

2019 FINANCIAL STATEMENTS

MARCH 31, 2019



Photo by: Ema Peter

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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INDEPENDENT AUDITORS' REPORT

To The Board of Governors of Mohawk College of Applied Arts and Technology

Opinion

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

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- and notes to the 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 financial position of the Entity as at March 31, 2019, and its results of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*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 responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

Management is responsible for the preparation and fair presentation of 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.

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.
- 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.

We will 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 12, 2019

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2019, with comparative figures for 2018

Statement 1

		2019	2018
		\$	\$
ASSETS			
CURRENT			
Cash	(note 2)	13,887,976	24,421,049
Investments	(note 3)	106,891,019	89,932,710
Accounts receivable		14,996,602	13,854,035
Grants receivable		5,130,271	3,394,592
Inventories		1,371,165	1,504,003
Prepaid expenses and other assets		6,246,873	4,417,708
Current portion of long-term receivable	(note 5)	1,022,043	1,074,659
		<u>149,545,949</u>	<u>138,598,756</u>
LONG-TERM			
Long-term investment	(note 4)	873,472	873,472
Long-term receivable	(note 5)	29,898,639	31,203,548
Construction in progress	(note 6)	1,205,332	40,825,878
Capital assets	(note 7)	217,119,265	152,301,160
		<u>249,096,708</u>	<u>225,204,058</u>
		<u><u>398,642,657</u></u>	<u><u>363,802,814</u></u>
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		29,670,170	34,606,821
Deferred revenue	(note 8)	33,249,202	27,569,088
Vacation pay		8,086,509	8,280,070
Current portion of long-term debt	(note 9)	2,556,271	1,830,845
		<u>73,562,152</u>	<u>72,286,824</u>
LONG-TERM LIABILITIES			
Long-term debt	(note 9)	52,995,197	50,135,449
Post-employment benefits and compensated absences	(note 10)	6,685,000	6,751,000
		<u>59,680,197</u>	<u>56,886,449</u>
DEFERRED CONTRIBUTIONS			
Deferred contributions	(note 11a)	5,325,147	4,534,320
Deferred contributions related to construction in progress	(note 11b)	1,126,640	22,817,357
Deferred contributions related to expenses of future periods	(note 11c)	2,667,346	5,571,767
Deferred contributions related to capital assets	(note 11d)	138,790,704	107,074,751
		<u>147,909,837</u>	<u>139,998,195</u>
NET ASSETS (statement 3)			
Net assets invested in capital assets	(note 12)	54,510,835	43,826,238
Unrestricted net assets:			
Operating		10,671,561	8,349,629
Vacation pay		(8,086,509)	(8,280,070)
Post-employment benefits and compensated absences		(6,685,000)	(6,751,000)
Restricted net assets:			
Internally restricted assets		48,700,000	40,323,000
Endowment contributions	(note 13)	17,524,075	17,454,702
		<u>116,634,962</u>	<u>94,922,499</u>
Accumulated remeasurement gains (losses) (statement 5)		855,509	(291,153)
		<u>117,490,471</u>	<u>94,631,346</u>
		<u><u>398,642,657</u></u>	<u><u>363,802,814</u></u>

SIGNED ON BEHALF OF THE BOARD:

Approved by the Board of Governors

at the meeting of June 13, 2019

See accompanying notes to the financial statements

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY**Statement of Operations****For the year ended March 31, 2019, with comparative figures for 2018****Statement 2**

		2019	2018
		\$	\$
REVENUE			
Grants	(schedule 1)	107,336,810	98,387,310
Student fees		119,187,711	101,463,333
Ancillary	(schedule 1)	15,286,399	14,017,695
Amortization of deferred contributions		4,578,303	4,776,132
Amortization of deferred contributions related to capital assets		9,041,450	8,024,028
Other	(schedule 1)	11,339,830	11,893,044
		<u>266,770,503</u>	<u>238,561,542</u>
EXPENDITURES			
Salaries and benefits		146,319,595	131,411,070
Contracted services and professional fees		19,093,006	19,025,711
Supplies and other expenses		18,421,474	18,039,361
Utilities, maintenance and taxes		16,576,432	17,532,616
Instructional supplies		6,854,797	6,241,489
Ancillary	(schedule 2)	13,310,126	11,828,253
Scholarship, bursary and award payments		4,578,303	4,776,132
Amortization expense		17,781,617	15,164,336
Interest on long-term liabilities		2,192,063	2,071,984
		<u>245,127,413</u>	<u>226,090,952</u>
EXCESS OF REVENUE OVER EXPENDITURES		<u>21,643,090</u>	<u>12,470,590</u>

