We have audited the consolidated financial statements of Holland College (the "College"), which comprise the consolidated statement of financial position as at March 31, 2022, the consolidated statements of operations, changes in net assets and 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

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

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

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated

	2021
Excess of revenue over expenses	**$ 1,621,517**
Items not affecting cash:	
Amortization of capital assets	**4,513,130**
Amortization of deferred contributions	**(3,033,771)**
Gain on investment in subsidiary	**(100,938)**
Loss on disposal of investment in subsidiary	**51,057**
Pension remeasurements and other items	**22,228,000**
Change in carrying value of derivatives	**(2,619,384)**
Contributed assets	**-**
Changes in non-cash working capital:	
Decrease (increase) in accounts receivable	**(1,198,252)**
Decrease (increase) in inventory	**194,672**
Decrease (increase) in prepaids	**70,968**
Increase in payables and accruals	**1,972,632**
Increase in deferred revenue	**892,458**
Increase (decrease) in accrued vacation pay	**502,567**
Increase (decrease) in retirement obligations	**245,900**
Increase (decrease) in pension liability	**(20,172,100)**
	5,168,456
Acquisition of capital assets	**(3,175,517)**
Decrease in long-term receivable	**244,214**
	(2,931,303)
Repayment of long-term debt	**(3,393,000)**
Contributed assets	**9,654**
Increase in deferred contributions - capital assets	**1,651,557**
Contributions - debt servicing	**1,837,418**
	105,629
	2,342,782

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets. 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.

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

Buildings	2.5%
Major building alterations	5%
Equipment	20%
Parking lots	5%

Capital assets under construction are not amortized until completion.

Vacation pay is accrued for all employees as entitlements to these benefits are earned in accordance with various employment agreements.

The College maintains a contributory defined-benefit pension plan which covers substantially all of its employees. The benefits are determined using a career average formula for service accrued subsequently to January 1, 2007 and best average formula for service accrued prior to that date. The defined benefit obligation is determined using an actuarial valuation prepared for funding purposes. Pension fund assets are measured at fair value at the statement of financial position date. The total cost of the defined benefit plan for the period is comprised of the current service cost, finance cost, and remeasurements and other items. The current service cost and finance cost are charged to operations for the period, while remeasurements and other items are charged directly to net assets as they occur.

Certain obligations have been valued using actuarial estimates. Other obligations are recorded as an expense and accrued in the period an employee retires.

Royal Bank of Canada, interest rate swap contract, 4.14%, payable in monthly instalments of principal and interest as determined by a floating rate calculation, secured by a promissory note, amortized over 15 years ending on September 30, 2023	**2,167,000**
Royal Bank of Canada, interest rate swap contract, 4.47%, payable in monthly instalments of principal and interest as determined by a floating rate calculation, secured by a promissory note, amortized over 20 years ending on June 20, 2025	**1,576,000**
Royal Bank of Canada, interest rate swap contract, 2.29%, payable in monthly instalments of principal and interest as determined by a floating rate calculation, secured by a promissory note, amortized over 20 years ending on September 10, 2035	**1,012,000**
Royal Bank of Canada, interest rate swap contract, 2.54%, payable in monthly instalments of principal and interest as determined by a floating rate calculation, secured by a promissory note, amortized over 10 years, due January 3, 2025	**1,004,000**
Royal Bank of Canada, interest rate swap contract, 2.85%, payable in monthly instalments of principal and interest as determined by a floating rate calculation, secured by a promissory note, amortized over 20 years ending on March 19, 2032	**925,000**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The College is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The College's financial instruments that are exposed to concentrations of credit risk relate primarily to accounts receivable. Of the College's $16,027,516 (2021 - $16,100,752) in trade receivables, government agencies accounted for 84% (2021 - $86%). The majority of the College's receivables are from government sources and the College works to ensure they meet all eligibility criteria in order to qualify to receive the funding. The risk related to receivables, other than from government sources, has decreased from the prior year as a result of the decreased balance of accounts receivable.

Liquidity risk is the risk that the College will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the College will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The College is exposed to this risk mainly in respect of its accounts payable.

The College's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The College maintains a portion of its invested assets in liquid securities. This risk has increased from the prior year due to an increase in payables and accruals.

The College is exposed to fluctuations in equity markets on its defined benefit plan assets which are invested in various marketable securities. This risk has increased over the prior year as pension obligations have increased.

Interest rate risk 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 College is exposed to interest rate risk through its long-term debt obligations which are issued with floating interest rates. To manage its current and anticipated exposure to interest rate risks, the College has entered into rate swap contracts whereby it has fixed the interest rate on a total of $38,893,000 (2021 - $38,893,000) of notional principal against the floating interest position assumed by the Royal Bank of Canada. The carrying value for the swap contracts is the notional principal noted above. The swap contracts have effective interest rates and maturity dates as disclosed in Note 7.