University or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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## Independent Auditor's Report (continued)

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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 consolidated 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 University'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 University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the University to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

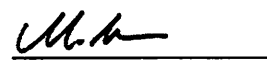
Sault Ste. Marie, Ontario  
September 29, 2022



**Algoma University**  
**Consolidated Statement of Financial Position**  
**As at April 30, 2022 and April 30, 2021**

	Notes	April 30, 2022	April 30, 2021
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 92,729,084	\$ 51,372,721
Short term investments	2	16,107,318	-
Accounts receivable fees	3	2,938,293	2,129,208
Accounts receivable other	3	4,074,080	2,471,048
Prepaid expenses and inventory		792,255	407,164
<b>Total current assets</b>		<b>116,641,030</b>	<b>56,380,141</b>
<b>Non-current assets</b>			
Accrued pension asset	7	-	3,078,000
Investments	2	6,926,272	7,064,439
Capital assets	4	58,371,712	52,601,109
<b>Total non-current assets</b>		<b>65,297,984</b>	<b>62,743,548</b>
<b>Total assets</b>		<b>\$ 181,939,014</b>	<b>\$ 119,123,689</b>
<b>Liabilities and Net Assets</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 5,826,702	\$ 6,719,842
Fees received in advance		76,461,721	19,246,798
Deferred government grants, program and campaign revenue		21,001,319	20,641,996
Current portion of long term debt	6	317,673	1,365,050
<b>Total current liabilities</b>		<b>103,607,415</b>	<b>47,973,686</b>
<b>Non-current liabilities</b>			
Long term debt	6	4,566,353	9,956,546
Accrued pension liability	7	1,338,000	-
Deferred contributions - capital assets	8	35,298,748	33,705,275
<b>Total non-current liabilities</b>		<b>41,203,101</b>	<b>43,661,821</b>
<b>Total liabilities</b>		<b>144,810,516</b>	<b>91,635,507</b>
<b>Net assets</b>			
Unrestricted	9	18,188,938	7,574,238
Internally restricted	10	15,279,072	16,107,318
Endowments	11	3,660,488	3,806,626
<b>Total net assets</b>		<b>37,128,498</b>	<b>27,488,182</b>
<b>Total liabilities and net assets</b>		<b>\$ 181,939,014</b>	<b>\$ 119,123,689</b>

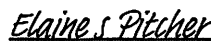
On behalf of the Board of Governors



Mike Moraca, Chair

October 18, 2022

Date



Elaine S Pitcher (Oct 24, 2022 11:40 EDT)

Elaine Pitcher, Vice-Chair

October 24, 2022

Date

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

**Algoma University**  
**Consolidated Statement of Changes in Net Assets**  
**For the years ended April 30, 2022 and 2021**

<b>For the year ended April 30</b>	<b>Unrestricted</b>	<b>Internally Restricted</b>	<b>Endowments</b>	<b>Total April 30, 2022</b>	<b>Total April 30, 2021</b>
<b>Balance, beginning of year</b>	\$ 7,574,238	\$ 16,107,318	\$ 3,806,626	\$ 27,488,182	\$ 16,804,915
<b>Excess of revenues over expenses</b>	14,244,116	-	-	14,244,116	7,492,567
<b>Post employment benefit remeasurement</b>	(187,800)	(4,416,000)		(4,603,800)	3,190,700
<b>Endowment fund contributions and other adjustments</b>	146,138	-	(146,138)	-	-
<b>Internal restrictions</b>					
Transfer to internal restrictions	(3,587,754)	3,587,754		-	-
<b>Balance, end of year</b>	<b>\$ 18,188,938</b>	<b>\$ 15,279,072</b>	<b>\$ 3,660,488</b>	<b>\$ 37,128,498</b>	<b>\$ 27,488,182</b>

