

Annual Report 2025/26



Land Acknowledgement

We acknowledge and honour the Anishinaabe, Haudenosaunee and Lenape people of Southwestern Ontario as the traditional owners and custodians of the lands and waterways where Fanshawe College is located. Further, we acknowledge the cultural diversity of all Indigenous peoples and pay respect to Elders past, present and future. We celebrate the continuous living cultures of the original inhabitants of Canada and acknowledge the important contributions Indigenous people have and continue to make in Canadian society. The College respects and acknowledges our Indigenous students, staff, Elders and Indigenous visitors who come from many nations.



Our Purpose, One Big Goal, and Values



FANSHAWE

OUR PURPOSE

Transforming potential into impact

OUR ONE BIG GOAL

Guiding the learning journey of our students to ensure they are ready for work and life, today and tomorrow.

OUR VALUES

Empathy.

We put people at the centre of decisions.
We recognize the whole person and their individual needs.

Belonging.

We challenge systemic barriers.
We embed equity and inclusion in everything we do.

Unity.

We respect, seek, and combine our respective expertise and strengths to achieve greater impact.

Learning.

We continuously evaluate what we do and how we do it.
We adjust with intention and boldly reimagine the way forward, even when it's hard.

Courage.

We engage each other with candor, care and curiosity.

ANNUAL REPORT 2025/2026

FANSHAWE COLLEGE

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



It is my privilege to share this message with the Fanshawe College community, as Chair of the Board of Governors.

Over the past year, the Fanshawe College community has demonstrated strength, resilience and a steadfast commitment to student success during a period of significant change across Canada's post-secondary sector.

Financial pressures, shifting learner and labour market needs, and rapid technological advancements have required thoughtful decision-making and adaptability. Through these challenges, Fanshawe has remained focused on delivering high-quality education that prepares students for meaningful careers and engaged lives.

Fanshawe's greatest strength has always been its people. On behalf of the Board of Governors, I would like to recognize and thank the dedicated faculty, staff and administrators whose professionalism and care shape exceptional learning experiences every day. Their collective efforts ensure that the College continues to meet its mandate for students, employers, and the broader community. We are also grateful for the strong partnerships developed with industry and community organizations, which strengthen experiential learning opportunities and support regional prosperity.

The Board of Governors is committed to providing effective stewardship and governance. Over the past year, we have worked closely with the President and senior leadership to navigate complex decisions with transparency, fiscal responsibility, and a focus on the College's long-term sustainability.

Most importantly, students remain at the heart of everything we do. Their ambition, determination, and potential continue to inspire our work. Together, we look ahead with confidence as Fanshawe advances its strategic direction and continues shaping a strong future for learners and our community.

Sincerely,

Sandy Jansen
Chair, Board of Governors
Fanshawe College



This past year was one of transition and uncertainty for Fanshawe College, driven by financial pressures and policy changes. The College undertook an enterprise-wide review that examined programs, staffing, space use, costs, and revenue opportunities to improve long-term financial sustainability, resulting in a streamlined leadership and organizational structure, workforce reductions, and program suspensions.

While the past year was one of challenges, I am very proud of the achievements of our students, faculty and staff. As you will see in this annual report, Fanshawe College continues to achieve excellent graduate outcomes. Eighty-one per cent of Fanshawe graduates find employment six months after graduating – a rate that remains above the provincial average. Also, employers are tremendously satisfied with the knowledge and skills our graduates possess. In fact, 97 per cent of surveyed employers were satisfied with graduates' overall preparedness for work.

The College continues to serve a diverse global community of students and demonstrates strong outcomes and recognition across academics, student experience and global engagement. Multiple programs achieved the highest levels of national accreditation, and students and faculty earned many provincial, national and international awards. Additionally, the College strengthened its leadership and global impact through initiatives such as WSIB scholarships and international partnerships, including skills development collaboration with Tanzanian community colleges.

Fanshawe is committed to offering programs that meet current and emerging labour market needs. Over the past year, the College developed and refined new areas of programming and worked to continuously improve existing programs, looking for ways to incorporate emerging skills like artificial intelligence (AI) and extended reality (XR) where appropriate.

Looking ahead, we are implementing our new strategic direction: Fanshawe 2035, which aims to help the College adapt and lead amid rapid technological, economic, and educational changes. Centred on its people – employees, students and community/industry partners – the plan shifts Fanshawe, to a shared goal of guiding students to be ready for work and life, today and tomorrow.

While difficulties remain, my confidence in Fanshawe College remains strong. The College continues to prioritize exceptional education and student success, transforming potential into impact.

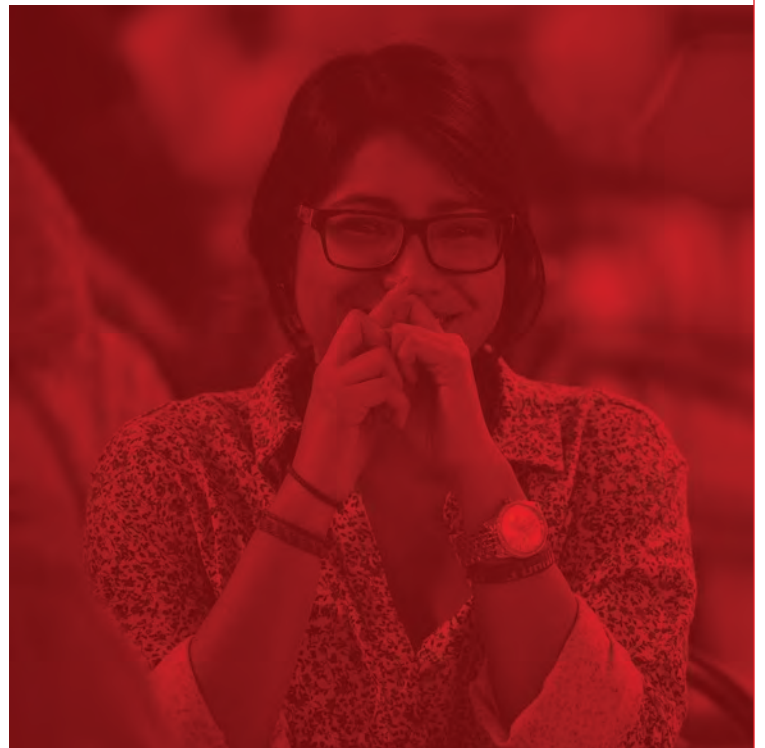
Respectfully,

Peter Devlin, President
Fanshawe College



SECTION A

Report on Previous Year's Goals



In 2025/26, Canada's post-secondary sector experienced significant disruption following a sharp decline in international student enrolments resulting from federal study-permit caps. This shift created a system-wide financial shock, particularly affecting colleges, and exposed long-standing structural vulnerabilities across the sector. The impacts reshaped institutional finances, staffing, enrolment patterns, academic programming, and strategic planning, while increasing financial and operational pressures at a time of accelerating technological change and evolving global dynamics. Against this backdrop, Fanshawe College remained steadfast in its commitment to academic excellence, industry-focused training, student success, and long-term sustainability.

Fanshawe achieved strong, measurable progress under its concluding 2020–2025 Strategic Plan. Across four strategic goals, Fanshawe strengthened innovative teaching and learning through expanded curriculum initiatives, a more established Innovation Village system, a comprehensive student experience framework, and meaningful advancements in equity, inclusion, and research. Enrolment management efforts exceeded domestic targets, drove significant growth in part-time and Indigenous enrolment, improved student retention, and adapted responsively to evolving international policy changes. Organizational capacity was enhanced through major enterprise technology implementations, data-informed planning, campus development, quality assurance, leadership in environmental sustainability, and strengthened cybersecurity. Financial sustainability was also reinforced by surpassing provincial revenue targets, achieving strong fee-for-service profitability, meeting fundraising goals, and improving College-wide revenue optimization through integrated business and Customer Relationship Management frameworks. Despite a challenging external and internal environment, these achievements positioned the College well for long-term sustainability and student success.

In 2025/26, the College initiated the process of revising its retiring 2020-2025 Strategic Plan through a thoughtful, inclusive, and collaborative approach. Given the age of the College's mission, which was twelve years old, and the significant turbulence being experienced across the post-secondary sector, Fanshawe also embarked on a broader process of strategic renewal co- led by its Board of Governors and senior leadership, engaging a full range of internal and external stakeholders, including students, alumni, employers, industry partners, donors, employees, and friends of the College. The strategic planning process identified challenges and opportunities shaping the College's future direction and ensured alignment with the Ontario government's Strategic Mandate Agreement (SMA) objectives. This work resulted in the articulation of a new purpose, one big goal, and renewed institutional values, supported by three clearly defined strategic focus areas and associated actions grounded in foundational planning documents.

Our purpose: Transforming potential into impact.

Our one big goal: Guiding the learning journey of our students to ensure they are ready for work and life, today and tomorrow.

Our values:

Empathy. We put people at the centre of decisions. We recognize the whole person and their individual needs.

Belonging. We challenge systemic barriers. We embed equity and inclusion in everything we do.

Unity. We respect, seek, and combine our respective expertise and strengths to achieve greater impact.

Learning. We continuously evaluate what we do and how we do it. We adjust with

intention and boldly reimagine the way forward, even when it's hard.

Courage. We engage each other with candor, care and curiosity.

Focus Area 1: Transforming the delivery of learning and services for an improved learning experience.

Actions:

- Create viable, customizable learning options: Meet diverse needs of mature learners by providing flexible learning pathways and deliveries that support continuous learning.
- Personalize student supports: Leverage technologies and data intelligence to provide inclusive, personalized supports in ways that are responsive to our learners' needs.
- Continue our journey of truth and reconciliation: Support programs and initiatives that respect and recognize the knowledge, values, and experiences of Canada's Original Peoples to better support Indigenous student success.
- Build future-ready learning: Embed artificial intelligence (AI) and digital literacy skills in our curriculum.