See accompanying notes and schedules to the financial statements

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

For the year ended March 31, 2019, with comparative figures for 2018

Statement 3

	Invested in Capital Assets \$	Unrestricted Operating \$	Vacation & post- employment benefits & compensated absences \$	Internally Restricted \$	Endowment Contributions \$	2019 Total \$	2018 Total \$
Balance, beginning of year	43,826,238	8,349,629	(15,031,070)	40,323,000	17,454,702	94,922,499	81,208,250
Excess (deficiency) of revenue over expenditures	(8,740,167)	31,258,203	259,561	(1,134,507)	-	21,643,090	12,470,590
Investment in capital assets	19,424,764	(5,513,304)	-	(13,911,460)	-	-	-
Change in internally imposed restrictions	-	(23,422,967)	-	23,422,967	-	-	-
Preservation of capital (note 13)	-	-	-	-	-	-	1,194,438
Endowment contributions	-	-	-	-	69,373	69,373	49,221
Balance, end of year	54,510,835	10,671,561	(14,771,509)	48,700,000	17,524,075	116,634,962	94,922,499

See accompanying notes to the financial statements

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

For the year ended March 31, 2019, with comparative figures for 2018

Statement 4

	2019	2018
	\$	\$
Cash provided by (used in):		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	21,643,090	12,470,590
Items not involving cash:		
Amortization expense	17,781,617	15,164,336
Net income of Mohawk College Enterprise	(73,271)	(16,933)
Decrease in post-employment benefits and compensated absences	(66,000)	(365,000)
Loss on disposal of capital assets	100,378	27,249
Amortization of deferred contributions related to capital assets	(9,041,450)	(8,024,028)
	<u>30,344,364</u>	<u>19,256,214</u>
Changes in non-cash working capital items:		
Accounts receivable	(1,142,567)	245,980
Grants receivable	(1,735,679)	1,945,309
Inventories	132,838	(61,801)
Prepaid expenses and other assets	(1,829,165)	(361,785)
Accounts payable and accrued liabilities	(4,863,380)	8,217,849
Deferred revenue	5,680,114	3,912,023
Vacation pay	(193,561)	9,166
	<u>26,392,964</u>	<u>33,162,955</u>
INVESTING ACTIVITIES		
(Purchase) sale of investments, net	(15,811,647)	4,042,235
Long-term receivable	1,357,525	172,630
	<u>(14,454,122)</u>	<u>4,214,865</u>
CAPITAL ACTIVITIES		
Purchase of capital assets	(41,903,938)	(16,692,952)
Proceeds from sale of capital assets	29,716	73,751
Contributions for capital purposes	14,470,255	4,242,870
Construction in progress, net of deferred contributions	(78,692)	(21,954,649)
	<u>(27,482,659)</u>	<u>(34,330,980)</u>
FINANCING ACTIVITIES		
Contributions for endowment	69,373	1,243,659
Contributions for other restricted purposes, net	790,827	(1,388,359)
Contributions for expenses of future periods, net	565,370	3,101,522
Proceeds of long-term debt	5,416,019	6,694,548
Repayment of long-term debt	(1,830,845)	(1,731,404)
	<u>5,010,744</u>	<u>7,919,966</u>
(DECREASE) INCREASE IN CASH	<u>(10,533,073)</u>	<u>10,966,806</u>
CASH, BEGINNING OF YEAR	<u>24,421,049</u>	<u>13,454,243</u>
CASH, END OF YEAR	<u>13,887,976</u>	<u>24,421,049</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY**Statement of Remeasurement Gains and Losses****For the year ended March 31, 2019, with comparative figures for 2018****Statement 5**

	2019	2018
	\$	\$
Accumulated remeasurement (losses) gains, beginning of year	(291,153)	728,471
Unrealized gains (losses) attributable to:		
Investments	1,132,878	(1,145,304)
Amounts reclassified to the statement of operations:		
Disposition of investments	13,784	125,680
Net remeasurement gains (losses) for the year	<u>1,146,662</u>	<u>(1,019,624)</u>
Accumulated remeasurement gains (losses), end of year	<u><u>855,509</u></u>	<u><u>(291,153)</u></u>

See accompanying notes to the financial statements

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2019

General

The Mohawk College of Applied Arts and Technology (the “College”), established in 1966, is an Ontario College of Applied Arts and Technology duly established pursuant to Ontario regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. The College is an agency of the Crown and provides postsecondary, vocationally oriented education in the areas of applied arts, business, health sciences and technology.

