

Financial Statements of

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

Year ended March 31, 2008

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Financial Statements

Year ended March 31, 2008

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Auditors' Report

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

We have audited the statement of financial position of Sault College of Applied Arts and Technology as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the college's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the college as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
May 5, 2008

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current		
Cash (note 3)	\$ 4,796,837	\$ 7,437,640
Temporary investments (market value: \$ 15,923,218 2007; \$9,396,239) (note 3)	15,928,584	9,397,371
Accounts receivable	653,513	502,920
Grants and reimbursements receivable	1,899,612	1,962,617
Inventory	18,734	16,072
Prepaid expenses	86,898	104,457
	<u>23,384,178</u>	<u>19,421,077</u>
Sinking fund investment (note 2)	2,841,841	2,600,989
Capital assets (note 4)	25,794,835	23,814,972
	<u>\$ 52,020,854</u>	<u>\$ 45,837,038</u>
Liabilities, Deferred Contributions and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 5,575,806	\$ 5,116,856
Deferred Tuition Fees	513,968	368,283
Payable to the Ministry of Training, Colleges and Universities	211,731	70,705
Current portion of long-term obligations (note 9)	64,705	360,587
	<u>6,366,210</u>	<u>5,916,431</u>
Long-term obligations:		
Capital leases and mortgage (note 9)	4,100,000	4,164,475
Vested sick leave benefits	1,102,387	1,090,930
Employee future benefits	767,000	769,000
	<u>5,969,387</u>	<u>6,024,405</u>
Deferred contributions:		
Expenses of future periods (note 6)	728,712	1,159,230
Capital assets (note 7)	27,234,720	23,816,416
	<u>27,963,432</u>	<u>24,975,646</u>
Net assets:		
Unrestricted (deficit):		
Operating	7,055,970	5,667,697
Employment related	(5,003,771)	(4,537,794)
	<u>2,052,199</u>	<u>1,129,903</u>
Invested in capital assets	6,116,555	4,664,292
Restricted for student purposes	3,356,512	2,936,123
Internally restricted	196,559	190,238
	<u>11,721,825</u>	<u>8,920,556</u>
	<u>\$ 52,020,854</u>	<u>\$ 45,837,038</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, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Grants and reimbursements	\$ 31,901,019	\$ 30,670,466
Tuition fees	5,448,910	5,243,242
Ancillary operations	947,171	739,869
Other	2,596,638	2,120,324
Restricted for student purposes	2,209,750	2,618,678
Amortization of deferred capital contributions	1,395,343	1,274,553
	<u>44,498,831</u>	<u>42,667,132</u>
Expenses:		
Academic	20,703,385	19,772,283
Educational resources	1,608,726	1,492,547
Student services	1,943,504	1,826,346
Administrative	5,911,444	5,453,937
Plant	2,350,908	2,147,695
Ancillary operations	1,254,079	1,133,776
Ontario training strategies	3,027,106	2,424,389
Special projects	286,294	645,600
Restricted for student purposes	1,678,184	2,010,561
Provision for (recovery of) employee benefit obligations	465,977	(193,253)
Amortization of capital assets	2,570,553	2,454,017
	<u>41,800,160</u>	<u>39,167,898</u>
Excess of revenue over expenses before the under noted	2,698,671	3,499,234
Gain (loss) on disposal of capital assets	98,497	112,965
Excess of revenue over expenses	\$ 2,797,168	\$ 3,612,199

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, 2008, with comparative figures for 2007

	Unrestricted		Employment related	Invested in capital assets	Restricted for student purposes	Internally restricted	Total	
	Operating	Employment					2008	2007
Net asset, beginning of year	\$5,667,697	\$(4,537,794)		\$4,664,292	\$2,936,123	\$190,238	\$8,920,556	\$5,308,357
Excess (deficiency) of revenue over expenses	3,561,115	(465,977)		(835,857)	531,566	6,321	2,797,168	3,612,199
Unrealized gain (loss) on investments	1,934				2,167		4,101	-
Invested in capital assets	(2,174,776)		-	2,288,120	(113,344)	-	-	-
Net assets, end of year	\$7,055,970	\$(5,003,771)		\$6,116,555	\$3,356,512	\$196,559	\$11,721,825	\$8,920,556