Focus Area 2: Evolving how we work for efficient, responsive, and sustainable operations.

Actions:

- Cultivate a values-driven culture: Achieve high employee engagement by ensuring leaders have the competencies needed to demonstrate Fanshawe's values in every interaction.
- Sharpen our operational focus: Our organizational ways of working become clearer, more efficient, and more sustainable so we can respond to challenges and opportunities with greater agility.
- Leverage our technology: Integrate technological systems and agentic artificial intelligence (AI) to empower us to be more collaborative with each other, more proactive in supporting students and make more data-driven decisions.
- Strengthen financial resilience: Build strong planning and financial skills and cultivate high value strategic partnerships that generate new revenue and investment to support our mandate and students.

Focus Area 3: Making a difference for stronger contributions to our community and the economy.

Actions:

- Co-create with industry: Ensure program relevance by designing new and reinvigorating existing programs and training with industry partners.
- Expand experiential learning: Grow opportunities for experiential learning by partnering with employers in new and innovative ways that strengthen students' work readiness.
- Increase economic and social impact: Partner with industry and organizations to address real-world challenges collaboratively in ways that connect learners with our communities.
- Enhance government advocacy efforts: Strengthen relationships with all levels of government to increase awareness of our value and advance institutional priorities.

Enterprise-Wide Review

Another priority guiding Fanshawe's plans and operations is the implementation plan of its Enterprise-Wide Review (EWR). In 2024/25, the College underwent a comprehensive college-wide assessment of its operations, programs, and use of resources. This assessment, known internally as the EWR, was funded by the Province of Ontario and conducted by StrategyCorp Inc. (SCI), an independent consulting firm. The purpose of the EWR was to ensure Fanshawe's long-term financial sustainability and operational resilience in a rapidly changing post-secondary environment. SCI submitted its final report to MCURES and the College on March 31, 2025, and in the following month, SCI developed an associated implementation plan in consultation with accountable and responsible leaders at the College.

Fanshawe's EWR implementation plan includes the following eight initiatives: workforce and resource allocation; program viability review; space optimization; sustain SEM (Strategic Enrolment Management) momentum; alternative revenue generation; strategic alignment and oversight; IT strategy development; and collaborative procurement and vendor management. Each of these initiatives has multiple, sequential tasks that span one-to-three-year timeframes. In 2025/26, the College monitored task progress and associated key performance indicators and communicated these results regularly to both executive leadership and its Board of Governors. Notably, year-one tasks are to be completed by June 30, 2026. Three-quarters of year-one tasks are either in progress or complete at the time of this report (April 2026). There have been some delays due to human resource changes and the 2025 fall strike of full-time support staff. Considerable progress has been made towards streamlining procurement and vendor management; developing a coordinated cross-college alternative revenue generation plan; assessing space needs (including lease agreements); establishing a risk, legal, and accountability oversight within the President's Office; and building on past success in strategic enrolment planning. This progress has occurred alongside changes to the College's program suite and workforce structure to help the College be financially sustainable.

Overall, 2025/26 represented a year of significant transition and renewal. Through thoughtful governance, broad engagement, and disciplined planning, Fanshawe demonstrated resilience and adaptability while strengthening its alignment with provincial priorities, community needs, and long-term institutional sustainability. Plans are underway to translate the College's new Strategic Plan across the institution through aligned academic and alternative revenue priorities, and the continued implementation of Enterprise-Wide Review initiatives.



SECTION B

Analysis of College Operational Performance



Summary of Major College Achievements

In 2025/26, Fanshawe College succeeded in accomplishing several significant performance outcomes and other initiatives. Below are selected achievements:

- Almost 37,300 students from Ontario and over 120 countries attended Fanshawe last year, including 3,841 students registered at ILAC, Fanshawe's trusted partner in Toronto.
- 2,288 students successfully secured co-op placements, representing an 89 per cent placement rate.
- The College received 88 per cent in overall average satisfaction on the International Student Barometer Survey (I-Graduate).
- Fanshawe College was the first post-secondary institution in Canada to become a Duke of Edinburgh's International Award Education Operating Partner, a globally recognized framework focused on developing youth skills, networks, and community leadership.
- Fanshawe's Massage Therapy program received "the highest honour" full accreditation status from the Canadian Massage Therapy Council for Accreditation; and the Medical Radiation Technology program earned the highest accreditation honours with six years of EQal accredited status through Accreditation Canada.
- In addition to achieving the highest score on the Canadian Society of Respiratory Therapists national exam (Respiratory Therapy), Fanshawe students and graduates scored higher than the national or provincial average for specific certification exams, such as, Canadian Association of Medical Radiation Technologists (Medical Radiation Technology), National Dental Assisting Examination Board (Dental Assisting), Federation of Dental Hygiene Regulators of Canada (Dental Hygiene), and Health Professionals Testing Canada (Respiratory Therapy).
- Twenty-five students from Fanshawe received funding toward their post-secondary education, as the College's inaugural Workplace Safety and Insurance Board (WSIB) Scholars.
- Fanshawe students received numerous awards, prizes and medals at various provincial, national and international conferences and competitions, including Canadian Dental Hygienists Association award, Colleges and Institutes Canada's 2025 Leadership Excellence Award for Students, JJ Richards Scholarship from the Radio-Television Digital News Foundation, Ontario Colleges Marketing Competition, Ontario Project Management Competition, Environmental Design Competition, Scotiabank National Marketing Case Competition, and Skills Canada National Competition.
- Fanshawe faculty also received many honours, accolades and recognitions, for example, Educator of the Year Member Recognition award by the Retail Design Institute, a research award from the Registered Massage Therapists Association of Ontario, Outstanding Sales Achievements in Canada award by Sandals and Beaches Resorts International, Award of Creative Excellence for Best New Townhome from the London Home Builders' Association, and accolades at the Canadian Dental Hygienists Association national conference.
- Fanshawe Global Corporation hosted a delegation from two Tanzanian community colleges as part of a skills empowerment program coordinated by Colleges and Institutes Canada

(CICan).

- Fanshawe was successful in obtaining competitive funding from the Ministry of Labour, Immigration, Training and Skills Development to expand construction-related programming.
- Fanshawe was among Canada's best ten culinary schools in 2025 (University Magazine).
- Fanshawe was among the top ten for the following 2025 rankings by Course Compare: Best Flight Schools in Canada, Best Massage Therapy Schools in Canada, Best Fashion Schools in Canada, Best Film Schools in Canada, Best Interior Design Programs and Schools in Canada, and Best Trade Schools in Canada.
- Fanshawe was ranked among Canada's top 40 research colleges for 2025 published by Re\$earch Infosource Inc.
- Fanshawe's Innovation Village received the SABMag Canadian Green Building Award 2025, a national design and sustainability award recognizing excellence in environmentally responsible architecture.
- Fanshawe College celebrated major athletic success in 2025, as the men's baseball team won its first-ever Ontario Colleges Athletic Association (OCAA) provincial gold medal, the women's basketball team earned the program's first Canadian Collegiate Athletic Association (CCAA) national silver medal.



SECTION C

Analysis of College Financial Performance



Section C: Analysis of College Financial Performance

The consolidated financial statements for The Fanshawe College of Applied Arts and Technology (“the College”) which are attached contain the consolidated results for the College, Fanshawe College and Fanshawe Global Corporation (“FGC”). The separate financial statements for the FGC are attached.

The College, the sole parent of Hotzone Training Consultants Inc (“HTC”), resolved at its Board of Governors meeting in November 2024 to dissolve HTC. Dissolution is certified by the Province of Ontario on June 10, 2025. The assets and liabilities of HTC became those of the College, without compensation. The tangible capital assets have been transferred to the College at their net book value. The remaining net financial assets have been transferred to the College.

Fanshawe Global Corporation (FGC)

FGC was established to deliver education, training, and consulting services internationally by leveraging the expertise and capabilities developed within the College. For the year ended March 31, 2026, FGC generated \$1.05 million in contract service revenue, representing a decrease of 24% from the prior year. The decline reflects a transition from a period of elevated revenue generation driven by a higher volume of international projects and high-margin market opportunities to a more focused portfolio of initiatives. While FGC continued to deliver key projects during the year, overall revenue was impacted by fewer new high-margin market engagements and a greater concentration of publicly funded activities.

FGC reported net income of \$299 thousand, compared to \$497 thousand in the prior year, a decrease of 40%. The reduction was primarily attributable to lower contract activity, changes in project mix, and the impact of a one-time bad debt write-off recognized during the year.

Fanshawe College (consolidated)