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

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of presentation

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 NPOs”).

These financial statements do not reflect the assets, liabilities and results of operations of the various student organizations or The Mohawk College Foundation which is a separate public foundation.

(b) Revenue recognition

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

Operating grants from the Ministry of Training, Colleges and Universities (“MTCU”) and other government agencies are recorded as revenue in the year to which they relate. Grants approved but not received at the end of the fiscal year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

Revenue from tuition fees, contracts and sales from ancillary operations is recognized when the services are provided or the goods are sold 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 amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions are recognized as revenue when received or receivable.

Endowment contributions are recognized as direct increases in endowment net assets.

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

(c) Inventories

Inventories consist primarily of items held for resale in the Campus Stores. Inventories are valued at the lower of cost and net realizable value.

(d) Construction in progress

Construction in progress costs are capitalized as work progresses. Once the construction has been completed, the total costs will be transferred to the various categories of capital assets and are amortized on a basis consistent with similar assets.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued):

(e) Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Donated capital assets are recorded at their fair market value at the date of donation. 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 residual value. Remaining capital assets are amortized on a straight-line basis over their estimated useful lives using the following rates:

<u>Asset Class</u>	<u>Rate</u>
Land	n/a
Buildings	40 years
Portables & roof replacement	20 years
Major equipment	10 years
Site improvements	10 years
Furniture & equipment	5 years
Vehicles	5 years
Computers & software	3 years

(f) Vacation pay

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

(g) Retirement and post-employment benefits and compensated absences

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

- (i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.
- (ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- (iii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial 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 based on the effective yield of Ontario bonds (trading on the market) that approximate the weighted average duration of the cash flows for the employee future benefits.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued):

(h) Financial instruments

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

Unrealized changes in fair value, unless the investment income is externally restricted, 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 incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gains/losses are adjusted through the statement of remeasurement gains and losses.

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

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

Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(i) Internally restricted assets

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

(j) Endowment contributions

Endowments represent restricted donations received by the College where the principal sum is held for investment while the income earned is expendable for the specific purpose outlined when the funds were donated.

(k) Management estimates

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 expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of fair value for long-term investments, allowance for doubtful accounts, useful lives of capital assets, and actuarial estimation of post-employment benefits and compensated absences liabilities.

2. CASH:

The Canadian bank account earns interest at prime less 1.70%. Cash is carried at fair market value.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2019

3. INVESTMENTS:

Investments are held with the College’s investment management firm and consist of the following:

	Level	2019	2018
		\$	\$
Pooled investments			
Fixed income	2	7,894,537	6,852,118
Equities	2	7,798,271	6,228,943
Cash	2	627,133	740,784
Total pooled investments		<u>16,319,941</u>	<u>13,821,845</u>
Segregated investments			
Fixed income	1	87,517,527	74,507,903
Cash	1	3,053,551	1,602,962
Total segregated investments		<u>90,571,078</u>	<u>76,110,865</u>
Total investments		<u>106,891,019</u>	<u>89,932,710</u>

The total cost of the investment portfolio is \$105,816,170 (2018 – \$90,554,840).

There were no significant transfers between Levels 1 and 2 for the years ended March 31, 2019 and 2018. There were no transfers in or out of Level 3.

Maturity profile of fixed income held is as follows:

	March 31, 2019				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 year	Total
	\$	\$	\$	\$	\$
Carrying value	11,395,473	65,611,321	17,223,045	1,182,225	95,412,064
Percent of Total	12%	69%	18%	1%	100%

The College’s fixed income portfolio has interest rates ranging from 1.00% to 9.98% (2018 – 0.49% to 10.22%).

4. LONG-TERM INVESTMENT:

Long-term investments are carried at cost. As at March 31, 2019 the long-term investment consists of investment in land of \$873,472 (2018 – \$873,472). In October 1995, the College purchased land in conjunction with Hillfield-Strathallan College for undetermined future use.

