

Financial Statements of

**THE SAULT COLLEGE OF APPLIED
ARTS AND TECHNOLOGY**

Year ended March 31, 2012

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Financial Statements

Year ended March 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Governors of The Sault College of Applied Arts and Technology

We have audited the accompanying financial statements of The Sault College of Applied Arts and Technology, which comprise the statement of financial position as at March 31, 2012, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Sault College of Applied Arts and Technology as at March 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the Schedules is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Comparative Information

The financial statements of the Sault College of Applied Arts and Technology as at and for the year ended March 31, 2011 were audited by another auditor who expressed an unmodified opinion on those statements on May 19, 2011.

KPMG LLP

Chartered Accountants, Licensed Public Accountants
May 29, 2012
Sault Ste. Marie, Canada

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Current		
Cash (note 2)	\$ 2,858,405	\$ 7,076,874
Temporary investments (note 2)	16,991,125	18,542,882
Accounts receivable	918,445	1,119,128
Grants and reimbursements receivable	1,981,432	1,780,042
Current portion of pledges receivables (note 3)	612,125	-
Inventory	6,212	15,112
Prepaid expenses	314,822	341,907
Sinking fund investment (note 4)	4,049,903	-
	<u>27,732,469</u>	<u>28,875,945</u>
Pledges receivable (note 3)	1,607,846	-
Sinking fund investment (note 4)	-	3,706,665
Capital assets (note 5)	51,182,868	49,915,871
	<u>\$ 80,523,183</u>	<u>\$ 82,498,481</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,082,528	\$ 6,584,364
Accrued vacation	3,526,775	3,289,424
Deferred tuition fees	691,303	688,506
Payable to the Ministry of Training, Colleges and Universities	271,186	508,514
Current portion of capital mortgage (note 10)	4,100,000	-
	<u>10,671,792</u>	<u>11,070,808</u>
Long-term obligations:		
Capital mortgage (note 10)	-	4,100,000
Vested sick leave benefits	780,754	862,181
Employee future benefits (note 6)	639,000	665,000
	<u>1,419,754</u>	<u>5,627,181</u>
Deferred contributions:		
Expenses of future periods (note 7)	1,268,862	1,470,884
Capital assets (note 8)	47,324,105	44,621,491
	<u>48,592,967</u>	<u>46,092,375</u>
Net assets:		
Unrestricted (deficit):		
Operating	9,582,325	12,717,631
Employment-related (deficit)	(4,946,529)	(4,801,794)
Invested in capital assets (note 9)	9,246,164	6,374,862
Internally restricted (note 11)	174,132	176,792
Restricted for student purposes and endowment	5,782,578	5,240,625
	<u>19,838,670</u>	<u>19,708,116</u>
Commitments (note 18) and contingencies (note 19)		
	<u>\$ 80,523,183</u>	<u>\$ 82,498,481</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Approved by the Board:

 Chairman of the Board

 Treasurer

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Revenue:		
Grants and reimbursements	\$ 33,504,632	\$ 36,829,766
Tuition fees	8,664,535	7,932,930
Ancillary operations	1,055,698	1,164,979
Other	3,344,797	3,190,474
Restricted for student purposes	2,363,759	2,503,976
Amortization of deferred contributions related to capital assets	2,327,342	1,553,515
	<u>51,260,763</u>	<u>53,175,640</u>
Expenses (note 22):		
Academic	25,810,894	25,165,157
Educational resources	2,030,079	2,012,086
Student services	2,381,157	2,288,456
Administrative	7,050,464	6,834,049
Plant	2,751,591	2,694,020
Ancillary operations	1,234,801	1,299,281
Ontario training strategies	3,850,746	3,964,861
Special projects	1,123,875	1,436,397
Restricted for student purposes	1,793,759	2,017,862
Provision for (recovery of) employee benefit obligations	144,735	(22,854)
Amortization of capital assets	3,037,138	2,106,123
	<u>51,209,237</u>	<u>49,795,438</u>
Excess of revenue over expenses before the undemoted item	51,526	3,380,202
Gain (loss) on disposal of capital assets	(517,173)	168,477
Excess (deficiency) of revenue over expenses	\$ (465,647)	\$ 3,548,679