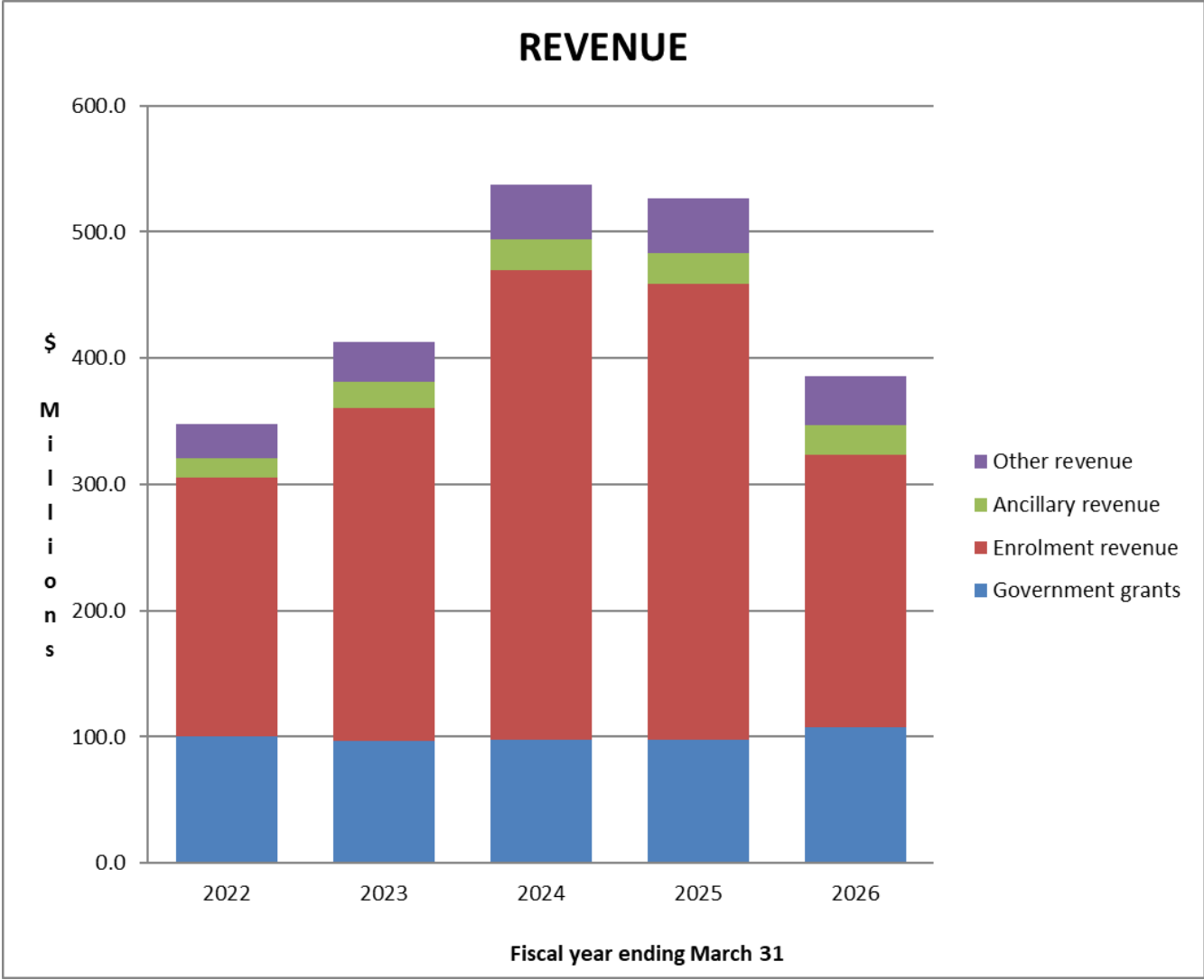
The College recorded a deficit of \$17.8 million for the year ended March 31, 2026, compared to a surplus of \$53.7 million in the prior year. Total revenue decreased by \$140.3 million year over year, primarily due to lower international student enrolment following changes to the International Student Program announced by Immigration, Refugees and Citizenship Canada (IRCC) in December 2023 and implemented beginning in September 2024. In response to these sector-wide challenges, the College has implemented a comprehensive financial recovery strategy focused on restoring long-term financial sustainability through expenditure reductions, operational efficiencies, enrolment stabilization initiatives, and anticipated enhancements to the provincial post-secondary funding model.

Total operating expenditures decreased by \$68.8 million compared to the prior year. The reduction reflects the impact of active cost containment measures and lower instructional and student support costs associated with a smaller student population. These savings were partially offset by annual compensation increases, inflationary pressures, and contractual cost escalations under third-party service agreements.

Charts for both revenue and expenditure covering the last 5 years are included at the end of section C.

Section C: Analysis of College Financial Performance

Revenue



Enrolment Revenue – International Full time postsecondary enrolments decreased year over year. The \$140.3M (27%) decrease in revenues was primarily due to lower international enrolments because of changes announced by Immigration, Refugees and Citizenship Canada (IRCC) to the International Student Program in December 2023, effective September 2024.

Enrolment trends reflecting domestic and international enrolments are included on the last page of this section for Full Time Post-Secondary as of November 1st count dates for the last 5 years.

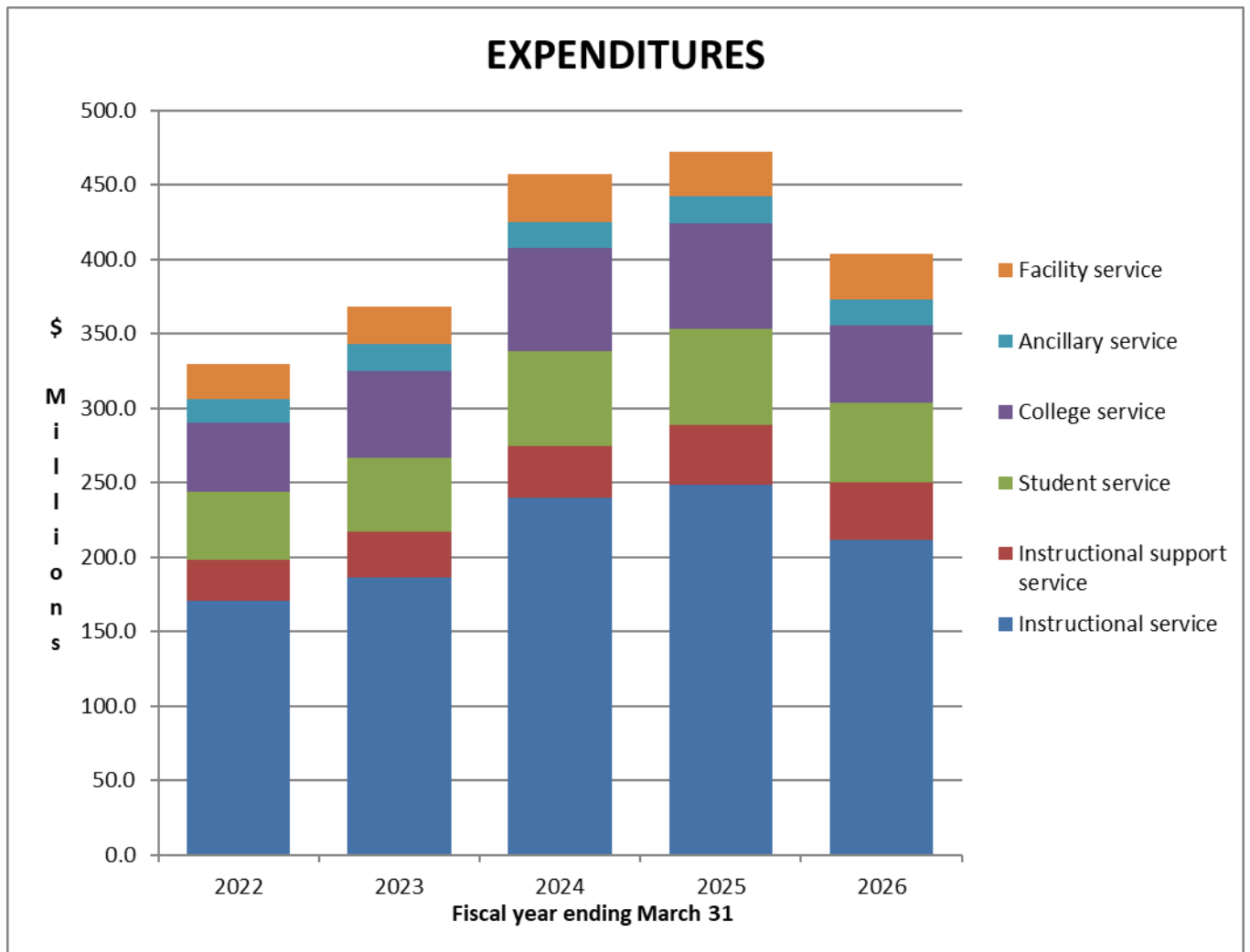
Government Grants – Grant revenue increased by \$9.7 million (10%) compared to the prior year. The increase was primarily attributable to a reduction in international student enrolment, which resulted in lower International Student Recovery (ISR) amounts being remitted to the Ministry. In addition, the College successfully secured additional grant funding during the year, further contributing to the overall increase in grant revenue.

Section C: Analysis of College Financial Performance

Ancillary revenue – Ancillary revenue remained relatively stable when compared to prior year.

Other revenue – Other revenue decreased by \$4.1 million (10%) compared to the prior year, primarily due to lower contract service revenue and reduced investment income resulting from lower average cash balances throughout the year.

Expenditures



Instructional Services – Expenditures that are directly involved with the learning process where there is an expectation of a positive financial contribution. These costs include, but are not limited to, academic programs funded by government and contract training funded by businesses and industries.

Expenditures decreased by \$36.9 million (15%) compared to the prior year. The decrease was primarily driven by lower teaching and program delivery costs associated with reduced student enrolment, including the suspension of intakes in selected programs. In addition, expenditures related to Public-Private Partnership (PPP) operations declined as activity continued to wind down during the year.

Section C: Analysis of College Financial Performance

Instructional Support Services – Expenditures incurred that primarily support Instructional Services and contribute to the learning process, which may or may not attract additional revenue. Examples include, but are not limited to, the learning labs, Library, Research and International Partnerships. Expenditures decreased by \$1.6 million (4%) compared to the prior year. The decrease was primarily attributable to reduced activity levels resulting from lower student enrolment, which lowered demand for a range of academic support services.