In addition, the College controls Mohawk College Enterprise Corporation (“MCE”) and is the only registered holder of issued and outstanding MCE shares (2019 – \$100; 2018 – \$100) and accounts for the investment using the modified equity method. The equity earnings are recorded in other revenue. MCE undertakes and carries out educational training programs and consulting projects for and on behalf of businesses and industries. MCE is the exclusive provider of corporate training on behalf of the College. MCE is a for-profit organization and was incorporated under the Business Corporations Act (Ontario) by Certificate of Incorporation dated April 1, 2010. The Board of Directors is approved by the College and the Shareholder Declaration provides for limitations on certain activities and actions on the part of MCE without the express consent of the College.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2019

4. LONG-TERM INVESTMENT (continued):

Mohawk College Enterprise Balance Sheet	2019 \$	2018 \$
Total assets	607,389	575,946
Total liabilities	639,924	681,752
Total net assets	(32,535)	(105,806)
	<u>607,389</u>	<u>575,946</u>
Mohawk College Enterprise Statement of Operations & Deficit	2019 \$	2018 \$
Total revenue	2,695,497	2,905,511
Total expenses	2,622,226	2,888,578
Net income for the year	73,271	16,933
Deficit, beginning of year	(105,906)	(122,839)
Deficit, end of year	(32,635)	(105,906)
	<u>(32,635)</u>	<u>(105,906)</u>
Mohawk College Enterprise Statement of Cash Flows	2019 \$	2018 \$
Cash flows provided by operating activities	115,421	10,125
Cash flows used in investing activities	(11,012)	(24,672)
Net cash flows	104,409	(14,547)
	<u>104,409</u>	<u>(14,547)</u>

The loss on the investment in MCE has been included in accounts payable and accrued liabilities.

5. LONG-TERM RECEIVABLE:

Long-term receivables held by the College consist of the following:

	2019 \$	2018 \$
Student ancillary fee receivables	30,920,682	32,278,207
Less: Current portion of long-term receivable	(1,022,043)	(1,074,659)
	<u>29,898,639</u>	<u>31,203,548</u>

The annual principal and interest payments on the long-term debt incurred to finance the construction of the David Braley Athletic and Recreation Centre (the “DBARC”) will be provided by the future collection of compulsory student ancillary fees. The total principal and interest payments amount has been discounted at a rate of 4.762% (2018 – 4.762%) and the current amount receivable is \$30,687,226 (2018 – \$31,589,777). Other student ancillary fee receivables of \$233,456 (2018 - \$688,430) are to support the Joyce Centre for Partnership & Innovation.

6. CONSTRUCTION IN PROGRESS:

Construction in progress represents costs incurred to date for the i) Joyce Centre for Partnership & Innovation - \$nil (2018 - \$40,825,878). The project was completed during the year and transferred to capital assets, and ii) other miscellaneous projects \$1,205,332 (2018 - \$nil).

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2019

7. CAPITAL ASSETS:

	Cost	Accumulated	2019	2018
	\$	Amortization	Net Book	Net Book
	\$	\$	Value	Value
	\$	\$	\$	\$
Land	2,193,775	-	2,193,775	2,193,775
Buildings	191,444,189	45,914,678	145,529,511	92,682,792
Portables & roof replacement	14,211,225	3,615,627	10,595,598	11,305,061
Major equipment	47,080,631	18,606,236	28,474,395	18,364,057
Site improvements	54,703,641	36,701,500	18,002,141	19,161,021
Furniture & equipment	22,735,564	17,543,096	5,192,468	4,157,866
Vehicles	1,461,838	1,243,861	217,977	270,785
Computers & software	26,722,826	19,809,426	6,913,400	4,165,803
	<u>360,553,689</u>	<u>143,434,424</u>	<u>217,119,265</u>	<u>152,301,160</u>

8. DEFERRED REVENUE:

Deferred revenue consists of the following:

	2019	2018
	\$	\$
Student fees	29,234,070	23,055,106
Contracts	1,995,411	2,101,217
MTCU grants	332,768	991,825
Student residence	311,032	324,507
Other	1,375,921	1,096,433
	<u>33,249,202</u>	<u>27,569,088</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2019