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, 2008, with comparative figures for 2007

	2008	2007
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 2,797,168	\$ 3,612,199
Items not involving cash:		
Amortization of capital assets	2,570,553	2,454,017
Amortization of deferred capital contributions	(1,395,343)	(1,274,553)
(Gain) loss on disposal of capital assets	(98,497)	(112,965)
Future benefits and vested sick leave liability	9,457	(148,787)
Net increase (decrease) in deferred contributions related to expenses of future periods	(430,518)	(90,786)
	3,452,820	4,439,125
Changes in non-cash working capital balances:		
Accounts receivable	(150,593)	445,626
Grants and reimbursements receivable	63,005	(237,738)
Inventories	(2,662)	10,650
Prepaid expenses	17,559	(50,269)
Accounts payable and accrued liabilities	458,950	(1,713,015)
Payable to Ministry of Training Colleges and Universities	141,026	(76,303)
Deferred Tuition Fees	145,685	(134,618)
	4,125,790	2,683,458
Cash flows from financing and investing activities:		
Sinking fund investment	(240,852)	(220,439)
Unrealized gain on investments	4,101	-
Repayment of long-term obligations	(360,358)	(394,048)
Purchase of capital assets	(4,550,416)	(1,520,871)
Deferred capital contribution	4,906,327	1,855,221
Proceeds on disposal of capital assets	5,818	20,286
	(235,380)	(260,211)
Increase in cash	3,890,410	2,423,247
Cash and temporary investments, beginning of year	16,835,011	14,411,764
Cash and temporary investments, end of year	\$ 20,725,421	\$ 16,835,011

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, 2008

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, sources of financing and expenditures of the operating fund, capital fund, student and bursary 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 incurred 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 and the interest thereon are recognized as direct increases in net assets restricted for student purposes.

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.

(c) Temporary investments:

Temporary investments are designated as available for sale and are recorded at fair value. Unrealized gains or losses from the change in fair value are recorded in the statement of changes in net assets. Fair value is determined at quoted market prices. Sales and purchases of investments are recorded on the settlement date. Transaction costs related to the acquisition of investments are recorded against the realized investment income of the related fund.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

1. Significant accounting policies (continued):

For the 2007 comparative period, temporary investments are recorded at the lower of cost or fair value.

(d) Sinking fund investment:

The sinking fund investment is designated as held to maturity and is measured at the amortized cost using the effective interest method.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives as follows:

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

(f) Work in process:

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

(f) 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.

(g) 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. Actual results could differ from management's best estimates as additional information becomes available.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

2. Accounting changes - financial instruments:

In 2005, The Canadian Institute of Chartered Accountants released *Handbook Section 3855, Financial Instruments - Recognition and Measurement, and Section 3865 Hedges*. These new standards changed the way certain financial assets and liabilities are accounted for and reported in the financial statements.

The College classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The College's accounting policy for each category is as follows:

(1) Held for Trading:

Financial instruments are classified under this category if they are:

- (i) acquired principally for the purpose of selling or repurchasing in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- (iii) a derivative, except for a derivative that is a financial guarantee contract or designated effective hedging instrument; or
- (iv) designated at fair value using the fair value option category after inception. For designation at fair value using the fair value option, reliable fair values must be readily available.

(2) Held to Maturity:

Held to maturity investments include financial assets with fixed or determinable payments that the College has the intention and ability to hold to maturity. Investments classified as held to maturity are initially recognized at fair value. They are subsequently value to amortized cost using the effective interest method less any provision for impairment.

(3) Available for Sale:

Available for sale assets are non-derivative financial assets that are designated as available for sale or are not categorized into any categories above. Marketable securities have been classified as available for sale. When the securities have a quoted market price in the active market, they are carried at fair value with the changes in fair value recognized in the appropriate fund balance. If there is not a quoted market price in an active market, they are carried at cost. Where a decline in fair value exists, and is determined to be other than temporary, the amount of the loss is removed from the fund balance and recognized in the Statement of Operations. Transactions costs related to available for sale investments are included in the amount initially recognized.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

2. Accounting changes - financial instruments (continued):

(4) Loans and Receivables:

Loans and receivable are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. These financial instruments are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are included in the amount initially recognized.