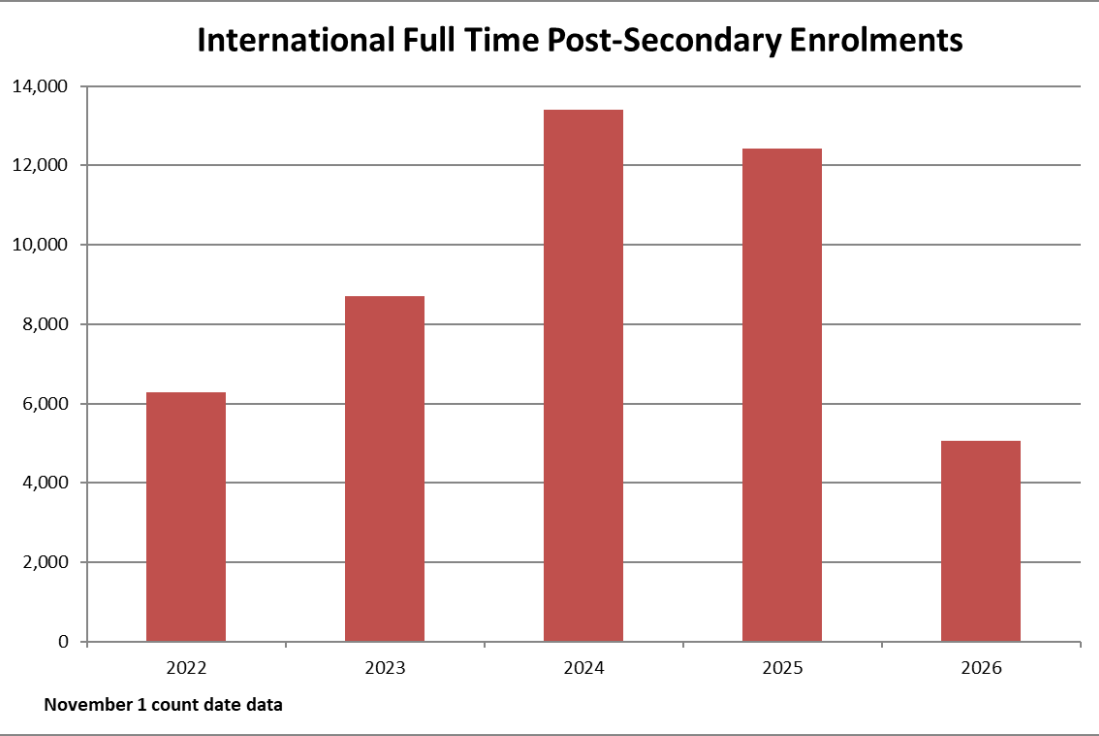
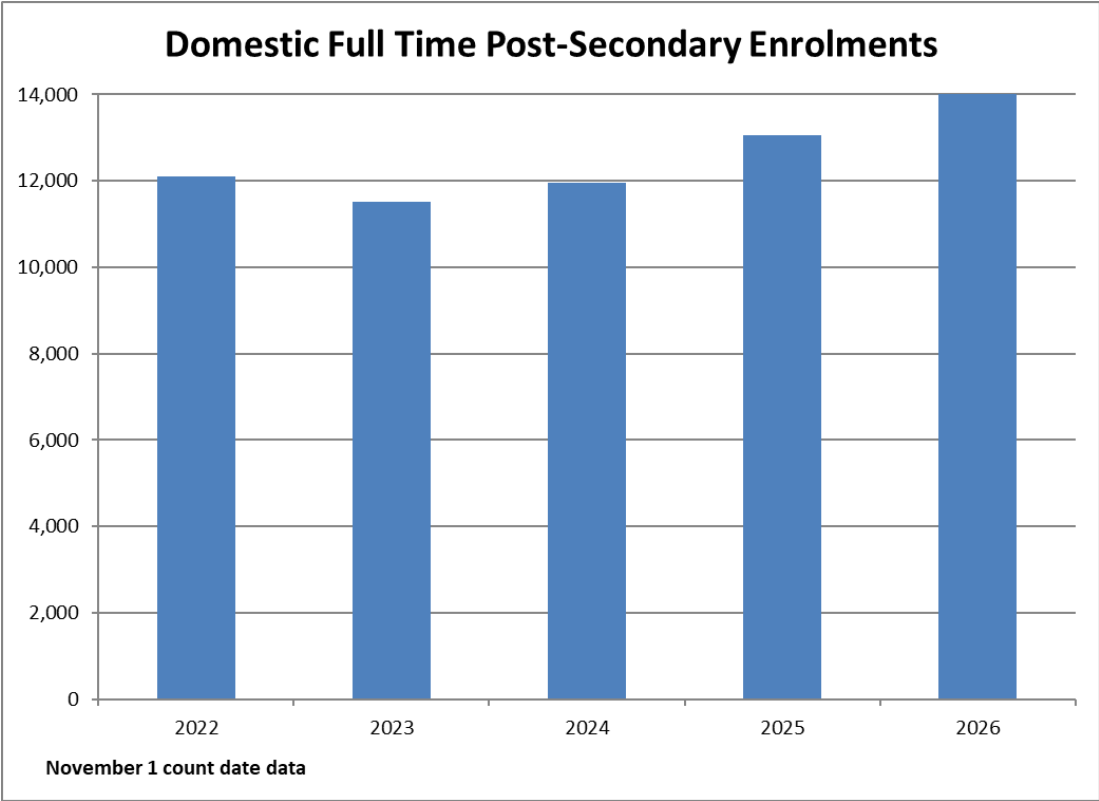
Student Services – Expenditures incurred to support the needs of students either in the learning process or in student life activities. Examples include the Registrar's Office, Counselling and Accessibility Services and Athletics. Expenditures decreased by \$11.0 million (17%) compared to the prior year. The reduction was primarily attributable to lower activity levels associated with declining student enrolment, particularly international student enrolment, as well as the impact of ongoing cost containment initiatives implemented across the College. In addition, insurance costs directly related to international students decreased in line with the smaller international student population, further contributing to the overall reduction in expenditures.

College Services – Expenditures incurred that primarily serve the needs of the College as a corporation. Examples include, but are not limited to, the Board of Governors, Development Office, Human Resources, Marketing and Finance. Expenditures decreased by \$18.4 million (26%) compared to the prior year. The reduction was primarily driven by college-wide cost containment measures implemented in response to ongoing financial pressures resulting from declining enrolment. In addition, expenditures related to international student recruitment commissions decreased significantly, reflecting lower international student enrolment and corresponding recruitment activity.

Ancillary Services – Expenditures incurred that primarily refer to user-pay services provided at competitive rates as a convenience to students, and in some cases the College. Examples include the College Stores, Residence operations and Parking Services. Expenditures decreased by \$1.5 million (8%) compared to the prior year. The reduction was primarily attributable to lower activity levels within retail operations, reflecting reduced demand for ancillary services. In addition, certain grounds-related costs were reclassified and are now reported within Facility Services, further contributing to the year-over-year decrease in expenditures.

Facility Services – Expenditures incurred that are primarily associated with providing a physical learning and working environment that is both safe and secure and complies with numerous codes and regulations. Examples include, but are not limited to facilities planning and development, maintenance, utilities, custodial services, and security. Expenditures increased by \$0.6 million (2%) compared to the prior year. While the College implemented cost containment measures across a number of operational areas, the fixed nature of many facility-related costs limited the ability to achieve significant savings in the short term. The College continues to maintain and operate a substantial physical footprint, resulting in ongoing expenditures on utilities, maintenance, security, and regulatory compliance that cannot be readily reduced in line with enrolment declines.

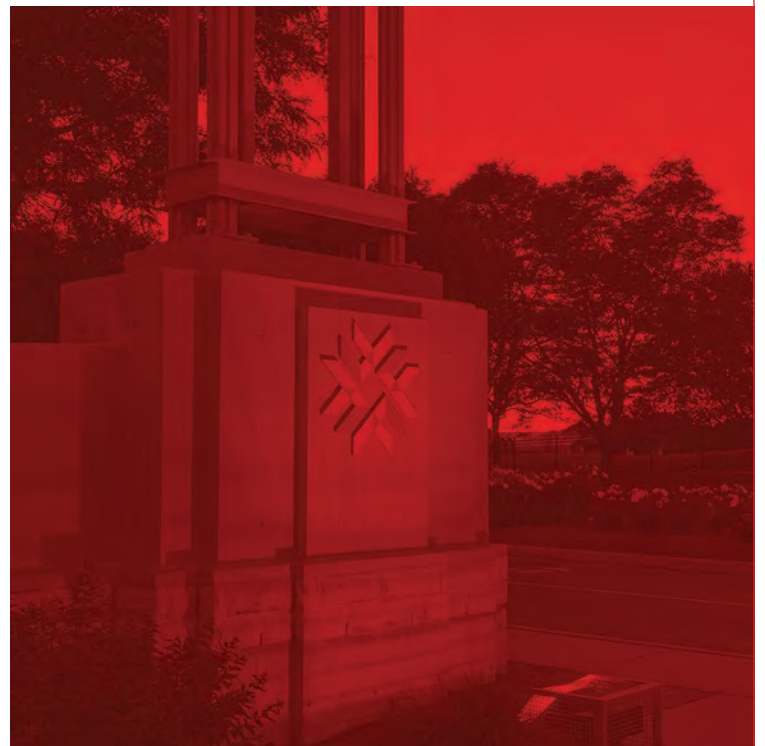
Section C: Analysis of College Financial Performance





SECTION D

Subsidiaries & Foundations



The financial statements for Fanshawe Global Corporation and Hot Zone Training Consultants Inc. are included in the Consolidated Financial Statements for the College included in Appendix B.



SECTION E

Appendices





APPENDIX A

Strategic Mandate Agreement Report Back



Strategic Mandate Agreement Report Back

Publicly funded universities and colleges in Ontario have Strategic Mandate Agreements (SMAs) with the province.¹ Through the SMAs, the province holds institutions accountable for their performance on student success, and economic and labour market outcomes for students.

The SMA between the Ministry of Colleges, Universities, Research Excellence and Security (MCURES) and Fanshawe College for 2025-2030 (SMA4) builds on current strengths of the College, outlines priorities, and focuses on improving performance outcomes. The College's priorities include, but are not limited to, program strength, enrolment, financial sustainability, and partnerships with employers.

The table below shows Fanshawe College's year-one results on the performance metrics of the SMA4.