9. LONG-TERM DEBT:

	<u>2019</u>	<u>2018</u>
	\$	\$
Unsecured loan payable to the Ontario Financing Authority at 4.762%, payable in blended semi-annual instalments of \$1,198,162, due November 25, 2038.	30,689,038	31,591,589
Unsecured loan payable to the Ontario Financing Authority at 3.855%, payable in blended semi-annual instalments of \$486,267, due November 29, 2028.	8,007,066	8,652,214
Unsecured loan payable to the Ontario Financing Authority at 4.183%, payable in blended monthly instalments of \$40,673, due September 2, 2031.	4,744,797	5,027,943
Unsecured construction period loan advance of \$12,000,000 payable to Ontario Financing Authority. Interest on advances is subject to 90 day Ontario Treasury Bill Rate plus 0.275%. Loan was termed out October 26, 2018 at 3.591%, payable in blended semi-annual instalments of \$525,650, due October 26, 2033.	12,110,567	6,694,548
	55,551,468	51,966,294
Less current portion	2,556,271	1,830,845
	<u>52,995,197</u>	<u>50,135,449</u>

Principal repayments for the next five years and thereafter:

	<u>\$</u>
2020	2,556,271
2021	2,643,530
2022	2,752,736
2023	2,868,908
2024	2,960,319
Thereafter	41,769,704
	<u>55,551,468</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2019

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES:

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

	March 31, 2019			
	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
	\$	\$	\$	\$
Accrued employee future benefit obligations	1,395,000	4,094,000	401,000	5,890,000
Value of plan assets	(256,000)	-	-	(256,000)
Unamortized actuarial gains	138,000	697,000	216,000	1,051,000
Total liability	1,277,000	4,791,000	617,000	6,685,000

	March 31, 2018			
	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
	\$	\$	\$	\$
Accrued employee future benefit obligations	1,356,000	3,934,000	487,000	5,777,000
Value of plan assets	(299,000)	-	-	(299,000)
Unamortized actuarial gains	156,000	901,000	216,000	1,273,000
Total liability	1,213,000	4,835,000	703,000	6,751,000

	March 31, 2019			
	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total expense
	\$	\$	\$	\$
Current year benefit cost	7,000	210,000	17,000	234,000
Interest on accrued benefit obligation	4,000	105,000	12,000	121,000
Amortized actuarial (gains) losses	64,000	(15,000)	1,000	50,000
Total expense	75,000	300,000	30,000	405,000

	March 31, 2018			
	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total expense
	\$	\$	\$	\$
Current year benefit cost	6,000	213,000	17,000	236,000
Interest on accrued benefit obligation	2,000	76,000	12,000	90,000
Amortized actuarial (gains) losses	(121,000)	(3,000)	20,000	(104,000)
Total expense	(113,000)	286,000	49,000	222,000

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2019

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued):

The benefits paid out in the year were \$471,000 (2018 – \$587,000).

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

Retirement Benefits

CAAT Pension Plan

Substantially all employees of the College are members of the Colleges of Applied Arts and Technology Pension Plan (the “Plan”), which is a multi-employer jointly sponsored defined benefit plan for eligible employees of public colleges and related employers in Ontario. Contributions by the College on account of current service pension costs amounted to \$12,147,868 (2018 – \$11,152,993), which have been included in the statement of operations. Contributions by employees amounted to \$12,062,556 (2018 – \$11,041,879). Contribution rates are set by the Plan’s governors to ensure the long-term viability of the Plan.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. 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, 2019 indicated an actuarial surplus of \$2.6 billion.

Post-employment Benefits

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

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

(a) *Discount rate*

The present value as at March 31, 2019 of the future benefits was determined using a discount rate of 2.2% (2018 – 2.6%).

(b) *Drug costs*

Drug costs were assumed to increase at an 8% rate for 2019 (2018 – 8%) and decrease proportionately thereafter to an ultimate rate of 4% in 2040 for fiscal 2019 (2018 – 4%).

(c) *Hospital and other medical*

Hospital and other medical costs were assumed to increase at 4% per annum for fiscal 2019 (2018 – 4%).

(d) *Dental costs*

Dental costs were assumed to increase at 4% per annum for fiscal 2019 (2018 – 4%).