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

Year ended March 31, 2012, with comparative figures for 2011

						2012	2011
	Operating	Unrestricted Employment related	Invested in capital assets	Internally restricted	Restricted for student purposes and endowment	Total	Total
Net asset, beginning of year	\$12,717,631	\$(4,801,794)	\$6,374,862	\$176,792	\$5,240,625	\$19,708,116	\$16,024,538
Excess (deficiency) of revenue Over expenses	(4,520)	(144,735)	(883,732)	(2,660)	570,000	(465,647)	3,548,679
Ontario Trust for Student Support	-	-	-	-	261,810	261,810	317,119
Unrealized gain (loss) on investments	113,691	-	-	-	167,700	281,391	(182,220)
Invested in capital assets (note 9)	(3,184,477)	-	3,230,724	-	(46,247)	-	-
Capital land donation	-	-	53,000	-	-	53,000	-
Interfund transfer (note 12)	(60,000)	-	471,310	-	(411,310)	-	-
Net assets, end of year	\$ 9,582,325	\$(4,946,529)	\$9,246,164	\$174,132	\$5,782,578	\$19,838,670	\$19,708,116

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (465,647)	\$ 3,548,680
Items not involving cash:		
Amortization of capital assets	3,037,138	2,106,123
Amortization of deferred contributions related to capital assets	(2,327,342)	(1,553,515)
Loss (gain) on disposal of capital assets	517,173	(168,477)
Change in accrued vacation	237,351	64,053
Change in future benefits and vested sick leave liability	(107,427)	(86,907)
	<u>891,246</u>	<u>3,909,957</u>
Changes in non-cash working capital balances:		
Accounts receivable	200,683	17,016
Grants and reimbursements receivable	(201,390)	(414,624)
Inventories	8,900	1,158
Prepaid expenses	27,085	793,284
Accounts payable and accrued liabilities	(4,501,837)	500,930
Payable to Ministry of Training Colleges and Universities	(237,328)	264,934
Deferred tuition fees	2,797	2,906
Net decrease in deferred contributions related to expenses of future periods	(202,022)	(1,019,737)
	<u>(4,011,866)</u>	<u>4,055,824</u>
Cash flows from financing activities:		
Increase in pledges receivable	(2,219,971)	-
Deferred contribution related to capital assets	5,240,536	13,847,733
	<u>3,020,565</u>	<u>13,847,733</u>
Cash flows from investing activities:		
Increase in sinking fund investment	(343,238)	(314,147)
Unrealized gain (loss) on investments	281,391	(182,220)
Endowment contributions	261,810	317,119
Purchase of capital assets	(4,979,454)	(22,180,924)
Proceeds on disposal of capital assets	566	206,935
	<u>(4,778,925)</u>	<u>(22,153,237)</u>
Decrease in cash	(5,770,226)	(4,249,680)
Cash and temporary investments, beginning of year	25,619,756	29,869,436
Cash and temporary investments, end of year	<u>\$ 19,849,530</u>	<u>\$ 25,619,756</u>
Interest paid in year	<u>\$ 375,970</u>	<u>\$ 375,970</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

The Sault College of Applied Arts and Technology ("Sault College") is a provincial community college offering educational programs and upgrading to the accessing communities. Sault College is considered a Non-profit Schedule III Agency of the Ontario provincial government.

These statements reflect the assets, liabilities, revenues and expenses of the unrestricted fund and restricted for student purposes and endowment fund.

1. Significant accounting policies:

(a) Revenue recognition:

The College follows the deferral method of accounting.

Operating grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received at the end of an accounting period are accrued.

Tuition revenue is recognized on the basis of teaching days which occur during the fiscal year.

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding to those of the related capital assets.

Contributions for student purposes are recognized as direct increases in net assets restricted for student purposes and endowment.

Pledges receivable for capital assets are recorded as an asset in the accompanying financial statements when the amount to be received can be reasonably estimated and collection is reasonably assured.

Sales and services revenue is recognized at the point of sale.

(b) Inventory:

Inventory related to ancillary operations is valued at the lower of cost and net realizable value.

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Notes to Financial Statements

Year ended March 31, 2012

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Tangible capital assets that are not subject to amortization and received as contributions are recorded at their fair value as a direct increase in net assets at the date of receipt. Amortization is provided on a straight-line basis over the estimated useful lives as follows:

Category	Years
Buildings	40
Site improvements	10
Equipment	5
Major Equipment	10
Vehicles	5
Furniture and fixtures	5
Computer equipment	5
Aircraft	10

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to estimated undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount in which the carrying amount exceeds the fair value of the asset.

(d) Work in process:

Work in process costs are capitalized as work is completed. Upon completion of the projects, capitalized work in process costs are transferred to the various categories of capital assets and will be amortized on a basis consistent with similar assets.