(5) Other Financial Liabilities:

Financial instruments classified as other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in net income (loss) over the expected life of the instruments. Transaction costs are expensed when incurred.

The College elected to adopt these Sections effective April 1, 2007. In accordance with the transitional provisions of these Sections, the College has retroactively adopted the recommendations without restatement of prior periods, and therefore the 2007 comparative figures have not been restated.

(a) Temporary investments:

The College has designated its temporary investments as available for sale and, as such, these investments are recorded at fair value for the 2008 fiscal year. Prior to fiscal 2007, temporary investments were recorded at cost and realized gains and losses were recognized in year of disposal.

As a result of adopting these Sections the opening balance of the Investments in fiscal 2008 has been increased by \$142,969 to \$ 9,396,371 to reflect the prior year's net appreciation of the fair value of temporary investments.

(b) Sinking fund investment:

The sinking fund investment consists 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 College has designated the sinking fund investment as held to maturity. The sinking fund investment is recorded at cost plus accrued interest at the yield to maturity rate of the investment.

As a result of adopting these Sections the opening balance in the Sinking fund investment remained unchanged.

The fair value of these coupons at March 31, 2008 is \$ 3,498,645 (2007 - \$3,306,765) being the quoted market value.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

3. Cash and Temporary investments:

Cash and temporary investments include the following amounts:

	2008	2007
Restricted for student purposes	\$ 1,315,020	\$ 1,021,719
Restricted for endowment purposes	2,520,327	1,943,269
Internally restricted	196,559	190,238
Capital assets	8,879,175	6,589,684
Cash and temporary investments on hand	7,814,340	7,090,101
	<u>\$ 20,725,421</u>	<u>\$ 16,835,011</u>

4. Capital assets:

	2008		
	Cost	Accumulated amortization	Net book value
Land	\$ 671,255	\$ -	\$ 671,255
Buildings	41,502,560	19,906,624	21,595,936
Site improvements	1,020,882	691,929	328,953
Equipment	7,146,982	6,506,315	640,667
Vehicles	230,245	174,005	56,240
Furniture and fixtures	377,202	289,055	88,147
Computer equipment	11,134,574	9,110,284	2,024,290
Aircraft	3,225,354	2,936,017	289,337
Work in process	100,010	-	100,010
	<u>\$ 65,409,064</u>	<u>\$ 39,614,229</u>	<u>\$ 25,794,835</u>

Capital assets:

	2007		
	Cost	Accumulated amortization	Net book value
Land	\$ 671,255	\$ -	\$ 671,255
Buildings	37,670,326	19,013,412	18,656,914
Site improvements	953,999	644,078	309,921
Equipment	7,104,591	6,092,503	1,012,088
Vehicles	178,300	157,753	20,547
Furniture and fixtures	354,325	236,779	117,546
Computer equipment	10,700,497	8,048,185	2,652,312
Aircraft	3,225,354	2,850,965	374,389
	<u>\$ 60,858,647</u>	<u>\$ 37,043,675</u>	<u>\$ 23,814,972</u>

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

4. Capital assets (continued):

Assets held under capital leases totaling \$1,333,838 (2007 - \$1,871,140) with related accumulated amortization in the amount of \$1,202,997 (2007 - \$1,231,048) are included in capital assets.

5. Employment-related obligations:

	2008	2007
Non-pension post-employment benefits	\$ 767,000	\$ 769,000

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, 2008 amounted to \$871,000 (2007 - \$ 523,000). Expenses recorded in the year were \$2,000 – recovery (2007 - \$99,000 - recovery). The benefits paid out in the year were \$61,000 (2007 - \$52,000). These amounts represent the actuarial valuation filed as of March 1, 2008.

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:

	2008	2007
Accrued benefit obligation	\$ 844,000	\$ 848,000
Fair value of plan assets	(77,000)	(79,000)
Plan deficit	\$ 767,000	\$ 769,000

The significant assumptions used are as follows:

	2008	2007
Discount rate	5.50%	4.85%
Health Care Trend Rate		
- Drugs (grading down to 5.5% in 2018)	10.5%	9%
- Hospital and other medical	5%	5%
- Dental cost (grading down to 4.5% in 2014)	7.5%	4%

Included in accounts payable is an accrual for vacation pay totaling \$3,134,384 (2007 - \$2,677,864).