SMA4	
Metric Name	Year-One Actuals
Graduate Employment in a Related Field	77.67%
Graduation Rate	78.43%
Graduate Employment Earnings	\$45,688
Experiential Learning	72.82%
Community/Local Impact	5.30%
Institutional Strength/Focus	19.49%
Investment and Innovation: Private Revenue	\$6,185,136
Institution Specific: Graduate Employment Rate	70.76%

¹ For information on SMAs, visit <https://www.ontario.ca/page/all-college-and-university-strategic-mandate-agreements>



APPENDIX B

Audited Financial Statements



Consolidated Financial Statements of

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

And Independent Auditor's Report thereon

Year Ended March 31, 2026

Consolidated Financial Statements

March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedule to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2026, and its consolidated results of operations, its consolidated changes in net assets, its consolidated remeasurement of gains and losses, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Other Information

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

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

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the "Annual Report" as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 11, 2026

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 series of standards applicable to government not for-profit organizations. Where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

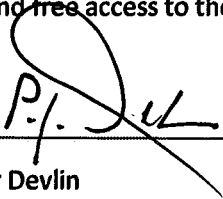
The College maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the College's assets are appropriately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

The College's insurance liabilities have been reviewed by management in consultation with its broker. There are no material liabilities in either fact or contingency as at the date of this report.

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

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

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. KPMG LLP has full and free access to the Committee.



Peter Devlin
President

11 Jun 26
Date



Danielle Villeneuve
Executive Director, Finance

Jun 11, 2026
Date

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

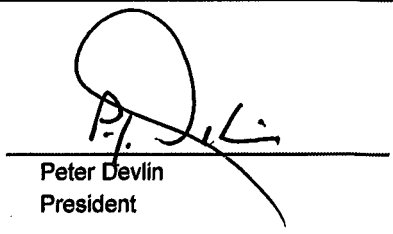
As at March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets		
Cash (Note 2)	\$ 171,383,020	\$ 251,143,412
Accounts receivable (Note 4 and 22)	22,542,799	13,513,441
Grants receivable	2,684,473	1,879,772
Inventories	1,295,547	1,387,862
Prepaid expenses	4,163,120	10,130,633
Current portion of student fee receivable (Note 5)	756,605	729,605
Current portion of student union receivable (Note 6)	277,846	260,613
Current portion of long term receivable (Note 7)	4,400	4,400
	<u>203,107,810</u>	<u>279,049,738</u>
Student fee receivable (Note 5)	16,035,562	16,792,167
Student union receivable (Note 6)	531,168	809,014
Long term receivable (Note 7)	13,200	17,600
Investments (Note 8)	155,499,501	153,975,452
Capital assets (Note 10)	475,674,636	481,371,425
	<u>\$ 850,861,877</u>	<u>\$ 932,015,396</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 42,565,796	\$ 50,377,274
Accrued vacation pay	11,394,763	13,682,829
Deferred revenue	95,742,291	145,244,105
Current portion of bank and term loans (Note 11)	2,942,877	2,785,036
	<u>152,645,747</u>	<u>212,089,244</u>
Bank and term loans (Note 11)	30,939,951	33,882,826
Derivative financial liability (Note 3)	171,147	345,276
Post-employment benefits and compensated absences (Note 12)	12,543,200	10,438,300
Asset retirement obligation (Note 9)	17,005,614	16,299,805
	<u>60,659,912</u>	<u>60,966,207</u>
Deferred contributions		
Restricted contributions (Note 13)	22,868,466	22,924,744
Capital assets (Note 14)	188,853,928	190,349,602
	<u>211,722,394</u>	<u>213,274,346</u>
Net assets (deficit)		
Investment in capital assets (Note 15)	270,539,059	272,945,358
Endowments	33,423,867	33,728,984
Internally restricted (Note 16)	44,013,772	76,083,741
Unrestricted	83,534,627	66,855,129
Accumulated remeasurement loss	(5,677,501)	(3,927,613)
	<u>425,833,824</u>	<u>445,685,599</u>
Commitments (Notes 17 and 18)		
Contingencies (Note 19)		
Contractual rights (Note 20)		
	<u>\$ 850,861,877</u>	<u>\$ 932,015,396</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board of Governors:


Larry MacKinnon
Acting Chair, Board of Governors


Peter Devlin
President

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue		
Enrollment revenue	\$ 215,635,383	\$ 361,018,675
Government grants	107,535,625	97,783,488
Ancillary revenue	24,222,141	24,640,160
Other revenue		
Investment income	9,230,892	14,831,372
Miscellaneous	13,713,463	12,984,877
Amortization of deferred contributions related to capital assets (Note 14)	12,520,468	12,175,639
Restricted contributions	2,938,766	2,629,385
	<u>385,796,738</u>	<u>526,063,596</u>
Expenditures		
Instructional service	211,583,477	248,517,053
Student service	53,327,988	64,274,048
College service	52,320,007	70,655,637
Instructional support service	38,755,420	40,440,254
Facility service	30,848,593	30,178,363
Ancillary service	16,758,023	18,330,049
(Schedule 1)	<u>403,593,508</u>	<u>472,395,404</u>
(Deficiency) excess of revenue over expenditures	<u>\$ (17,796,770)</u>	<u>\$ 53,668,192</u>

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	Accumulated Remeasurement Loss	2026 Total
Balance, beginning of year	\$ 272,945,358	\$ 33,728,984	\$ 76,083,741	\$ 66,855,129	\$ (3,927,613)	\$ 445,685,599
(Deficiency) excess of revenue over expenditures (Note 15)	(16,050,830)	-	-	(1,745,940)	-	(17,796,770)
Unrealized (losses) gains attributable to:						
Investments	-	-	-	-	(1,924,017)	(1,924,017)
Derivative financial liability	-	-	-	-	174,129	174,129
Endowments						
Donations	-	78,122	-	-	-	78,122
Investment income	-	1,294,247	-	-	-	1,294,247
Net loss	-	(1,088,819)	-	-	-	(1,088,819)
Awards	-	(593,020)	-	-	-	(593,020)
Net transfers from the College	-	4,353	-	-	-	4,353
Internally restricted						
Deferred expenditures	-	-	997,768	(997,768)	-	-
Interfund transfer	-	-	(33,067,737)	33,067,737	-	-
Net transfers to the College	-	-	-	-	-	-
Net change in investment in capital assets (Note 15)	13,644,531	-	-	(13,644,531)	-	-
Balance, end of year	\$ 270,539,059	\$ 33,423,867	\$ 44,013,772	\$ 83,534,627	\$ (5,677,501)	\$ 425,833,824

See accompanying notes to consolidated financial statements.

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	Accumulated Remeasurement Loss	2025 Total
Balance, beginning of year	\$ 250,443,433	\$ 32,269,442	\$ 93,975,999	\$ 17,759,421	\$ (9,734,179)	\$ 384,714,116
(Deficiency) excess of revenue over expenditures (Note 15)	(14,548,335)	-	-	68,216,527	-	53,668,192
Unrealized gains (losses) attributable to:						
Investments	-	-	-	-	5,847,022	5,847,022
Derivative financial liability	-	-	-	-	(40,456)	(40,456)
Endowments						
Donations	-	172,039	-	-	-	172,039
Investment income	-	1,236,088	-	-	-	1,236,088
Net gain	-	875,962	-	-	-	875,962
Awards	-	(839,547)	-	-	-	(839,547)
Net transfers from the College and Foundation	-	15,000	-	-	-	15,000
Internally restricted						
Deferred expenditures	-	-	11,283,037	(11,283,037)	-	-
Interfund transfer	-	-	(29,175,295)	29,175,295	-	-
Net transfers to the College	-	-	-	37,183	-	37,183
Net change in investment in capital assets (Note 15)	37,050,260	-	-	(37,050,260)	-	-
Balance, end of year	\$ 272,945,358	\$ 33,728,984	\$ 76,083,741	\$ 66,855,129	\$ (3,927,613)	\$ 445,685,599

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Cash flows from operating activities		
(Deficiency) excess of revenue over expenditures	\$ (17,796,770)	\$ 53,668,192
Change in non-cash working capital items (Note 21)	(63,375,569)	(63,843,252)
Items not involving cash:		
Amortization of capital assets	28,637,451	26,766,133
Gain on disposal of capital assets	(66,153)	(42,159)
Amortization of deferred contributions related to capital assets	(12,520,468)	(12,175,639)
Increase in asset retirement obligation liability	705,809	575,591
Inflationary increase for asset retirement obligation asset	(653,975)	(575,591)
Net (decrease) increase in deferred contributions related to restricted contributions	(56,278)	4,427,299
Increase in post employment benefits and compensated absences	2,104,900	1,435,500
	(63,021,053)	10,236,074
Cash flows from investing activities		
Long term investments, net	(3,448,066)	(4,618,267)
Increase in internally restricted net assets	-	37,183
	(3,448,066)	(4,581,084)
Cash flows from capital activities		
Additions to deferred contributions related to capital assets	11,024,794	11,564,611
Additions to capital assets	(22,286,687)	(46,048,875)
Proceeds from sale of capital assets	66,153	72,341
Repayment of capital loans	(2,524,421)	(2,766,318)
	(13,720,161)	(37,178,241)
Cash flows from financing activities		
Repayments from student union	260,613	244,450
Repayment of bank loans	(260,613)	(244,450)
Repayment of student fee receivable	729,605	703,572
Repayment of long term receivable	4,400	4,400
Endowments		
Donations	78,122	172,039
Investment income	1,294,247	1,236,088
Net (loss)/gain	(1,088,819)	875,962
Awards	(593,020)	(839,547)
Net transfers from the College and Foundation	4,353	15,000
	428,888	2,167,514
Decrease in cash	(79,760,392)	(29,355,737)
Cash, beginning of year	251,143,412	280,499,149
Cash, end of year	\$ 171,383,020	\$ 251,143,412

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Balance, beginning of year	\$ (3,927,613)	\$ (9,734,179)
Unrealized (losses) gains attributable to:		
Investments	(1,924,017)	5,847,022
Derivative financial liability-interest rate swap	174,129	(40,456)
Net remeasurement (loss) gain for the year	(1,749,888)	5,806,566
Balance, end of year	\$ (5,677,501)	\$ (3,927,613)

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

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

1. Significant accounting policies:

(a) General:

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

The consolidated financial statements reflect the operations of the College and its wholly owned subsidiaries Fanshawe Global Corporation, and Hot Zone Training Consultants Inc.