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Notes to Financial Statements

Year ended March 31, 2012

1. Significant accounting policies (continued):

(e) Employment-related obligations:

Employment related obligations, which include vacation pay, certain pension and post employment benefits and sick leave benefits are accrued. The College is liable to pay 50% of certain faculty members' accumulated sick leave credits on termination or retirement after ten years service.

For the post-employment benefits (continuation of life, medical and dental during LTD), these benefits are accounted for on a terminal basis, in comparison to the non-pension post-retirement benefit which is accounted for on an accrual basis. This means that the liability for post-employment benefits is accrued only when a LTD claim occurs. For these benefits, the full change in the liability is being recognized immediately as an expense in the year (note 7).

The College is an employer member of the Colleges of Applied Arts and Technology Pension Plan, which is a multi-employer defined benefit pension plan. The College has adopted defined contribution account principles for this Plan because insufficient information is available to apply defined benefit accounting principles.

(f) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Items subject to best estimates and assumptions include the carrying value of capital assets, valuation allowance for accounts, grants and reimbursements and pledges receivable, valuation investments and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(g) Financial instruments:

The College accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the statement of financial position at fair value except for loans and receivables and other financial liabilities which are measured at amortized cost. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in consolidated statement of operations.

The College continues to disclose under CICA Handbook Section 3861 – Financial Instruments.

2. Cash and temporary investments:

Cash and temporary investments include the following amounts:

	2012	2011
Restricted for student purposes	\$ 1,254,545	\$ 1,219,584
Restricted for endowment purposes	4,214,749	3,584,674
Internally restricted	174,132	176,792
Capital assets	1,944,475	1,473,816
Cash and temporary investments on hand	12,261,629	19,164,890
	\$ 19,849,530	\$ 25,619,756

The College has an unutilized line of credit of \$ 1.5 million at prime less 50 basis points available as of March 31, 2012.

3. Pledges receivable:

	2012	2011
Inspiring Growth Capital Campaign pledges	\$ 2,219,971	\$ -
Current portion of pledges receivable	612,125	-
Non-current portion of pledges receivable	\$ 1,607,846	\$ -

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

3. Pledges receivable (continued):

All pledges received during the year or receivable at year end are recorded as deferred contributions related to capital assets.

Aggregate maturities of pledges receivable for each of the five years subsequent to March 31, 2012 are as follows:

2013	\$ 612,125
2014	595,448
2015	541,253
2016	263,903
2017	207,242

4. Sinking fund investments:

The sinking fund investments consist of Ontario Hydro debenture coupons with a yield to maturity of 9.26%, which will mature in the year 2012 at \$4,100,000. This sinking fund investment is a restricted asset to be used to retire the student residence building mortgage at maturity.

The fair value of these coupons at March 31, 2012 is \$4,094,079 (2011 - \$4,019,613) being quoted market value. The total interest income earned on coupons during the fiscal year is \$343,237 (2011 - \$314,147).

5. Capital assets:

			2012
	Cost	Accumulated amortization	Net book value
Land	\$ 680,817	\$ -	\$ 680,817
Buildings	68,575,115	24,052,488	45,522,627
Site improvements	3,522,943	1,185,632	2,337,311
Equipment	9,957,707	8,390,688	1,567,019
Vehicles	402,992	306,450	96,542
Furniture and fixtures	1,078,893	545,474	533,419
Computer equipment	12,560,370	11,728,767	831,603
Aircraft	3,609,754	3,290,592	319,162
Work in process	294,368	-	294,368
	\$ 100,682,959	\$ 49,500,091	\$ 51,182,868

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Notes to Financial Statements

Year ended March 31, 2012

5. Capital assets (continued):

	2011		
	Cost	Accumulated amortization	Net book value
Land	\$ 627,817	\$ -	\$ 627,817
Buildings	45,217,204	22,774,643	22,442,561
Site improvements	1,358,393	890,880	467,513
Equipment	9,489,075	7,934,258	1,554,817
Vehicles	355,109	260,000	95,109
Furniture and fixtures	517,948	422,769	95,179
Computer equipment	11,997,175	11,366,535	630,640
Aircraft	3,571,138	3,225,752	345,386
Work in process	23,656,849	-	23,656,849
	\$ 96,790,708	\$ 46,874,837	\$ 49,915,871

There are no assets held under capital leases at March 31, 2012 or March 31, 2011.

6. Employee future benefits:

	2012	2011
Non-pension post-employment benefits	\$ 639,000	\$ 665,000

The College indirectly subsidizes premiums for the group benefits available to early retirees and the continuation of benefits for individuals on long-term disability.