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

6. Deferred contributions for expenses of future periods:

Deferred contributions consist of the following:

	2008	2007
Balance, beginning of year	\$ 1,159,230	\$ 1,250,016
Additional contributions received	1,313,407	2,010,266
Amounts taken into revenue	(1,743,925)	(2,101,052)
	<u>\$ 728,712</u>	<u>\$ 1,159,230</u>

7. Deferred contributions for capital assets:

Deferred contributions 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:

	2008	2007
Balance, beginning of year	\$ 23,816,416	\$ 23,328,427
Contributions received	4,906,326	1,855,221
Amortization	(1,488,022)	(1,367,232)
Balance, end of year	<u>\$ 27,234,720</u>	<u>\$ 23,816,416</u>

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

	2008	2007
Unamortized capital contributions used to purchase assets	\$ 18,526,441	\$ 17,391,809
Unspent contributions	8,708,279	6,424,607
Balance, end of year	<u>\$ 27,234,720</u>	<u>\$ 23,816,416</u>

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

8. Invested in capital assets:

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

	2008	2007
Excess of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 1,395,343	\$ 1,274,553
Amortization of capital assets	(2,570,553)	(2,454,017)
Investment income	240,856	220,443
Gain (loss) on disposal of capital assets	98,497	112,965
	<u>\$ (835,857)</u>	<u>\$ (846,056)</u>

	2008	2007
Net investment in capital assets:		
Capital assets acquired	\$ 4,550,416	\$ 1,520,871
Repayment of long-term obligations	360,358	394,408
Amounts funded by deferred contributions	(2,622,654)	(1,293,899)
	<u>\$ 2,288,120</u>	<u>\$ 621,380</u>

Net assets invested in capital assets are represented by:

	2008	2007
Cash	\$ 8,879,175	\$ 6,589,684
Investments	129	125
Sinking fund investment	2,841,841	2,600,989
Capital assets, net book value	25,794,835	23,814,972
	<u>37,515,980</u>	<u>33,005,770</u>
Less:		
Deferred contributions related to capital assets	27,234,720	23,816,416
Long-term obligations	4,164,705	4,525,062
	<u>31,399,425</u>	<u>28,341,478</u>
Net assets invested in capital assets	<u>\$ 6,116,555</u>	<u>\$ 4,664,292</u>

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

9. Capital leases and mortgage:

	2008	2007
5.744% Lease, payable \$10,056 monthly, maturing October 2007, secured by certain aircraft	\$ -	\$ 70,392
5.918% Lease, payable \$5,049 monthly, maturing April 2008, secured by certain aircraft	5,049	65,637
5.211% Lease, payable \$19,581 monthly, maturing June 2008, secured by flight simulators	58,743	293,715
	63,792	429,744
Less amount representing interest	913	4,682
	64,705	425,062
9.17% Mortgage, interest payable semi-annually, principal due in 2012, secured by a first mortgage on the student residence building (fair market value \$4,200,000)	4,100,000	4,100,000
	4,164,705	4,525,062
Less current portion	64,705	360,587
	\$ 4,100,000	\$ 4,164,475

Minimum lease payments in the next year is as follows:

2009	\$ 64,705
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THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

10. Internally restricted net assets:

The Ministry of Training Colleges and Universities established a policy limiting the amount of unrestricted net assets of individual colleges. In implementing this policy, the Ministry may require the College to allocate funds for specific purposes. At March 31, 2008, Sault College did not contravene this policy.

Sault College appropriates amounts from unrestricted net assets to cover anticipated future operating expenditures. The actual costs are recorded as operating expenditures in the year in which they are incurred.

By resolution of the Board of Governors, accumulated appropriations from unrestricted net assets balance at March 31, 2008 have been made to the Joint Employment Stability Reserve Fund in the amount of \$ 196,559.

11. Pension plans:

Full time employees are participants in the multi-employer contributory retirement pension plans administered by the Board of Trustees of the CAAT Pension Plan. These plans are defined benefit plans, which specify the amount of the retirement benefit to be receivable by the employees based on length of service and rates of pay. The College makes contributions to these plans equal to those of the employees. Employer contributions amounted to \$ 1,795,154 (2007 - \$1,666,381).