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

**Algoma University**  
**Consolidated Statement of Operations**  
**For the years ended April 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Student tuition	\$ 49,193,089	\$ 23,513,995
Government grants	14,790,508	13,744,997
Sales and services	3,360,890	1,574,923
Research revenue	1,474,683	1,306,467
Foundation revenue	960,832	284,917
Miscellaneous income	2,986,880	1,299,812
Amortization of deferred capital contributions	2,024,848	1,417,899
	<b>74,791,730</b>	<b>43,143,010</b>
<b>Expenses</b>		
Salaries and benefits	31,994,376	24,883,497
Operating and research	9,004,150	5,659,670
Scholarships and bursaries	5,670,460	3,242,709
Amortization	3,656,750	2,577,712
Advertising and communication	6,033,610	2,307,821
Occupancy	3,202,916	2,332,330
Interest	317,910	307,490
	<b>59,880,172</b>	<b>41,311,229</b>
Excess of revenue over expenses from operations	14,911,558	1,831,781
Investment gain (loss)	(667,442)	376,878
COVID-19 relief funding (Note 17)	0	5,283,908
<b>Excess of revenue over expenses</b>	<b>14,244,116</b>	<b>7,492,567</b>
Post-employment benefit remeasurement (recovery)	(4,603,800)	3,190,700
<b>Net Surplus</b>	<b>\$ 9,640,316</b>	<b>\$ 10,683,267</b>

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

**Algoma University**  
**Consolidated Statement of Cash Flows**  
**For the years ended April 30, 2022 and 2021**

	<b>April 30, 2022</b>	<b>April 30, 2021</b>
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses	\$ 9,640,316	\$ 10,683,267
Items not involving cash		
Amortization of tangible capital assets	3,656,750	2,577,712
Unrealized loss (gain) of investments	667,442	(376,878)
Amortization of deferred contributions	(2,024,848)	(1,417,899)
	11,939,660	11,466,202
Changes in non-cash working capital balances		
Accounts receivable - fees	(809,085)	(907,748)
Accounts receivable - other	(1,603,032)	402,628
Prepaid expenses and inventory	(385,091)	42,398
Accrued pension obligation (net of changes in measurement)	4,416,000	(3,291,000)
Accounts payable and accrued liabilities	(893,140)	690,961
Fees received in advance	57,214,923	11,898,849
Deferred government grants and program revenue	359,323	6,442,433
	70,239,558	26,744,723
<b>Cash flow from investing activities</b>		
Purchase of tangible capital assets	(9,427,353)	(7,911,957)
Reinvested investment income	(562,817)	(709,744)
Sale (purchase) of investments	(16,073,776)	59,335
	(26,063,946)	(8,562,366)
<b>Cash flow from financing activities</b>		
Repayment of long term debt	(6,437,570)	(1,016,000)
Deferred capital contributions received	3,618,321	7,143,412
	(2,819,249)	6,127,412
Increase in cash and cash equivalents	41,356,363	24,309,769
Cash and cash equivalents, beginning of year	51,372,721	27,062,952
<b>Cash and cash equivalents, end of year</b>	<b>\$ 92,729,084</b>	<b>\$ 51,372,721</b>

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



# **Algoma University**

## **Notes to Consolidated Financial Statements**

For the years ended April 30, 2022 and 2021

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### **1. Summary of significant accounting policies**

#### **Nature of operations**

Algoma University is a provincially funded university offering educational programs and upgrading to the accessing communities. The University is a registered charity and under the provisions of Section 149 of the Income Tax Act (Canada) is exempt from income taxes.

#### **Basis of accounting**

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Basis of consolidation**

These consolidated financial statements reflect the assets, liabilities and the results of the Northern Ontario Research, Development, Ideas and Knowledge Institute (Nordik Research Institute) as it is a controlled entity.

#### **Inventory**

Inventory is valued at the lower of cost or net realizable value, with cost being determined on a first-in, first-out basis.

#### **Revenue recognition**

The University follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Endowment contributions are allocated directly to net assets in the year received. Income generated from endowment funds are recognized in the statement of operations.

Tuition fees for courses which are offered substantially after the fiscal year end are deferred.

Sales and services revenue is recognized at point of sale or when services have been provided.

#### **Endowment funds**

Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Net investment income earned is available for distribution according to the terms of the endowment.

# Algoma University

## Notes to Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

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### 1. Summary of significant accounting policies (continued)

#### Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Specifically, estimates related to rate of return on assets used in valuing the future pension benefit obligation are affected by the uncertainty of predictions concerning future events. Should the underlying assumptions change, the estimated pension benefit obligation disclosed in notes to the consolidated financial statements may change by a material amount. Other items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for accounts receivable; and accrued liabilities. These estimates are reviewed periodically, and, as adjustments become necessary, they are recognized in the financial statements in the year in which they become known.