Compensated Absences

Vesting Sick Leave

The College has provided for vesting sick leave benefits during the year. Eligible Faculty employees, hired before April 1, 1991 and Administrative employees hired before July 1, 1974 are entitled to receive on termination or retirement, accumulated sick days multiplied by their actual daily rate to a maximum of six months’ salary. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2019

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued):

Non-vesting Sick Leave

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

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

	2019	2018
Wage and salary escalation	1.5% - 2%	1.5% - 2%
Discount rate	2.2%	2.6%

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0% to 23.7% and 0 to 48 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

11. DEFERRED CONTRIBUTIONS:

a) Deferred contributions:

Deferred contributions represent unspent externally restricted scholarships, bursaries, grants and donations for student awards and student assistance. It also includes unspent endowment investment income.

	2019	2018
	\$	\$
Balance, beginning of year	4,534,320	5,922,679
Additional contributions received	5,369,130	3,387,773
Less award payments & administrative expenses	(4,578,303)	(4,776,132)
Balance, end of year	<u>5,325,147</u>	<u>4,534,320</u>

Deferred contributions are comprised of:

	2019	2018
	\$	\$
Endowment interest funds and unrealized gains	2,269,775	1,575,560
Tuition set-aside funds	1,143,661	1,079,244
Scholarships and bursaries	1,062,439	932,025
Joint employment stability replacement fund	531,962	495,871
MTCU grants	311,832	446,235
Other	5,478	5,385
	<u>5,325,147</u>	<u>4,534,320</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2019

11. DEFERRED CONTRIBUTIONS (continued):

b) Deferred contributions related to construction in progress:

	2019	2018
	\$	\$
Balance, beginning of year	22,817,357	4,471,264
Additional contributions received	1,126,640	12,794,444
Plus amounts transferred from deferred contributions related to expenses of future periods	-	6,438,297
Less amounts transferred to capital assets in the year	<u>(22,817,357)</u>	<u>(886,648)</u>
Balance, end of year	<u>1,126,640</u>	<u>22,817,357</u>

c) Deferred contributions related to expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations intended to support primarily college-wide equipment and facility improvements and also provide student financial assistance.

	2019	2018
	\$	\$
Balance, beginning of year	5,571,767	10,555,716
Additional contributions received	1,543,834	4,036,857
Less amounts recognized as revenue in the year	(978,464)	(935,335)
Less amounts transferred to deferred contributions related to capital assets	(3,469,791)	(1,647,174)
Less amounts transferred to deferred contributions related to construction in progress	-	(6,438,297)
Balance, end of year	<u>2,667,346</u>	<u>5,571,767</u>

Deferred contributions related to expenses of future periods are comprised of:

	2019	2018
	\$	\$
Donations	1,312,341	4,387,293
Student ancillary fees	1,315,414	1,139,003
MTCU	13,280	13,280
Other	26,311	32,191
	<u>2,667,346</u>	<u>5,571,767</u>

d) Deferred contributions related to capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of donations, grants and other contributions received for the purchase of capital assets.

	2019	2018
	\$	\$
Balance, beginning of year	107,074,751	108,322,087
Additional contributions received	14,470,255	4,242,870
Plus amounts transferred from deferred contributions related to construction in progress	22,817,357	886,648
Plus amounts transferred from deferred contributions related to expenses of future periods	3,469,791	1,647,174
Less amortization in the year	<u>(9,041,450)</u>	<u>(8,024,028)</u>
Balance, end of year	<u>138,790,704</u>	<u>107,074,751</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2019

11. DEFERRED CONTRIBUTIONS (continued):

d) Deferred contributions related to capital assets (continued):

Deferred contributions related to capital assets are comprised of:

	2019	2018
	\$	\$
MTCU	62,117,360	56,840,584
Student ancillary fees - DBARC	28,453,693	29,471,716
Donations	22,233,723	14,784,715
Federal grants	19,750,000	-
Other	6,235,928	5,977,736
	<u>138,790,704</u>	<u>107,074,751</u>

12. INVESTMENT IN CAPITAL ASSETS:

The College's investment in capital assets is calculated as follows:

	2019	2018
	\$	\$
Capital assets	217,119,265	152,301,160
Construction in progress	1,205,332	40,825,878
Investment in land	873,472	873,472
	<u>219,198,069</u>	<u>194,000,510</u>
Less:		
Current portion of long-term debt	(1,610,229)	(928,294)
Long-term debt	(23,159,661)	(19,353,870)
Deferred contributions related to construction in progress	(1,126,640)	(22,817,357)
Deferred contributions related to capital assets	(138,790,704)	(107,074,751)
Investment in capital assets	<u>54,510,835</u>	<u>43,826,238</u>