12. 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.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

13. Other information:

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:

	2008	2007
Cash donations matched between April 1 and March 31	\$ —	\$ —
Unmatched cash donations	—	—
Total cash donations	—	—

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

	2008	2007
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 Period April 1 to March 31:

	2008	2007
Balance, beginning of year	\$ 71,174	\$ 79,348
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	37,255	35,994
Bursaries awarded (total number: 65)	(37,019)	(44,168)
Balance, end of year	\$ 71,410	\$ 71,174
The endowment total based on book value at March 31, 2008	\$ 735,582	\$ 735,346

The market value of the endowment and expendable funds at March 31, 2008 was \$955,650.

Report of Awards Issued for the Period April 1, 2007 to March 31, 2008:

	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	23	\$ 14,942	42	\$ 22,077	65	\$ 37,019

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

14. Ontario Student Opportunity Trust Fund II:

Schedule of donations received for the year:

	2008	2007
Cash donations matched between April 1 and March 31	\$ -	\$ -
Unmatched cash donations	-	-
Total cash donations	-	-

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

	2008	2007
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 Period April 1 to March 31:

	2008	2007
Balance, beginning of year	\$ 5,481	\$ 7,674
Realized investment income, net of direct investment- related expenses and preservation of capital contributions	15,266	15,207
Bursaries awarded (total number: 24)	(14,900)	(17,400)
Balance, end of year	\$ 5,847	\$ 5,481
The endowment total based on book value at March 31, 2008	\$ 337,187	\$ 336,821

The market value of the endowment at March 31, 2008 was \$ 384,466.

Report of Awards Issued for the Period April 1, 2007 to March 31, 2008:

	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	10	\$ 7,200	14	\$ 7,700	24	\$ 14,900

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

15. Ontario Trust for Student Support:

Schedule of donations received between April 1 and March 31:

	2008	2007
Cash donations matched between April 1 And March 31	\$ 124,302	\$ 124,684
Unmatched cash donations	-	-
Total cash donations	\$ 124,302	\$ 124,684

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

Balance, beginning of year	\$ 803,471	\$ 470,295
Eligible cash donations received between April 1 and March 31	124,302	124,684
Matching funds received/receivable from MTCU	206,950	208,492
Fund balance at end of year	\$ 1,134,723	\$ 803,471

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

	2008	2007
Balance, beginning of year	\$ 494	\$ 507
Realized investment income, net of direct investment- related expense and preservation of capital contributions	41,291	20,287
Bursaries awarded (total number:36)	(26,800)	(20,300)
Balance, end of year	\$ 14,985	\$ 494

The endowment total based on book value at March 31, 2008 \$ 1,149,708 \$ 803,965

The market value of the endowment at March 31, 2008 was \$ 1,180,211.

Report of Awards Issued for the Period April 1, 2007 to March 31, 2008:

	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	21	\$ 16,200	15	\$ 10,600	36	\$ 26,800

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

16. Subsequent event:

Subsequent to the year end, the College has tentatively settled a legal matter in their favour with a former vendor. The settlement has not been formally approved by the vendor as of the auditors' report date. The financial impact will be accounted for in the year of formal settlement.

17. Comparative amounts:

Certain 2007 comparative amounts have been reclassified to reflect the financial statement presentation adopted for 2008.



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Auditors' Comments on Supplementary Financial Information

**To the Board of Governors of
Sault College of Applied Arts and Technology**

The audited financial statements of the Sault College of Applied Arts and Technology as at March 31, 2008 and our report thereon dated May 5, 2008 are presented in the preceding section of this annual report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
May 5, 2008

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Revenue

Year ended March 31, 2008, with comparative figures for 2007

Schedule 1

	2008	2007
Grants and reimbursements:		
Operating grants	\$ 26,171,821	\$ 24,836,775
Apprentice training	1,283,692	1,607,151
Ontario training strategies	2,092,759	1,939,468
Other	2,352,747	2,287,072
	<u>31,901,019</u>	<u>30,670,466</u>
Tuition fees:		
Full-time post secondary	3,823,107	3,752,811
Other	1,625,803	1,490,431
	<u>5,448,910</u>	<u>5,243,242</u>
Ancillary operations	947,171	739,869
Miscellaneous:		
Contract educational services	316,971	141,434
Sale of course products and services	297,816	250,059
Other	1,981,851	1,728,831
	<u>2,596,638</u>	<u>2,120,324</u>
Restricted for student purposes	2,209,750	2,618,678
Amortization of deferred contributions related to capital assets	1,395,343	1,274,553
	<u>\$ 44,498,831</u>	<u>\$ 42,667,132</u>