#### Tangible capital assets

Tangible capital assets are recorded at cost. Amortization, based on the estimated useful life of the asset, is provided by the straight line basis over the following periods:

Buildings	20 - 40 years
Furniture and equipment	5 years
Library books	5 years
Parking lot	15 years
Computer software system	5 -10 years
Leasehold improvements	10 years

Construction in progress is capitalized as work is completed. Upon completion of the projects, capitalized construction in progress costs are transferred to the various categories of tangible capital assets and will be amortized on a basis consistent with similar assets. Contributed rare books and other collections are recorded as revenue and expensed at fair market value at the date of contribution.

# **Algoma University**

## **Notes to Consolidated Financial Statements**

For the years ended April 30, 2022 and 2021

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### **1. Summary of significant accounting policies (continued)**

#### **Employee future benefits**

The University maintains a defined benefit plan covering the faculty and management staff employed by the University up to 2006. Contributions to the pension plan are made in accordance with the Pension Commission of Ontario actuarial requirements. The University accounts for its employee benefit plans using the immediate recognition approach. The University recognizes the amount of the accrued benefit obligations, net of the fair value of plan assets at year end, adjusted for any valuation allowances. Current service and finance costs are expensed during the year. Remeasurements and other items related to actuarial gains and losses and differences between actual and expected returns on plan assets and past service costs are recognized as direct increase or decrease in net asset. The accrued benefit obligations for employee benefit plans are determined based on actuarial valuation reports prepared for funding purposes. These reports are required to be prepared at least on a triennial basis. In years where actuarial valuations are not prepared, the University uses a roll-forward technique to estimate the accrued liability using assumptions from the most recent actuarial valuation reports. Subsequent to 2006, faculty, management and staff are eligible to participate in a defined contribution group retirement savings plan.

#### **Financial instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value with any unrealized gains and losses reported in operations. In addition, all balanced funds are classified in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each consolidated statement of financial position date and charged to the financial instrument for those measured at amortized cost. Freestanding derivative instruments that are not in a qualifying hedging relationship that are quoted in an active market are subsequently measured at fair value.

# Algoma University

## Notes to Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

### 2. Investments

#### Short term investments

	2022	2021
Guaranteed interest certificates	\$16,107,318	\$-

#### Long term investments

	2022	2021
Pooled fund at cost	\$7,275,313	\$6,746,038
Pooled fund at market	\$6,926,272	\$7,064,439

### 3. Accounts receivables

	2022	2021
Student accounts receivable	\$3,450,684	\$2,623,467
Allowance for doubtful accounts	(512,391)	(494,259)
<b>Accounts receivable - fees</b>	<b>\$2,938,293</b>	<b>\$2,129,208</b>
<b>Accounts receivable - other</b>	<b>\$4,074,080</b>	<b>\$2,471,048</b>

# Algoma University

## Notes to Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

### 4. Tangible capital assets

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$371,816	\$-	\$371,816	\$-
Buildings	67,871,557	24,998,850	63,773,495	23,078,282
Leasehold improvements	6,417,747	1,136,017	2,750,792	494,243
Furniture and equipment	8,960,156	8,618,519	8,808,185	8,414,417
Computer software system	8,068,054	1,312,429	3,051,312	530,686
Parking lot	2,129,431	1,882,697	2,129,431	1,774,135
Library	645,303	645,303	645,303	645,303
Construction in progress	2,501,463	-	6,007,842	-
	\$96,965,527	\$38,593,815	\$87,538,175	\$34,937,066
<b>Net book value</b>		<b>\$58,371,712</b>		<b>\$52,601,109</b>

### 5. Line of credit

The University has an operating line of credit due on demand in the amount of \$2,000,000. The facility bears interest at the bank's prime lending rate minus 0.5% with advances made in multiples of \$25,000. As at April 30, 2022, the entire facility was available to the University.