The present value of accrued post-employment benefits at March 31, 2012 amounted to \$646,000 (2011 - \$ 667,000). Expenses recorded in the year were \$26,000 – recovery (2011 - \$34,000 - recovery). The benefits paid out in the year were \$56,000 (2011 -\$60,000).

These amounts represent the actuarial valuation filed as of March 31, 2012.

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimates. The following represents the significant assumptions made:

	2012	2011
Fair value of plan assets	\$ 80,000	\$ 87,000
Accrued benefit obligation	(719,000)	(752,000)
Plan deficit	\$ (639,000)	\$ (665,000)

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Notes to Financial Statements

Year ended March 31, 2012

6. Employee future benefits (continued):

The significant assumptions used are as follows:

	2012	2011
Discount rate	4.20%	4.75%
Health Care Trend Rate		
- Drugs (grading down to 4.5% in 2023)	10.50%	10.50%
- Hospital and other medical	4.50%	4.50%
- Dental cost	4.50%	4.50%
Expected Rate of Return on Plan Assets	3.30%	3.30%

7. Deferred contributions for expenses of future periods:

Deferred contributions consist of the following:

	2012	2011
Balance, beginning of year	\$ 1,470,884	\$ 2,490,620
Additional contributions received	1,884,966	3,653,910
Amounts taken into revenue	(2,086,988)	(4,673,646)
Balance, end of year	\$ 1,268,862	\$ 1,470,884

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Notes to Financial Statements

Year ended March 31, 2012

8. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized balance of restricted contributions for the purchase of capital assets. The changes in the deferred contributions balance for the year are as follows:

	2012	2011
Balance, beginning of year	\$ 44,621,491	\$ 32,332,253
Contributions received	2,399,750	13,833,732
Donation of capital asset	50,000	-
Disposal of capital asset	(255,600)	-
Contributions received for Inspiring Growth Capital Campaign	2,840,786	14,001
Amount amortized to revenue	(2,332,322)	(1,558,495)
Balance, end of year	\$ 47,324,105	\$ 44,621,491

The balance of unamortized capital contributions related to capital assets consists of the following:

	2012	2011
Unamortized capital contributions used to purchase capital assets	\$ 42,747,937	\$ 43,537,130
Unspent contributions	1,721,381	1,070,360
Unspent Inspiring Growth Capital Campaign contributions	2,854,787	14,001
Balance, end of year	\$ 47,324,105	\$ 44,621,491

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

9. Invested in capital assets:

The change in net assets invested in capital assets is calculated as follows:

	2012	2011
Excess of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 2,327,342	\$ 1,553,515
Amortization of capital assets	(3,037,138)	(2,106,123)
Investment income	343,237	314,149
Gain (loss) on disposal of capital assets	(517,173)	168,477
	\$ (883,732)	\$ (69,982)

	2012	2011
Net investment in capital assets:		
Capital assets acquired	\$ 4,979,454	\$ 22,180,924
Donated capital assets	50,000	-
Amounts funded by deferred contributions	(1,798,730)	(21,447,778)
	\$ 3,230,724	\$ 733,146

Net assets invested in capital assets are represented by:

	2012	2011
Cash	\$ 1,311,442	\$ 1,459,680
Investments	633,033	14,137
Grants receivable	1,273,051	-
Pledges receivable	2,219,971	-
Sinking fund investment	4,049,902	3,706,665
Capital assets, net book value	51,182,868	49,915,871
	60,670,268	55,096,353
Less:		
Deferred contributions related to capital assets	47,324,105	44,621,491
Long-term obligations	4,100,000	4,100,000
	51,424,105	48,721,491
Net assets invested in capital assets	\$ 9,246,164	\$ 6,374,862

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

10. Capital mortgage:

	2012	2011
9.17% Mortgage, interest payable semi-annually, principal due July 2012, secured by a first mortgage on the student residence building	\$ 4,100,000	\$ 4,100,000
	\$ 4,100,000	\$ 4,100,000

11. Internally restricted assets:

By resolution of the Board of Governors, accumulated appropriations from unrestricted net assets balance at March 31, 2012 have been made to the Joint Employment Stability Reserve Fund in the amount of \$174,132.