Change in net assets invested in capital assets is calculated as follows:

	2019	2018
	\$	\$
Deficiency of revenues over expenditures:		
Amortization of deferred capital contributions related to capital assets	9,041,450	8,024,028
Amortization of capital assets	(17,781,617)	(15,164,336)
	<u>(8,740,167)</u>	<u>(7,140,308)</u>
Net change in investment of capital assets:		
Purchase of capital assets and construction in progress	43,109,270	51,442,045
Disposals of capital assets	(130,094)	(101,000)
Amounts funded by deferred capital contributions	(19,066,686)	(25,122,785)
Amounts funded by term debt	(5,416,019)	(6,694,548)
Repayment of term debt	928,293	870,345
Investment in capital assets	<u>19,424,764</u>	<u>20,394,057</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2019

13. ENDOWMENT CONTRIBUTIONS:

The College has the following endowment funds:

	2019	2018
	\$	\$
Ontario Student Opportunity Trust Funds (Schedule 3)	6,054,725	6,044,225
Ontario Trust for Student Support (Schedule 4)	7,984,916	7,963,943
Other	3,484,434	3,446,534
	<u>17,524,075</u>	<u>17,454,702</u>

Investment income on endowments that was disbursed during the year has been recorded in the statement of operations since this income is available for disbursement as scholarships and bursaries and the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions. Investment income on endowed assets recognized and deferred was \$555,409 and \$2,050,435 respectively (2018 – \$469,413 and \$1,906,536). Investment income earned from realized capital gains \$nil (2018 - \$1,194,438) has been included in endowment contributions as preservation of capital.

14. FINANCIAL INSTRUMENT RISK MANAGEMENT:

Credit risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, debt holdings in its investment portfolio, long-term receivable, accounts receivable and grants 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.

The College's investment policy operates within the constraints of the investment guidelines issued by the MTCU and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis. The guidelines permit the College's funds to be invested in bonds issued by the Government of Canada, a Canadian province or a Canadian municipality having a rating of AAA or better.

The College's maximum exposure to credit risk is representative of the carrying value of cash, investments, accounts receivable, grants receivable, current portion of long-term receivable and long-term receivable which as at March 31, 2019 totals \$171,826,550.

Accounts receivable are ultimately due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population.

Grants receivable are due from government sources. The College works to ensure that all eligibility criteria are met in order to qualify to receive the funding.

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.

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

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

For the year ended March 31, 2019

14. FINANCIAL INSTRUMENT 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.

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

Currency risk

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time at different foreign levels when adverse changes in foreign currency rates occur. The College does not have any material transactions or financial instruments denominated in foreign currencies.

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

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 interest bearing investments and long-term debt.

The College's long-term debt is fixed rate debt as disclosed in note 9. Fluctuations in market interest rates would not impact future cash flows and operations relating to term debt.

At March 31, 2019, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds of \$3,222,879.

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

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2019, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the College's equities of \$779,827. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk 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.

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

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Notes to Financial Statements
For the year ended March 31, 2019

15. COMMITMENTS:

a) Leases:

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

	<u>\$</u>
2020	1,825,709
2021	1,825,709
2022	1,825,709
2023	1,825,709
2024	1,825,709
	<u>9,128,545</u>

b) Student residence:

Collegiate Management Services Corp. manages the student residence by way of a property management agreement. The annual property management fee is \$709,760.

16. THE MOHAWK COLLEGE FOUNDATION:

The College has an economic interest in the Mohawk College Foundation (the “Foundation”), which raises funds from the community and alumni to finance certain expenditures of the College. The Foundation’s accounts are not included in these financial statements. The Foundation is incorporated under the Province of Ontario as a public foundation and is a registered charity under the Income Tax Act.