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Academic Expenses

Year ended March 31, 2008, with comparative figures for 2007

Schedule 2

	2008	2007
Salaries:		
Administration	\$ 1,160,973	\$ 1,092,733
Academic	12,065,419	11,304,997
Support	1,879,835	1,801,343
Other salaries	9,148	7,778
Early retirement incentive	8,000	6,251
Benefits	2,982,727	2,950,185
Building repairs and maintenance	15,906	42,056
Contracted security services	690	533
Contracted services	593,523	434,488
Equipment maintenance and repairs	412,925	411,582
Field work	60,868	63,319
Furniture and equipment purchases	109,199	294,743
Furniture and equipment rental	5,259	3,922
Grounds maintenance	13,269	10,797
Instructional supplies	797,513	719,858
Insurance	192,034	219,802
Interest and bank charges	13,469	31,050
Janitorial and maintenance supplies	635	701
Municipal tax levy	20,445	20,159
Office supplies	76,212	66,585
Premise rental	9,158	10,391
Professional development	19,429	19,444
Professional fees	57,685	67,156
Promotion and public relations	11,031	12,000
Staff employment	9,633	2,916
Telecommunications	14,459	19,556
Travel and conference	75,510	73,375
Training, subsidies and allowances	2,400	-
Utilities	47,799	45,822
Vehicle expense	38,232	38,741
	\$ 20,703,385	\$ 19,772,283

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Educational Resources Expenses

Year ended March 31, 2008, with comparative figures for 2007

Schedule 3

	2008	2007
Salaries:		
Administration	\$ 129,068	\$ 119,030
Academic	192,261	210,734
Support	632,718	553,509
Other salaries	42,496	30,084
Benefits	224,203	198,437
Contracted services	61,632	67,012
Equipment maintenance and repairs	29,008	28,364
Furniture and equipment purchases	43,659	20,698
Furniture and equipment rental	55,949	67,392
Instructional supplies	162,903	159,987
Office supplies	24,666	18,805
Professional Development	573	2,784
Professional fees	4,109	8,926
Promotion and public relations	1,373	1,209
Telecommunications	2,754	2,315
Travel and conference	1,354	3,261
	\$ 1,608,726	\$ 1,492,547

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Student Services Expenses

Year ended March 31, 2008, with comparative figures for 2007

Schedule 4

	2008	2007
Salaries:		
Administration	\$ 203,464	\$ 182,518
Support	1,135,835	986,503
Other salaries	10,916	7,424
Benefits	305,793	291,226
Contracted services	10,752	8,215
Equipment maintenance and repairs	702	1,803
Furniture and equipment purchases	8,160	18,283
Furniture and equipment rental	6,761	8,225
Instructional supplies	62,214	26,575
Insurance	394	80,104
Janitorial and maintenance supplies	1,727	3,400
Office supplies	36,428	36,773
Premise rental	1,018	4,993
Professional fees	14,526	12,680
Promotion and public relations	76,091	111,156
Telecommunications	8,642	6,677
Travel and conference	45,835	30,802
Vehicle expense	14,246	8,989
	\$ 1,943,504	\$ 1,826,346

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Administrative Expenses

Year ended March 31, 2008, with comparative figures for 2007

Schedule 5

	2008	2007
Salaries:		
Administration	\$ 1,667,274	\$ 1,403,185
Academic	9,207	9,687
Support	1,339,829	1,226,381
Other salaries	8,040	1,423
Benefits	675,540	665,036
Building repairs and maintenance	982	3,478
Contracted services	295,643	352,613
Equipment maintenance and repairs	211,693	188,748
Furniture and equipment purchases	173,019	115,920
Furniture and equipment rental	34,332	46,031
Instructional supplies	37,423	20,732
Insurance	144,465	145,678
Interest and bank charges	55,346	48,196
Municipal tax levy	138,150	150,375
Office supplies	62,028	73,529
Premise rental	13,441	-
Professional development	50,248	48,542
Professional fees	463,560	491,255
Promotion and public relations	263,320	305,205
Provision for doubtful accounts (recovery)	44,634	(19,735)
Staff employment	33,444	20,748
Telecommunications	72,416	71,341
Travel and conference	107,344	78,379
Vehicle expense	10,066	7,190
	\$ 5,911,444	\$ 5,453,937