# Algoma University

## Notes to Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

### 6. Long term debt

	2022	2021
TD George Leach Centre loan, repayable \$12,089 monthly including interest at 1.40%, secured by a general security agreement, maturing November 2025	\$1,793,450	\$1,912,500
TD Bioscience and Technology Convergence Centre loan, repayable \$20,964 monthly including interest at 1.82%, secured by a general security agreement, maturing March 2026	3,090,576	3,278,471
Scotiabank Windsor Park Retirement Home Inc. loan, repayable \$7,749 monthly including interest at 2.23%, secured by a general security agreement, repaid March 2022	-	826,583
Scotiabank Students' Residence interest rate swap loan (a), repayable \$32,816 monthly including interest at 3.55%, secured by property and a general security agreement, repaid February 2022	-	5,304,042
Total	4,884,026	11,321,596
Less: current portion	317,673	1,365,050
<b>Long term debt</b>	<b>\$4,566,353</b>	<b>\$9,956,546</b>

# Algoma University

## Notes to Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

### 6. Long term debt (continued)

Interest on long term debt during the year amounted to \$317,910 (2021 - \$307,490). Principal payments required on long term debt for the next five years and thereafter, assuming refinancing under similar terms are as follows:

Year	Amount
2023	\$317,673
2024	322,658
2025	328,525
2026	329,811
2027	331,082
Thereafter	3,254,277
Total	\$4,884,026

(a). The University has entered into an interest rate derivative agreement to manage the volatility of the interest rate on the loan. The University converted floating rate of debt for fixed rate of debt of 2.8%. This loan was repaid in full in February 2022. The change in the fair value of the interest rate swap as at April 30, 2021 was \$218,900 and was not recorded by the entity.

### 7. Pension plans

#### Defined benefit pension plan

The University maintains a defined benefit plan covering faculty hired prior to 2006. Actuarial reports, which were based on projections of employee's compensation levels to the time of retirement, indicate the net assets available to provide for benefits, and the present value of accrued pension benefits at April 30, are as follows:

	2022	2021
Assets, at market value	30,205,000	\$30,436,000
Pension benefit obligation	(31,543,000)	(27,358,000)
<b>Plan surplus (deficit)</b>	<b>\$(1,338,000)</b>	<b>\$3,078,000</b>



# Algoma University

## Notes to Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

### 7. Pension plans (continued)

The most recent actuarial valuation for post-employment benefits was performed as at April 30, 2021.

The plan assets consist of the following asset categories:

	2022	2021
Canadian equities	36%	36%
Foreign equities	20%	21%
Fixed income	44%	43%
Cash and short term deposits	-%	-%
	100%	100%

The pension expense amounts totaled \$300,200 (2021 - \$501,700) and is included in salaries and benefits on the statement of operations. Employer contributions paid and payable during the year were \$488,000 (2021 - \$602,000).

The discount rate used is 4.40% (2021 - 4.90%), the estimated rate of salary increases used is 2.50% (2021 - 2.50%) and the estimated rate of return on assets used is 4.40% (2021 - 4.90%).

### Group retirement savings plan

Employees hired subsequent to 2006 are eligible to participate in a defined contribution group retirement savings plan. Employer contributions totaled \$973,854 for 2022 (2021 - \$914,349) and were fully expensed.

# Algoma University

## Notes to Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

### 8. Deferred contributions related to tangible capital assets

Deferred contributions related to tangible capital assets relate to grants received for purchase or construction of tangible capital assets and are amortized over the life of the tangible capital assets. The changes in deferred contributions are as follows:

	2022	2021
Balance, beginning of year	\$33,705,275	\$27,979,762
Contributions	3,618,321	7,143,412
Transfers to revenue	(2,024,848)	(1,417,899)
<b>Balance, end of year</b>	<b>\$35,298,748</b>	<b>\$33,705,275</b>

### 9. Unrestricted net assets

	2022	2021
Investment in capital assets		
Capital assets	\$58,371,712	\$52,601,109
Long term debt	(4,884,026)	(11,321,596)
Deferred capital contributions	(35,298,748)	(33,705,275)
<b>Unrestricted net assets</b>	<b>\$18,118,938</b>	<b>\$7,574,238</b>

# Algoma University

## Notes to Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

### 10. Net assets internally restricted

The following balances represent net assets set aside by the Board of Governors for the specific purpose of:

	2022	2021
Operating	\$6,791,997	\$3,194,809
Future capital projects	7,240,306	8,288,104
Future research initiatives	1,000,000	500,000
Defined benefit pension plan	(1,338,000)	3,078,000
Foundation	(288,398)	(507,157)
Advancement	1,395,145	1,145,666
Nordik Institute	171,576	101,450
Anishinaabe Peoples' Council operating	133,434	133,434
Anishinaabe Peoples' Council capital	173,012	173,012
<b>Restricted net assets</b>	<b>\$15,279,072</b>	<b>\$16,107,318</b>

### 11. Endowments

Endowments consist of externally restricted donations received by the University. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. The market value of the investment portfolio for endowed funds included in the total investments disclosed in Note 3 is equal to \$3,660,488 (2021 - \$3,806,626).