12. Inter-fund transfer:

During the year \$471,310 was transferred from restricted for student purposes to invested in capital assets to reflect the students' contribution to capital building projects. During the year \$60,000 was transferred from the operating fund to the restricted for student purposes fund for the SAC building.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

13. Pension plan:

Substantially all of the employees of the College are members of the Colleges of Applied Arts and Technology ("CAAT") Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the CAAT. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the highest five consecutive years prior to retirement, termination or death. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governors to ensure the long-term viability of the Plan.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension asset and liabilities. The most recent actuarial valuation filed with pension regulators as at January 2, 2012 indicated an actuarial surplus of \$154 million.

Under these arrangements, the College makes contributions equal to those of the employees. Contributions made by the College during the year amounted to approximately \$2,768,025 (2011 - \$2,802,525).

14. Ontario Student Opportunity Trust Fund:

The following information outlines the activity of the Ontario Student Opportunity Trust Fund. These amounts are reflected in the net assets restricted for student purposes.

Schedule of donations received between April 1 and March 31:

	2012	2011
Cash donations matched between April 1 and March 31	\$ -	\$ -
Unmatched cash donations	-	-
Total cash donations	\$ -	\$ -

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Notes to Financial Statements

Year ended March 31, 2012

14. Ontario Student Opportunity Trust Fund (continued):

Schedule of Changes in Endowment Fund Balance for the year April 1 to March 31:

	2012	2011
Balance, beginning of year	\$ 664,172	\$ 664,172
Eligible cash donations received between April 1 and March 31	-	-
Matching funds received/receivable from MTCU	-	-
Fund balance at end of year	\$ 664,172	\$ 664,172

Schedule of Changes in Expendable Funds Available for Awards for the year April 1 to March 31:

	2012	2011
Balance, beginning of year	\$ 99,256	\$ 87,912
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	32,628	46,469
Bursaries awarded (total number: 94)	(49,223)	(35,125)
Balance, end of year	\$ 82,661	\$ 99,256
The endowment total based on book value at March 31	\$ 746,832	\$ 763,428

The market value of the endowment and expendable fund at March 31, 2012 was \$1,181,596 (2011 - \$1,103,431).

Report of Awards Issued for the year April 1, 2011 to March 31, 2012:

	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	53	\$30,864	41	\$18,759	94	\$49,223

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

15. Ontario Student Opportunity Trust Fund II:

Schedule of donations received between April 1 and March 31:

	2012	2011
Cash donations matched between April 1 and March 31	\$ -	\$ -
Unmatched cash donations	-	-
Total cash donations	\$ -	\$ -

Schedule of Changes in Endowment Fund Balance for the year April 1 to March 31:

	2012	2011
Balance, beginning of year	\$ 331,340	\$ 331,340
Eligible cash donations received between April 1 and March 31	-	-
Matching funds received/receivable from MTCU	-	-
Fund balance at end of year	\$ 331,340	\$ 331,340

Schedule of Changes in Expendable Funds Available for Awards for the year April 1 to March 31:

	2012	2011
Balance, beginning of year	\$ 11,513	\$ 559
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	23,754	20,854
Bursaries awarded (total number: 34)	(20,950)	(9,900)
Balance, end of year	\$ 14,317	\$ 11,513
The endowment total based on book value at March 31	\$ 345,657	\$ 342,853

The market value of the endowment at March 31, 2012 was \$ 456,468 (2011 - \$427,774).

Report of Awards Issued for the year April 1, 2011 to March 31, 2012:

	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	15	\$11,150	19	\$9,800	34	\$20,950

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Notes to Financial Statements

Year ended March 31, 2012

16. Ontario Trust for Student Support:

Schedule of donations received between April 1 and March 31:

	2012	2011
Cash donations matched between April 1 and March 31	\$ 128,407	\$ 143,868
Unmatched cash donations	4,997	2,220
Total cash donations	\$ 133,404	\$ 146,088

Schedule of Changes in Endowment Fund Balance for the year April 1 to March 31:

	2012	2011
Balance, beginning of year	\$ 2,083,474	\$1,766,356
Eligible cash donations received between April 1 and March 31	133,404	146,088
Matching funds received/receivable from MTCU	128,407	171,030
Fund balance at end of year	\$ 2,345,285	\$ 2,083,474

Schedule of Changes in Expendable Funds Available for Awards for the year April 1 to March 31:

	2012	2011
Balance, beginning of year	\$ 88,052	\$ 56,133
Realized investment income, net of direct investment-related expense and preservation of capital contributions	59,105	79,719
Bursaries awarded (total number:131)	(84,050)	(47,800)
Balance, end of year	\$ 63,107	\$ 88,052
The endowment total based on book value at March 31	\$ 2,408,392	\$ 2,171,526

The market value of the endowment at March 31, 2012 was \$ 2,731,008 (2011 - \$2,317,980).