The College, the sole parent of Hot Zone Training Consultants Inc., announced at its November 2024 Board of Governors meeting to dissolve Hot Zone effective March 31, 2025. Articles of dissolution were submitted effective June 10, 2025 and the operations of Hot Zone were effectively transferred to the College as of that date. The assets and liabilities of Hot Zone were transferred to the College without compensation. The capital assets were also transferred at net book value and net assets were transferred at cost with a corresponding increase to net assets.

(b) Revenue recognition:

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

Under the Ontario Colleges of Applied Arts and Technology Act, the College is funded by the Ministry of Colleges, Universities, Research Excellence and Security (“MCURES”). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Revenue from enrollment, ancillary operations and other revenue is recognized when the services are provided or the products are sold as the College satisfied a performance obligation by providing the promised goods or services.

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.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Endowment contributions, having externally imposed restrictions requiring that the principal be maintained intact, are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Restricted investment income that must be maintained as an endowment is credited to net assets. Unrestricted investment income is recognized as revenue when earned.

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

(c) Inventories:

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

(d) Financial instruments:

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

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

Fair Value

This category includes instruments quoted in an active market.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

- (d) Financial instruments (continued):
Fair Value (continued):

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

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

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

Amortized Cost

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

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

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

- (e) Derivative financial liability:

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

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

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

Capital, and Asset retirement obligation, assets are amortized on a straight line basis using the following estimated useful lives:

Buildings	30-40 years
Asset retirement obligation, buildings	30-40 years
Building improvements	15 years
Software and ERP	15 years
Site improvements	10 years
Leasehold improvements	Term of the lease
Asset retirement obligation, leasehold improvements	Term of the lease
Furniture and equipment	5 years
Information technology equipment	3 years

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

(g) Cost allocation:

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

(h) Vacation pay:

Vacation pay is accrued, as entitlement is earned.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(i) 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:

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.

(i) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

(ii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate and salary escalation, employee's use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

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

(j) Liabilities for contaminated sites:

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

The College does not have any liabilities for contaminated sites.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(k) Measurement uncertainty:

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. Areas of estimation include determination of the allowance for doubtful accounts, derivative financial liabilities and the actuarial estimation of post-employment benefits and compensated absence liabilities as outlined in Note 12.

(l) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure has been recognized based on estimated future expenses. An additional liability for the removal of asbestos and other hazardous materials in several of the buildings owned by the College has also been recognized based on estimated future expenses on closure of the site and post-closure care.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in section 1(f).

In addition, the College's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

2. Cash:

Includes a balance held in trust by Campus Living Centres Inc. for residence management purposes of \$22,064,104 (2025-\$16,850,973).

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

3. Financial instrument classification:

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

	2026		
	Fair Value	Amortized Cost	Total
Cash	\$ 171,383,020	\$ -	\$ 171,383,020
Accounts receivable	-	22,542,799	22,542,799
Grants receivable	-	2,684,473	2,684,473
Student fee receivable	-	16,792,167	16,792,167
Student union receivable	-	809,014	809,014
Long term receivable	-	17,600	17,600
Investments	155,499,501	-	155,499,501
Accounts payable and accrued liabilities	-	42,565,796	42,565,796
Bank and term loans	-	33,882,828	33,882,828
Derivative financial liability	171,147	-	171,147
	<u>\$ 327,053,668</u>	<u>\$ 119,294,677</u>	<u>\$ 446,348,345</u>
	2025		
	Fair Value	Amortized Cost	Total
Cash	\$ 251,143,412	\$ -	\$ 251,143,412
Accounts receivable	-	13,513,441	13,513,441
Grants receivable	-	1,879,772	1,879,772
Student fee receivable	-	17,521,772	17,521,772
Student union receivable	-	1,069,627	1,069,627
Long term receivable	-	22,000	22,000
Investments	153,975,452	-	153,975,452
Accounts payable and accrued liabilities	-	50,377,274	50,377,274
Bank and term loans	-	36,667,862	36,667,862
Derivative financial liability	345,276	-	345,276
	<u>\$ 405,464,140</u>	<u>\$ 121,051,748</u>	<u>\$ 526,515,888</u>

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

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

3. Financial instrument classification (continued):

The College entered into interest rate swap agreements in a prior year to economically manage the floating interest rate of term loans (Note 11). Under the terms of the interest rate swap agreements, the College has contracted with the counterparty to pay a fixed rate of interest, while receiving interest at a variable rate to be set monthly based on the term loan rates during the year. The fair value of the interest rate swap agreements are recorded as derivative financial liabilities on the consolidated statement of financial position.

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

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

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

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

	2026			
	Level 1	Level 2	Level 3	Total
Cash	\$ 171,383,020	\$ -	\$ -	\$ 171,383,020
Investments	-	155,499,501	-	155,499,501
Derivative financial liability	-	-	171,147	171,147
	\$ 171,383,020	\$ 155,499,501	\$ 171,147	\$ 327,053,668

	2025			
	Level 1	Level 2	Level 3	Total
Cash	\$ 251,143,412	\$ -	\$ -	\$ 251,143,412
Investments	-	153,975,452	-	153,975,452
Derivative financial liability	-	-	345,276	345,276
	\$ 251,143,412	\$ 153,975,452	\$ 345,276	\$ 405,464,140

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2026 and March 31, 2025. There were also no transfers in or out of Level 3.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

4. Accounts receivable:

Includes a balance owing from the Student Union for March 2026 expenditures of \$847,858 (2025-\$406,957).

5. Student fee receivable:

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

Principal repayments are due in accordance to the amortization schedule relating to the long term debt identified in Note 11. The following is a summary of the total amount receivable from the London campus students:

	2026	2025
Loan receivable, negotiated with the London Campus Student Union, from London campus students with an effective fixed interest rate of 3.65% repayable over 25 years. No specific security has been received.	\$ 16,792,167	\$ 17,521,772
	16,792,167	17,521,772
Less current portion	756,605	729,605
	\$ 16,035,562	\$ 16,792,167

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

2027	\$	756,605
2028		784,600
2029		813,632
2030		843,738
2031		874,959
Thereafter		12,718,633
	\$	16,792,167

6. Student union receivable:

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

Principal repayments are due in accordance to the amortization schedule relating to the long term debt identified in Note 11. The following is a summary of the total amount receivable from the Student Union:

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

6. Student union receivable (continued):

	2026	2025
Loan receivable from the London Campus Student Union with an effective fixed interest rate of 7.17% repayable over 25 years. No specific security has been received.	\$ 809,014	\$ 1,069,627
	809,014	1,069,627
Less current portion	277,846	260,613
	\$ 531,168	\$ 809,014

Principal repayments required during the next three years are as follows:

2027	\$ 277,846
2028	296,219
2029	234,949
	\$ 809,014

7. Long term receivable:

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

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

	2026	2025
Long term receivable, negotiated with Campus Living Centre Inc., with an effective fixed interest rate of 0% repayable over 10 years. No specific security has been received.	\$ 17,600	\$ 22,000
	17,600	22,000
Less current portion	4,400	4,400
	\$ 13,200	\$ 17,600

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

7. Long term receivable (continued):

Repayments required during the next four years are as follows:

2027	\$	4,400
2028		4,400
2029		4,400
2030		4,400
	\$	17,600

8. Investments:

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

	2026		2025	
	Estimated Fair Value	Book Value	Estimated Fair Value	Book Value
Bonds	\$ 119,083,255	\$ 124,589,609	\$ 118,527,991	\$ 122,110,326
Held through pooled funds:				
Bonds	16,213,471	17,514,099	15,338,460	16,222,279
Global equities	9,096,058	6,217,286	9,218,663	5,633,826
Canadian equities	11,097,780	11,070,494	10,888,585	10,775,659
Money market/short term	8,937	8,937	1,753	1,753
	\$ 155,499,501	\$ 159,400,425	\$ 153,975,452	\$ 154,743,843

9. Asset retirement obligation:

The College's asset retirement obligation consists of several obligations as follows:

a) Underground storage tanks and X-ray machine obligation

The College owns a number of storage tanks and X-ray machines. The liability for the closure or removal of the items and has been recognized under PS 3280 Asset Retirement Obligation. The costs were based upon the presently known obligations that will exist at the estimated year of closure or removal upon the useful life. Due to the immateriality of the liability associated with these obligations, these costs were recorded to opening net assets in 2023/24.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

9. Asset retirement obligation (continued):

b) Owned Buildings obligation

The College owns and operates several buildings that are known to have asbestos and other potentially hazardous materials which represents a health concern upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 Asset Retirement Obligations, the College recognized an obligation relating to the removal and post-removal care of the asbestos and potentially hazardous materials in these buildings as estimated at April 1, 2022.

c) Leasehold obligation

The College has several leased buildings. Through the reassessment process, the College recognized an obligation relating to the leaseholds. As part of the remeasurement exercise an adjustment was made to the estimated obligation.

d) Changes to the asset retirement obligation are as follows:

	Building	Leaseholds	Equipment	2026	2025
Opening Balance	\$ 15,828,376	\$ 118,966	\$ 352,463	\$ 16,299,805	\$ 15,724,213
Adjustment for Inflationary increase	672,102	4,985	28,722	705,809	575,592
Closing Balance	\$ 16,500,478	\$ 123,951	\$ 381,185	\$ 17,005,614	\$ 16,299,805