# Algoma University

## Notes to Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

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### 12. Contingent liabilities

The University is a member of the Canadian Universities Reciprocal Insurance Exchange ("CURIE"). CURIE insures general liability, university property and errors and omissions. Annual premiums paid by the university are determined by the CURIE Board, on the advice of the actuary. There is a provision under the agreement for assessments to all member universities if these premiums are not sufficient to cover losses. As of December 31, 2021, the date of the latest financial statements available, CURIE had a surplus of \$105,800,000 (2020-\$99,400,000). Additional insurance for automobiles, artwork, miscellaneous property, cyber attacks and major construction projects is purchased through commercial insurers to provide coverage for losses not insured by CURIE.

The University is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of the administration, a liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the university.

### 13. Government remittances

Included in accounts payable and accrued liabilities are the following government remittances:

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	2022	2021
<b>EHT Payable</b>	<b>\$-</b>	<b>\$162,751</b>

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# Algoma University

## Notes to Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

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### 14. Commitments

The following are the future minimum annual lease payments for campus buildings and capital commitments for online learning platform due over the next five years:

Year	Amount
2023	\$1,137,895
2024	1,297,845
2025	1,477,408
2026	859,602
2027	859,602
<b>Total</b>	<b>\$5,632,352</b>

### 15. Financial instruments

The University's management monitors, evaluates and manages the principal risks assumed with financial instruments on a daily basis. The risks that arise from transacting financial instruments include liquidity risk, credit and concentration of credit risk.

#### *Liquidity risk*

Liquidity risk arises from the University's management of accounts payable, long term debt and other current liabilities. It is the risk that the University will encounter difficulty in meeting its financial obligations as they fall due. The University's policy to minimize this risk is to ensure an adequate line of credit exists for the University.

# **Algoma University**

## **Notes to Consolidated Financial Statements**

For the years ended April 30, 2022 and 2021

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### **15. Financial instruments (continued)**

#### *Credit and concentration of credit risk*

Credit risk arises principally from the University's cash and accounts receivable. The cash is held at a reputable institution. The University is also exposed to normal credit risk resulting from the possibility that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The majority of the University's receivables are from student fees and the University sends any overdue accounts more than two years old to the credit bureau for collection. In addition, students are not allowed to register for a future semester if their fees from previous semesters are not paid in full. For the 2020 Spring and Fall semesters, the University allowed students to proceed to register with outstanding balances as a response to the COVID-19 pandemic (Note 16), however this practice ended as of the 2021 Winter semester.

#### *Interest rate risk*

Interest rate risk arises principally from the University's credit facilities. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The credit facilities have variable interest rates. Changes to the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The University uses derivative financial instruments to alter the effect of this risk through an interest rate swap.

#### *Market volatility risk*

Market volatility risk arises from the University's investment portfolio, which contains various pooled funds. It is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of general economic and other market factors affecting equity prices.

# **Algoma University**

## **Notes to Consolidated Financial Statements**

For the years ended April 30, 2022 and 2021

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### **16. COVID-19**

In March 2020, the World Health Organization declared the spread of coronavirus (“COVID19”) to constitute a global pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel restrictions in and out of Canada and provincially, and stay at home orders. These restrictions impacted the operations of the University and resulted in the temporary closure of physical premises of all post-secondary institutions between March 2020 and December 2021.

The University was able to respond to the physical premises closure with the implementation of online learning and as a result tuition revenue was not materially impacted.

During 2021, the levels of on-campus activity were significantly reduced and campus services such as residences, fitness area, and parking revenue were—negatively impacted. COVID-19 also impacted global commercial and financial activities.

In response, the Ontario Ministry of Colleges and Universities issued additional funding to assist institutions through the pandemic. In 2021 the University received \$5,283,908 in additional one time funding for the year ended April 30, 2021.

The University’s budgets and forecasts have taken the expected impacts of the pandemic into account and management continues to manage the University’s liquidity to ensure that obligations are met as they become due. The University has access to sufficient liquid resources to support operations in the coming year. Given the outcome and timeframe to a recovery from the current pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect on future operations at this time.