Report of Awards Issued for the year April 1, 2011 to March 31, 2012:

	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	62	\$ 42,400	69	\$ 41,650	131	\$84,050

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

17. Comparative amounts:

Certain 2011 comparative amounts have been reclassified to reflect the financial statement presentation adopted for 2012. The 2011 excess of revenue over expenses was reduced by \$317,119 to present endowment contributions as a direct increase to net assets.

18. Commitments:

The College has entered into an agreement to construct a new Health and Wellness building. The construction start date is March 2012, and the expected occupancy date is June 2013. The expected cost to build is \$12.5 million, funded by the following: \$4.0 million from Provincial government, \$ 4.0 million by the Inspiring Growth Capital Campaign, \$3.9 million from the Student Administrative Council, and \$0.6 million from other sources. Project costs of \$294,368 incurred to March 31, 2012 have been capitalized as Work in Process.

19. Contingencies:

The College is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of the administration, a liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the College. Losses, if any, arising from these matters will be accounted for in the year in which they are resolved.

20. Financial instruments:

(a) Fair value of financial assets and financial liabilities:

The carrying values of the College's cash and temporary investments, accounts receivable, grants and reimbursements receivable, pledges receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because of the current nature of the terms on these instruments.

The investments are recorded at fair value.

(b) Concentrations of credit risk:

The College is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Credit exposure is minimized by dealing mostly with credit worthy counterparties such as government agencies and public companies. The College also enforces approved collection policies for student accounts.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

20. Financial instruments (continued):

(c) Capital disclosures:

The College considers its operating capital to consist of long-term debt, net assets invested in capital assets, internally restricted net assets and unrestricted net assets. The College's overall objective for its capital is to fund capital assets, future projects and ongoing operations. The College manages its capital by appropriating amounts to internally restricted net assets for anticipated future projects, contingencies and other capital requirements.

The College also considers its endowments, as part of its capital. The College's objective with regards to endowments is to grow the endowment principal and maximize investment income to increase funding for student aid.

The College may not incur a deficit without the approval of the Minister of Training, Colleges and Universities of Ontario. The College would be required to eliminate any accumulated deficit within a prescribed period time.

The College is not subject to any other externally imposed capital requirements and its approach to capital management remains unchanged from the prior year.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

21. Analysis of Expenses:

	2012	2011
Salaries:		
Administration	\$ 5,021,486	\$ 4,769,741
Academic	15,292,608	15,075,238
Support	8,723,061	9,003,270
Other salaries	200,338	173,082
Early retirement incentive	300,000	-
Benefits	6,576,588	6,503,600
Building repairs and maintenance	413,872	197,489
Contracted security services	137,177	127,295
Contracted services	1,314,324	1,996,327
Cost of goods sold	173	763
Equipment maintenance and repairs	807,148	523,240
Field work	66,213	65,147
Furniture and equipment purchases	466,850	507,574
Furniture and equipment rental	120,403	141,381
Grounds maintenance	70,203	65,003
Instructional and resource supplies	1,301,247	1,367,514
Insurance	275,599	275,746
Interest and bank charges	453,530	454,559
Janitorial and maintenance supplies	75,437	67,245
Municipal tax levy	186,252	167,455
Office supplies	119,891	203,419
Premise rental	222,742	208,204
Professional development	58,968	49,714
Professional fees	360,657	570,783
Promotion and public relations	549,143	645,484
Provision for (recovery of) doubtful accounts	100,467	(38,235)
Staff employment	107,876	77,017
Telecommunications	147,669	158,341
Training subsidies and allowances	1,292,446	915,890
Travel and conference	318,983	427,403
Utilities	1,065,927	916,362
Vehicle expense	86,327	78,255
Restricted for student purposes	1,793,759	2,017,862
Provision for (recovery of) employee benefit obligations	144,735	(22,854)
Amortization of capital assets	3,037,138	2,106,123
	\$ 51,209,237	\$ 49,795,438