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

10. Capital assets:

	2026		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 8,318,250	\$ -	\$ 8,318,250
Buildings	486,977,123	213,458,902	273,518,221
Buildings, construction in progress	12,284,966	-	12,284,966
Building improvements	98,013,835	21,104,562	76,909,273
Building improvements, construction in progress	46,348,643	-	46,348,643
Site improvements	14,728,776	9,366,441	5,362,335
Site improvements, construction in progress	486,197	-	486,197
Leasehold improvements	5,000,548	4,453,064	547,484
Furniture and equipment	55,709,269	45,407,552	10,301,717
Furniture and equipment, construction in progress	1,628,456	-	1,628,456
Information technology equipment	16,356,564	12,633,638	3,722,926
Information technology equipment, construction in progress	918,381	-	918,381
Software and ERP	26,062,922	2,422,513	23,640,409
Software and ERP, construction in progress	1,322,548	-	1,322,548
Asset retirement obligation, buildings	16,482,175	6,119,781	10,362,394
Asset retirement obligation, leasehold improvements	119,142	116,706	2,436
	<u>\$ 790,757,795</u>	<u>\$ 315,083,159</u>	<u>\$ 475,674,636</u>

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

10. Capital assets (continued)

	2025		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 8,318,250	\$ -	\$ 8,318,250
Buildings	469,396,423	202,228,773	267,167,650
Buildings, construction in progress	29,790,588	-	29,790,588
Building improvements	91,437,932	14,771,635	76,666,297
Building improvements, construction in progress	43,084,985	-	43,084,985
Site improvements	14,059,458	8,176,036	5,883,422
Site improvements, construction in progress	111,483	-	111,483
Leasehold improvements	7,030,652	6,135,656	894,996
Furniture and equipment	60,669,036	51,066,133	9,602,903
Information technology equipment	16,681,231	10,550,892	6,130,339
Information technology equipment, construction in progress	614,075	-	614,075
Software and ERP	23,306,237	776,875	22,529,362
Software and ERP, construction in progress	454,591	-	454,591
Asset retirement obligation, buildings	15,828,376	5,751,809	10,076,567
Asset retirement obligation, leasehold improvements	118,966	73,049	45,917
	<u>\$ 780,902,283</u>	<u>\$ 299,530,858</u>	<u>\$ 481,371,425</u>

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

During the year, the College wrote off \$20,942 of Site Improvements with an original cost of \$20,942, \$2,030,104 of Leasehold Improvements with an original cost of \$2,030,104, \$9,474,247 of Furniture and Equipment with an original cost of \$9,474,247, and \$1,559,855 of Information Technology Equipment with an original cost of \$1,559,855. All assets had a net book value of zero. The write-off of these assets will remove dated, non-serviceable, and obsolete assets from the College's accounting records.

11. Bank and term loans:

The debt noted below is structured with fixed repayment terms which will retire the debt over an agreed period of time. The College is not in violation of any covenants as at March 31, 2026 and it is the intent of the College to repay the debt in accordance with the repayment schedules.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

11. Bank and term loans (continued):

	2026	2025
Term loan with a notional amount of \$22,225,090 and an effective fixed interest rate of 3.65%. The loan is repayable over 25 years in blended quarterly payments of \$339,810 and matures July 2042. No specific security has been pledged.	\$ 16,792,167	\$ 17,521,772
Term loan with a notional amount of \$20,000,000 and an effective fixed interest rate of 5.49%. The loan is repayable over 30 years in blended quarterly payments of \$340,908 and matures February 2040. No specific security has been pledged.	13,261,454	13,875,807
Term loan with a notional amount of \$10,000,000 and an effective fixed interest rate of 6.46%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$67,251. The SWAP agreement matures May 2028. No specific security has been pledged.	1,568,992	2,250,554
Term loan with a notional amount of \$7,500,000 and an effective fixed interest rate of 6.58%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$51,041. The SWAP agreement matures November 2028. No specific security has been pledged.	1,451,201	1,950,102
Term loan with a notional amount of \$4,000,000 and an effective fixed interest rate of 7.17%, facilitated through a SWAP agreement. The loan is repayable over 25 years in blended monthly payments of \$26,809. The SWAP agreement matures January 2029. No specific security has been pledged.	809,014	1,069,627
	33,882,828	36,667,862
Less current portion	2,942,877	2,785,036
	\$ 30,939,951	\$ 33,882,826

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

11. Bank and term loans (continued):

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

2027	\$ 2,942,877
2028	3,110,095
2029	2,188,529
2030	1,607,821
2031	1,681,862
Thereafter	22,351,644
	\$ 33,882,828

12. Post-employment benefits and compensated absences:

	2026				
	Vesting sick leave	Non-vesting sick leave	Post- employment benefits	WSIB post- employment benefits	Total liability
Accrued employee future benefits obligations	\$ 118,000	\$ 9,966,000	\$ 2,742,000	\$ 2,803,200	\$ 15,629,200
Value of plan assets	-	-	(565,000)	-	(565,000)
Unamortized actuarial gain (loss)	48,000	(2,606,000)	37,000	-	(2,521,000)
Total liability	\$ 166,000	\$ 7,360,000	\$ 2,214,000	\$ 2,803,200	\$ 12,543,200
	2025				
	Vesting sick leave	Non-vesting sick leave	Post- employment benefits	WSIB post- employment benefits	Total liability
Accrued employee future benefits obligations	\$ 281,000	\$ 10,665,000	\$ 2,631,000	\$ 1,752,300	\$ 15,329,300
Value of plan assets	-	-	(528,000)	-	(528,000)
Unamortized actuarial gain (loss)	(61,000)	(4,283,000)	(19,000)	-	(4,363,000)
Total liability	\$ 220,000	\$ 6,382,000	\$ 2,084,000	\$ 1,752,300	\$ 10,438,300

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

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

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

Retirement Benefits

CAAT Pension Plan

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2026 indicated an actuarial surplus on a going concern basis of \$6.7 billion (2025-\$6.1 billion).

The College made contributions to the Plan and its associated retirement compensation arrangement of \$18,608,867 (2025-\$12,314,221), which has been included in the Statement of Operations.

Post-employment benefits

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

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

(a) Discount rate

The present value as at March 31, 2026 of the future benefits was determined using a discount rate of 3.5% (2025-3.2%).

(b) Medical costs

Medical costs increased 5.91% per annum for fiscal 2026 (2025-5.91%) grading down to 4.0% in 2040 (2025-4.0% in 2040).

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

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

(c) Dental costs

Dental costs increased 4.0% per annum for fiscal 2026 (2025-4.0%).

Compensated absences

Vesting sick leave

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

Non-vesting sick leave

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

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

	2026	2025
Wage and salary escalation		
Support staff	2.0%	2.5%
Academic	2.0%	2.5%
Discount rate	3.5%	3.2%

The probability that the employee will use more sick days than the annual entitlement and the excess number of sick days used over the annual entitlement are within ranges of 0% to 26.2% and 0 to 55.2 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

13. Deferred restricted contributions:

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

	2026	2025
Balance, beginning of year	\$ 22,924,744	\$ 18,497,445
Add amounts received during the year	22,399,410	28,397,513
Less amounts disbursed in the year	(22,455,688)	(23,970,214)
Balance, end of year	\$ 22,868,466	\$ 22,924,744

Deferred contributions are comprised of:

	2026	2025
Fundraising campaigns	\$ 9,093,641	\$ 8,441,233
Student activity fees	6,546,701	6,761,150
Bursaries and scholarships	3,676,552	3,956,365
Other	1,675,691	1,944,943
Alumni activities	1,169,577	1,135,623
Employee stability fund	706,304	685,430
	\$ 22,868,466	\$ 22,924,744

14. Deferred capital contributions:

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

	2026	2025
Balance, beginning of year	\$ 190,349,602	\$ 190,960,630
Add contributions received for capital projects	11,024,794	11,564,611
Less amortization of deferred capital contributions	(12,520,468)	(12,175,639)
Balance, end of year	\$ 188,853,928	\$ 190,349,602

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

15. Investment in capital assets:

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

	2026	2025
Capital assets	\$ 475,674,636	\$ 481,371,425
Amounts financed by: Student fee receivable	16,792,167	17,521,772
Deferred contributions	(188,853,928)	(190,349,602)
Bank and term loans	(33,073,816)	(35,598,237)
	<u>\$ 270,539,059</u>	<u>\$ 272,945,358</u>

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

	2026	2025
Excess of expenditures over revenue:		
Amortization of deferred contributions related to capital assets	\$ 12,520,468	\$ 12,175,639
Amortization of capital assets	(28,637,451)	(26,766,133)
Gain on disposal of capital assets	66,153	42,159
	<u>\$ (16,050,830)</u>	<u>\$ (14,548,335)</u>

Net change in investment in capital assets:

Additions to capital assets	\$ 22,286,687	\$ 46,048,874
Change in asset retirement obligation	653,975	575,592
Amount financed by: Student fee receivable	(729,605)	(703,572)
Proceeds on disposal of capital assets	(66,153)	(72,341)
Deferred contributions	(11,024,794)	(11,564,611)
Bank and term loans	2,524,421	2,766,318
	<u>\$ 13,644,531</u>	<u>\$ 37,050,260</u>

16. Internally restricted net assets:

Internally restricted net assets represent funds set aside for future expenditures. Details of the internally restricted net asset balances are as follows. These internally restricted net assets will be used in part to fund future commitments disclosed in Note 18, Commitments.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

16. Internally restricted net assets (continued):

	2026	2025
Deferred capital expenditures	\$ 39,405,123	\$ 71,936,345
Deferred operating expenditures	4,608,649	4,147,396
Balance, end of year	\$ 44,013,772	\$ 76,083,741

17. Operating leases:

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

2027	\$ 1,154,567
2028	841,074
2029	720,712
2030	527,921
2031	113,343
Thereafter	1,062,810
	\$ 4,420,427

18. Commitments:

As at March 31, 2026 outstanding capital asset commitments approximate \$10,312,041 (2025-\$27,026,015) primarily relating to the construction and expansion of various facilities. The internally restricted net assets in Note 16, Internally restricted net assets, will be used to fund these future commitments.