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Plant Expenses

Year ended March 31, 2008, with comparative figures for 2007

Schedule 6

	2008	2007
Salaries:		
Administration	\$ 149,393	\$ 95,593
Support	877,114	826,015
Other salaries	6,965	4,900
Benefits	287,522	245,464
Building repairs and maintenance	93,396	66,218
Contracted security services	77,251	76,463
Contracted services	12,720	16,340
Furniture and equipment purchases	3,110	4,069
Furniture and equipment rental	3,884	452
Grounds maintenance	9,828	9,636
Insurance	123	674
Janitorial and maintenance supplies	48,642	51,670
Office supplies	1,322	887
Professional fees	725	1,085
Promotional and Public Relations	5,172	11,181
Telecommunications	3,819	3,568
Travel and conference	1,339	1,373
Utilities	763,855	727,224
Vehicle expense	4,728	4,883
	\$ 2,350,908	\$ 2,147,695

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Ancillary Operations Expenses

Year ended March 31, 2008, with comparative figures for 2007

Schedule 7

	2008	2007
Salaries:		
Administration	\$ 138,341	\$ 120,456
Academic	387	-
Support	310,752	294,850
Other salaries	25,181	18,257
Benefits	125,571	100,219
Building repairs and maintenance	32,212	23,164
Contracted security services	23,364	23,019
Contracted services	55,795	28,186
Cost of goods sold	9,017	2,988
Equipment maintenance and repairs	1,889	2,311
Furniture and equipment purchases	7,848	3,921
Grounds maintenance	55,955	45,792
Instructional supplies	23,016	27,447
Interest on long-term debt	375,970	375,970
Janitorial and maintenance supplies	939	974
Office supplies	3,446	5,976
Professional fees	450	339
Promotion and public relations	1,631	1,993
Telecommunications	1,088	-
Travel and conference	510	1,600
Utilities	60,717	56,314
	\$ 1,254,079	\$ 1,133,776

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Ontario Training Strategies Expenses

Year ended March 31, 2008, with comparative figures for 2007

Schedule 8

	2008	2007
Salaries:		
Administration	\$ 332,014	\$ 217,857
Academic	240,576	258,465
Support	966,145	781,511
Other salaries	8,145	4,290
Benefits	391,215	285,311
Building repairs and maintenance	2,392	-
Contracted services	421,022	212,854
Furniture and equipment purchases	56,732	30,646
Furniture and equipment rental	4,738	3,628
Instructional supplies	64,030	69,523
Office supplies	32,904	36,729
Premise rental	120,981	102,365
Professional development	733	3,262
Professional fees	7,005	3,069
Promotion and public relations	33,835	49,330
Telecommunications	31,282	36,525
Travel and conference	58,315	48,303
Training, subsidies and allowances	250,128	276,807
Utilities	4,914	3,914
	\$ 3,027,106	\$ 2,424,389

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Special Projects Expenses

Year ended March 31, 2008, with comparative figures for 2007

Schedule 9

	2008	2007
Salaries:		
Administration	\$ 60,657	\$ 75,916
Support	52,203	115,434
Other salaries	1,864	4,327
Benefits	11,436	32,650
Building repairs and maintenance	1,383	6,241
Contracted services	76,709	197,961
Equipment maintenance and repairs	7,230	-
Furniture and equipment purchases	29,630	149,053
Furniture and equipment rental	-	478
Instructional supplies	14,778	8,411
Office supplies	5,662	3,755
Premise Rental	2,892	17,140
Professional development	-	4,165
Professional fees	1,640	7,271
Promotion and public relations	-	11,374
Telecommunications	5,475	3,484
Travel and conference	14,735	7,940
	\$ 286,294	\$ 645,600