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Revenue

Year ended March 31, 2012, with comparative figures for 2011

Schedule 1

	2012	2011
Grants and reimbursements:		
Operating grants	\$ 15,473,857	\$ 15,946,901
Special purpose grants	11,197,901	12,030,023
Apprentice training	1,571,676	1,887,279
Ontario training strategies	3,239,889	2,676,602
Other	2,021,309	4,288,961
	<u>33,504,632</u>	<u>36,829,766</u>
Tuition fees:		
Full-time post-secondary	6,407,317	5,912,752
Other	2,257,218	2,020,178
	<u>8,664,535</u>	<u>7,932,930</u>
Ancillary operations	1,055,698	1,164,979
Miscellaneous:		
Contract educational services	373,793	407,438
Sale of course products and services	295,733	288,750
Other	2,675,271	2,494,286
	<u>3,344,797</u>	<u>3,190,474</u>
Restricted for student purposes	2,363,759	2,503,976
Amortization of deferred contributions related to capital assets	2,327,342	1,553,515
	<u>\$ 51,260,763</u>	<u>\$ 53,175,640</u>

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Academic Expenses

Year ended March 31, 2012, with comparative figures for 2011

Schedule 2

	2012	2011
Salaries:		
Administration	\$ 1,417,266	\$ 1,356,463
Academic	14,672,101	14,332,406
Support	2,620,097	2,516,971
Other salaries	9,389	11,689
Early retirement incentive	200,000	-
Benefits	3,962,405	3,808,249
Building repairs and maintenance	5,865	9,162
Contracted security services	944	644
Contracted services	619,822	1,002,672
Equipment maintenance and repairs	654,095	296,565
Field work	66,213	65,147
Furniture and equipment purchases	166,986	170,086
Furniture and equipment rental	2,367	2,064
Grounds maintenance	21,346	15,647
Instructional supplies	834,547	928,052
Insurance	132,021	135,386
Interest and bank charges	-	303
Janitorial and maintenance supplies	64	655
Municipal tax levy	15,694	14,905
Office supplies	24,620	68,044
Premise rental	65,624	62,740
Professional development	16,469	18,904
Professional fees	57,567	56,664
Promotion and public relations	18,437	22,377
Staff employment	11,186	9,677
Telecommunications	19,644	20,739
Travel and conference	89,055	126,544
Training, subsidies and allowances	1,078	21,473
Utilities	54,103	37,897
Vehicle expense	51,889	53,032
	\$ 25,810,894	\$ 25,165,157

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Educational Resources Expenses

Year ended March 31, 2012 with comparative figures for 2011

Schedule 3

	2012	2011
Salaries:		
Administration	\$ 195,148	\$ 156,635
Academic	242,859	236,324
Support	814,244	801,003
Other salaries	47,987	68,850
Benefits	300,433	312,214
Contracted services	61,861	112,986
Equipment maintenance and repairs	32,651	29,416
Furniture and equipment purchases	54,886	31,350
Furniture and equipment rental	73,442	84,068
Instructional supplies	178,228	147,604
Office supplies	9,050	11,715
Professional development	126	30
Professional fees	6,784	6,638
Promotion and public relations	4,231	4,499
Telecommunications	1,388	1,900
Travel and conference	6,761	6,854
	\$ 2,030,079	\$ 2,012,086

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Student Services Expenses

Year ended March 31, 2012 with comparative figures for 2011

Schedule 4

	2012	2011
Salaries:		
Administration	\$ 412,043	\$ 250,339
Support	1,107,010	1,302,473
Other salaries	63,767	37,721
Early retirement incentive	25,000	-
Benefits	396,615	388,103
Building repairs and maintenance	-	4,097
Contracted services	16,206	15,980
Equipment maintenance and repairs	171	3,599
Furniture and equipment purchases	17,255	3,717
Furniture and equipment rental	12,328	13,725
Instructional supplies	80,857	48,662
Janitorial and maintenance supplies	2,465	1,730
Office supplies	8,022	19,611
Premise rental	4,917	531
Professional fees	40,796	29,809
Promotion and public relations	67,211	67,388
Telecommunications	8,894	9,479
Travel and conference	85,364	71,530
Vehicle expense	32,236	19,962
	\$ 2,381,157	\$ 2,288,456

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Administrative Expenses

Year ended March 31, 2012 with comparative figures for 2011

Schedule 5

	2012	2011
Salaries:		
Administration	\$ 2,039,998	\$ 2,037,742
Academic	9,712	10,978
Support	1,539,800	1,680,950
Other salaries	9,744	14,084
Early retirement incentive	25,000	-
Benefits	933,524	929,064
Building repairs and maintenance	308,524	11,773
Contracted services	396,615	383,074
Equipment maintenance and repairs	117,565	192,652
Furniture and equipment purchases	173,203	112,575
Furniture and equipment rental	30,902	35,298
Grounds maintenance	-	2,334
Instructional supplies	34,601	40,505
Insurance	142,893	139,496
Interest and bank charges	77,560	78,286
Municipal tax levy	170,558	152,550
Office supplies	44,716	49,647
Premise rental	2,792	-
Professional development	37,867	26,384
Professional fees	239,004	331,774
Promotion and public relations	364,099	370,561
Provision for doubtful accounts (recovery)	100,467	(38,235)
Staff employment	96,690	66,684
Telecommunications	78,681	79,202
Travel and conference	74,152	124,352
Vehicle expense	1,797	2,319
	\$ 7,050,464	\$ 6,834,049