19. Contingencies:

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

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

20. Contractual rights:

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

2027	\$	872,434
2028		76,840
2029		4,400
2030		4,400
2031		-
Thereafter		5,400,000
March 31, 2026	\$	6,358,074

21. Supplemental cash flow information:

	2026	2025
Change in non-cash working capital items:		
Accounts receivable	\$ (9,029,358)	\$ 3,752,647
Grants receivable	(804,701)	4,360,125
Inventories	92,315	266,713
Prepaid expenses	5,967,513	1,950,422
Accounts payable and accrued liabilities	(7,811,478)	11,900,153
Accrued vacation pay	(2,288,046)	407,896
Deferred revenue	(49,501,814)	(86,481,208)
	\$ (63,375,569)	\$ (63,843,252)

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

	2026	2025
Interest revenue	\$ 12,558,940	\$ 17,935,063
Interest expense	(1,667,809)	(1,796,356)

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

22. Risk management:

Credit risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to \$100,000 (2025-\$100,000).

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

The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections. The amounts outstanding as at March 31, 2026 and March 31, 2025 were as follows:

	Total		2026			
			Past Due			
			Current	1-30 days	31-60 days	61-90 days
Student receivables	\$ 10,154,026	\$ 1,850,060	\$ 6,843,969	\$ 27,283	\$ 395,505	\$ 1,037,209
Other receivables	16,975,302	12,150,992	246,705	38,221	34,085	4,505,299
Gross receivables	27,129,328	14,001,052	7,090,674	65,504	429,590	5,542,508
Less: impairment allowances	(4,586,529)	-	-	-	-	(4,586,529)
Net receivables	\$ 22,542,799	\$ 14,001,052	\$ 7,090,674	\$ 65,504	\$ 429,590	\$ 955,979

	Total		2025			
			Past Due			
			Current	1-30 days	31-60 days	61-90 days
Student receivables	\$ 7,290,435	\$ 2,888,781	\$ 3,675,548	\$ 108,984	\$ 284,633	\$ 332,489
Other receivables	8,469,882	3,742,616	568,252	72,817	88,275	3,997,922
Gross receivables	15,760,317	6,631,397	4,243,800	181,801	372,908	4,330,411
Less: impairment allowances	(2,246,876)	-	-	-	-	(2,246,876)
Net receivables	\$ 13,513,441	\$ 6,631,397	\$ 4,243,800	\$ 181,801	\$ 372,908	\$ 2,083,535

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

Year ended March 31, 2026

22. Risk management (continued):

Market risk

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

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

The College's investment policy recognizes the investment guidelines issued by MCURES. The investment 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 risk of operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency rates occur.

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

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The College is exposed to this risk through its bank and term loans.

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

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

22. Risk management (continued):

Equity risk

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

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

Liquidity risk

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

	2026			
	Within 6 months	6 months to 1 year	1-5 years	>5 years
Accounts payable and accrued liabilities	\$ 42,565,796	\$ -	\$ -	\$ -
Bank and term loans	1,451,136	1,491,741	8,588,307	22,351,644
	<u>\$ 44,016,932</u>	<u>\$ 1,491,741</u>	<u>\$ 8,588,307</u>	<u>\$ 22,351,644</u>
	2025			
	Within 6 months	6 months to 1 year	1-5 years	>5 years
Accounts payable and accrued liabilities	\$ 50,377,274	\$ -	\$ -	\$ -
Bank and term loans	1,373,352	1,411,684	9,849,320	24,033,508
	<u>\$ 51,750,626</u>	<u>\$ 1,411,684</u>	<u>\$ 9,849,320</u>	<u>\$ 24,033,508</u>

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

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

22. Risk management (continued):

Other risk

On January 22, 2024, the Government of Canada (the "Government") announced an intake cap on international student permit applications for a period of two years, resulting in a 35% reduction of approved study permits from 2023.

On September 18, 2024, the Government announced a further reduction to the intake cap on international student study permits for 2025 of 10% from the approved 2024 target. The 2025 cap will be maintained at the same level for 2026. Also included in this announcement was a change to Post-Graduation Work Permits ("PGWPs"), aligning work permit eligibility to labour market needs. Further details on the implementation of this change were released throughout fall 2024, resulting in a significant reduction of the programs eligible for PGWPs.

As a result of these policy changes, students at the College's public-private partnership campus (Note 24) will no longer be eligible for post-graduate work permits, which affects the sustainability of this partnership. The last planned enrolment for the campus was in 2025/26, which represents the flow-through enrolment from the last intake in spring 2024.

A significant portion of the College's tuition revenues is derived from international students, and the College has assessed the impact of this announcement on its ability to earn revenue from international students and its approved capital and operating budget for the year ending March 31, 2027.

23. Capital management:

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

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

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

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2026

24. Public private partnership:

The College entered into a ten year agreement with ILAC International College Ltd. ("ILAC"), a private college located in Toronto, Ontario to deliver programming as stipulated within the agreement commencing September 2022. The agreement allows for revenues to be earned by the College encompassing tuition, ancillary fees and certain commissions. Revenue and related expenses paid to the private partner have been reflected within the consolidated statement of operations on a gross basis as the College is acting as a principal in these transactions.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Expenditures

Schedule 1

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Expenditures		
Salaries and benefits	\$ 252,667,383	\$ 265,337,185
Utilities and maintenance	34,716,651	33,639,488
Contract services	33,805,833	76,734,817
Amortization expense	28,637,451	26,766,133
Other operating costs	25,349,659	38,025,721
Operating supplies	13,535,869	19,169,488
Student assistance	8,793,524	5,611,455
Ancillary cost of sales	4,419,329	5,314,761
Loan interest	1,667,809	1,796,356
	<u>\$ 403,593,508</u>	<u>\$ 472,395,404</u>



APPENDIX C

KPI Performance Report



Thousands of students, graduates, and employers across the province are surveyed every year to collect data about quality and accountability measures for graduate employment outcomes, graduate satisfaction, employer satisfaction, and student quality assessment.

The 2024/25 Graduate Outcomes and Employer Satisfaction Survey (GOES) refers to graduates from the 2023/24 academic year. Graduates were asked for permission to contact their employers, who were then surveyed. Employers were asked about their satisfaction with specific skills displayed by the graduates they had hired.

The Ontario College Student Experience Survey (OCSES) is a system-level replacement for the discontinued KPI Student Satisfaction Survey. OCSES questions ask participants to rate their agreement with statements, whereas the KPI Student Satisfaction Survey asked participants to rate their satisfaction. The questions were changed with the aim to obtain more truthful answers about quality. Scores are a mean score out of 5.0.

Key findings from these surveys include the following:

- Fanshawe's KPI graduation rate for 2024/25 was 66.1 per cent, which is a slight decrease over the past year (66.7 per cent). However, the KPI graduation rate for baccalaureate degrees increased to 84.4 per cent from 81.5 per cent.
- Fanshawe's graduates are successful in finding employment after graduation. The College's employment rate continues to be higher than the provincial rate. 81.0 per cent of Fanshawe graduates were employed six months after graduation, whereas the provincial rate was 79.0 per cent.
- 55.0 per cent of graduates are working in a field related to their program; equivalent to the provincial rate of 55.0 per cent. 77.7 per cent of Fanshawe graduates have full-time employment in a related field (SMA4 metric).
- 92.0 per cent of employers are satisfied with graduates' job skills.
- 89.0 per cent of employers are satisfied with graduates' ability to recognize and respectively respond to intercultural issues in the workplace.
- 94.0 per cent of employers are satisfied with graduates' computer skills.
- Among graduates, 87.0 per cent are satisfied with their critical thinking skills and 88.0 per cent are satisfied with their problem-solving skills. Employers' satisfaction with these skills is 91.0 per cent and 92.0 per cent, respectively.
- Employers are satisfied with Fanshawe College graduates' overall college preparation for the type of work they are doing (97.0 per cent).
- Students' overall rating of the quality of teaching and learning, knowledge and skills for career, and their work-integrated learning (WIL) experiences was positive (mean scores were 4.2 out of 5.0)
- Students agreed with OCSES statements on the effectiveness of the College's learning and empowerment initiatives to integrate academic knowledge with practical life skills and apply academic theories/knowledge to real-world scenarios (mean scores were 4.0 out of 5.0).



APPENDIX D

Summary of Advertising and Marketing Complaints Received



Fanshawe received no advertising or marketing complaints in 2025-26.

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

Total number of complaints: **nil**

Average number of working days to resolution: **n/a**



APPENDIX F

List of Governors



2025 / 2026 Board of Governors

	Name	Board Position	Term	Appointment Start	Appointment End
1	Ryan Aarts	LGIC Appointee	1	1-Sep-25	31-Aug-28
2	Tim Anderson	Academic Staff Representative	1	1-Sep-23	31-Aug-26
3	Mamta Chail	External Representative	1	1-Sep-24	31-Aug-27
4	Courtney Ecker	Admin Staff Representative	2	1-Sep-22	31-Aug-28
5	Todd Copeland	External Representative	1	1-Sep-25	31-Aug-28
6	Peter Devlin	President - Ex-Officio		1-Sep-13	31-Aug-28
7	Laura Elliott	External Representative	2	1-Sep-22	31-Aug-28
8	Mihad Fahmy	External Representative	2	1-Sep-22	31-Aug-28
9	Michael Geraghty	LGIC Appointee	2	1-Sep-20	31-Aug-26
10	Sandy Jansen	External Representative	2	1-Sep-21	31-Aug-27
11	Denise Luksys	Support Staff Representative	1	1-Sep-23	31-Aug-26
12	Larry MacKinnon	External Representative	2	1-Sep-21	31-Aug-27
13	Monica Olanski	External Representative	1	1-Sep-25	31-Aug-28
14	David Ross	External Representative	1	1-Sep-23	31-Aug-29
15	Ankit Sharma	Student Representative	1	1-Sep-25	31-Aug-26
16	Karen Vecchio	LGIC Appointee	1	1-Sep-25	31-Aug-28
17	Terry Zavitz	LGIC Appointee	2	1-Sep-20	31-Aug-26