17. COMPARATIVE FIGURES:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenditures.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Operating Grants, Ancillary and Other Revenue

For the year ended March 31, 2019, with comparative figures for 2018

Schedule 1

	2019	2018
	\$	\$
OPERATING GRANTS REVENUE		
General operating and capital grants	77,011,428	69,812,637
Apprenticeship	9,335,424	8,727,154
Collaborative program grants	7,235,553	6,927,995
Federal projects	3,737,341	3,022,487
Employment Services	2,689,387	2,552,717
Literacy & Basic Skills	1,551,326	1,535,167
School College Works Initiative	1,475,007	1,285,412
Disability Services	1,061,789	1,179,299
Municipal tax grant	795,750	783,825
Aboriginal grants	646,825	1,112,958
Termination gratuities	163,086	199,294
Other	1,633,894	1,248,365
	<u>107,336,810</u>	<u>98,387,310</u>
ANCILLARY REVENUE		
Campus stores	5,377,234	5,120,380
Parking	4,157,024	3,616,842
Student residence	3,299,485	3,144,492
Food services	1,219,170	1,029,192
Facility rentals	532,290	494,470
Student life	356,949	299,625
Athletic and recreation centre	208,183	169,958
Other	136,064	142,736
	<u>15,286,399</u>	<u>14,017,695</u>
OTHER REVENUE		
Contract projects	5,256,607	7,219,650
Investment income	2,367,722	1,915,798
Student government	333,949	339,426
Donations	351,497	334,394
Special events	287,956	304,212
Miscellaneous	2,742,099	1,779,564
	<u>11,339,830</u>	<u>11,893,044</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Ancillary Expenditures

For the year ended March 31, 2019, with comparative figures for 2018

Schedule 2

	2019	2018
	\$	\$
Salaries and benefits	2,365,761	1,703,036
Cost of sales	4,048,245	3,911,121
Contracted services and professional fees	2,105,716	2,263,071
Supplies and other expenses	2,770,602	2,561,445
Utilities, maintenance and taxes	2,019,802	1,389,580
	<u>13,310,126</u>	<u>11,828,253</u>

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY**Analysis of Ontario Student Opportunity Trust Fund (OSOTF I)****For the year ended March 31, 2019, with comparative figures for 2018****Schedule 3**

	2019 (Book Value) \$	2018 (Book Value) \$
Endowment Fund Balance		
Fund Balance, beginning of year	5,976,997	5,558,697
Cash donations received	10,500	12,500
Preservation of capital	-	405,800
Fund Balance, end of year	<u>5,987,497</u>	<u>5,976,997</u>

Expendable Funds Available for Awards

Balance, beginning of year	787,015	752,487
Investment income, net of related expenses	191,752	162,080
Awards issued (2019-#182; 2018-#184)	(143,620)	(127,552)
Balance, end of year	<u>835,147</u>	<u>787,015</u>

The amounts recorded above are for Ministry purposes only. The fair market value of the endowment and expendable funds as at March 31, 2019 were \$5,987,497 and \$906,014 respectively.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY**Analysis of Ontario Student Opportunity Trust Fund (OSOTF II)****For the year ended March 31, 2019, with comparative figures for 2018**

	2019 (Book Value) \$	2018 (Book Value) \$
Endowment Fund Balance		
Fund Balance, beginning of year	67,228	62,330
Preservation of capital	-	4,898
Fund Balance, end of year	<u>67,228</u>	<u>67,228</u>

Expendable Funds Available for Awards

Balance, beginning of year	25,840	23,992
Investment income, net of related expenses	2,503	1,848
Balance, end of year	<u>28,343</u>	<u>25,840</u>

The amounts recorded above are for Ministry purposes only. The fair market value of the endowment and expendable funds as at March 31, 2019 were \$67,228 and \$29,202 respectively.

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY**Analysis of Ontario Trust for Student Support (OTSS)****For the year ended March 31, 2019, with comparative figures for 2018****Schedule 4**

	2019 (Book Value) \$	2018 (Book Value) \$
Endowment Fund Balance		
Fund Balance, beginning of year	7,963,943	7,519,560
Cash donations received	20,973	19,497
Preservation of capital	-	424,886
Fund Balance, end of year	<u>7,984,916</u>	<u>7,963,943</u>
Expendable Funds Available for Awards		
Balance, beginning of year	660,851	593,414
Investment income, net of related expenses	237,344	202,169
Cash donations received	18,649	750
Awards issued (2019-#204; 2018-#127)	(218,991)	(135,482)
Balance, end of year	<u>697,853</u>	<u>660,851</u>

The amounts recorded above are for Ministry purposes only. The fair market value of the endowment and expendable funds as at March 31, 2019 were \$7,984,916 and \$774,990 respectively.