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Plant Expenses

Year ended March 31, 2012, with comparative figures for 2011

Schedule 6

	2012	2011
Salaries:		
Administration	\$ 157,650	\$ 169,903
Support	1,019,799	1,100,150
Other salaries	9,945	1,524
Early retirement incentive	25,000	-
Benefits	317,582	340,672
Building repairs and maintenance	67,245	78,282
Contracted security services	104,945	94,097
Contracted services	17,255	12,762
Furniture and equipment purchases	4,130	5,995
Furniture and equipment rental	481	3,847
Grounds maintenance	9,754	6,815
Instructional supplies	2,372	2,148
Insurance	685	864
Janitorial and maintenance supplies	71,463	63,014
Office supplies	814	576
Professional fees	1,606	1,925
Promotional and public relations	527	486
Telecommunications	3,130	3,381
Travel and conference	531	1,747
Utilities	936,272	802,889
Vehicle expense	405	2,942
	\$ 2,751,591	\$ 2,694,020

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Ancillary Operations Expenses

Year ended March 31, 2012, with comparative figures for 2011

Schedule 7

	2012	2011
Salaries:		
Administration	\$ 134,760	\$ 130,229
Support	298,582	316,511
Other salaries	10,548	14,447
Benefits	137,000	127,385
Building repairs and maintenance	27,439	67,021
Contracted security services	31,288	32,554
Contracted services	57,448	45,879
Cost of goods sold	173	763
Equipment maintenance and repairs	1,292	287
Furniture and equipment purchases	2,412	41,503
Grounds maintenance	39,103	40,207
Instructional supplies	27,769	26,743
Interest on long-term debt	375,970	375,970
Janitorial and maintenance supplies	1,445	1,846
Office supplies	2,397	3,536
Premise rental	13,800	-
Professional fees	154	148
Promotion and public relations	303	1,317
Telecommunications	2,982	2,280
Utilities	69,936	70,655
	\$ 1,234,801	\$ 1,299,281

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Ontario Training Strategies Expenses

Year ended March 31, 2012, with comparative figures for 2011

Schedule 8

	2012	2011
Salaries:		
Administration	\$ 386,412	\$ 356,727
Academic	326,103	374,362
Support	1,142,184	1,107,318
Other salaries	39,081	9,058
Early retirement incentive	25,000	-
Benefits	463,905	514,298
Building repairs and maintenance	1,017	26,448
Contracted services	119,005	265,940
Equipment maintenance and repairs	1,374	260
Furniture and equipment purchases	35,497	90,547
Furniture and equipment rental	883	2,380
Instructional supplies	52,553	38,202
Office supplies	23,235	34,854
Premise rental	121,799	102,423
Professional development	4,506	4,396
Professional fees	6,990	137,697
Promotion and public relations	61,265	152,714
Telecommunications	27,260	37,593
Travel and conference	50,272	62,790
Training, subsidies and allowances	956,789	641,934
Utilities	5,616	4,920
	\$ 3,850,746	\$ 3,964,861

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Special Projects Expenses

Year ended March 31, 2012, with comparative figures for 2011

Schedule 9

	2012	2011
Salaries:		
Administration	\$ 278,209	\$ 311,703
Academic	41,835	121,168
Support	181,345	177,894
Other salaries	9,877	15,708
Benefits	65,124	83,615
Building repairs and maintenance	3,782	706
Contracted services	26,112	157,034
Equipment maintenance and repairs	-	461
Furniture and equipment purchases	12,481	51,801
Instructional supplies	90,320	135,598
Office supplies	7,037	15,435
Premise rental	13,810	42,510
Professional fees	7,756	6,129
Promotion and public relations	33,070	26,142
Staff employment	-	657
Telecommunications	5,690	3,767
Travel and conference	12,848	33,586
Training, subsidies, and allowances	334,579	252,483
	\$ 1,123,875	\$ 1,436,397