

Consolidated Financial Statements of

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

Year ended March 31, 2011

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

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Year ended March 31, 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of **The Cambrian College of Applied Arts and Technology**, which comprise the consolidated statement of financial position as at March 31, 2011, the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of The Cambrian College of Applied Arts and Technology as at March 31, 2011, and its consolidated 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.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The letters are slanted and connected, with a long horizontal stroke underneath the entire signature.

Chartered Accountants, Licensed Public Accountants

June 16, 2011
Sudbury, Canada

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

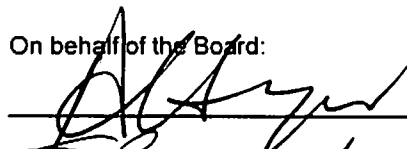
Consolidated Statement of Financial Position

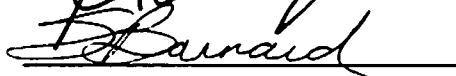
March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|---|-----------------------|--------------------|
| Assets | | |
| Current assets: | | |
| Cash and deposit receipts | \$ 23,979,346 | 15,349,294 |
| Accounts receivable | 3,856,753 | 4,266,096 |
| Grants receivable | 731,327 | 3,169,113 |
| Prepayments and inventories | 582,496 | 478,785 |
| Current portion of notes receivable (notes 2 and 3) | 237,881 | 233,437 |
| | <u>29,387,803</u> | <u>23,496,725</u> |
| Student Centre receivable (note 2) | 2,672,574 | 2,760,096 |
| Student Centre interest rate swaps | 346,400 | 345,186 |
| Note receivable (note 3) | 179,610 | 275,210 |
| Investments (note 4) | 9,801,218 | 9,700,721 |
| Capital assets (note 5) | 76,392,999 | 74,820,443 |
| | <u>\$ 118,780,604</u> | <u>111,398,381</u> |
| Liabilities, Deferred Contributions and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 6) | \$ 8,932,734 | 8,115,235 |
| Employment-related obligations (note 7) | 5,132,789 | 5,649,242 |
| Long-term debt (note 8) | 32,383,390 | 33,746,634 |
| Deferred contributions (note 9) | 7,383,322 | 6,955,278 |
| Deferred capital contributions (note 10) | 49,207,293 | 44,273,981 |
| Interest rate swaps (note 8) | 1,149,527 | 1,177,123 |
| Net assets: | | |
| Unrestricted (deficit): | | |
| Operating | 3,152,423 | 3,046,365 |
| Interest rate swaps (deficit) | (803,127) | (831,937) |
| Employment-related (deficit) | (5,132,789) | (5,649,242) |
| | <u>(2,783,493)</u> | <u>(3,434,814)</u> |
| Capital (note 11) | 7,949,948 | 7,908,280 |
| Restricted (note 12) | 9,425,094 | 7,007,422 |
| | <u>14,591,549</u> | <u>11,480,888</u> |
| Commitments and contingencies (note 14) | | |
| | <u>\$ 118,780,604</u> | <u>111,398,381</u> |

See accompanying notes to consolidated financial statements.

On behalf of the Board:

 Chair, Board of Governors

 President

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|--|---------------------|-------------------|
| Revenue: | | |
| Grants and reimbursements | \$ 50,122,348 | 51,336,397 |
| Tuition fees | 13,677,407 | 12,449,504 |
| Ancillary sales and services | 6,670,815 | 6,283,411 |
| Other | 4,870,397 | 4,192,783 |
| Restricted | 3,785,687 | 4,337,579 |
| Investment | 466,554 | 699,156 |
| Amortization of deferred capital contributions (note 10) | 2,568,825 | 2,503,881 |
| | <u>82,162,033</u> | <u>81,802,711</u> |
| Expenses: | | |
| Academic | 40,996,764 | 43,955,772 |
| Student services | 10,273,845 | 9,873,083 |
| Administration | 5,060,737 | 4,921,257 |
| Physical resources | 6,862,313 | 7,531,002 |
| Ancillary | 6,411,202 | 5,991,342 |
| Change in value of interest rate swaps | (28,810) | (391,757) |
| Supplementary | 1,154,892 | 1,118,683 |
| Restricted | 3,139,972 | 3,865,763 |
| Amortization of capital assets | 4,242,003 | 3,974,497 |
| Other | 938,454 | 385,514 |
| | <u>79,051,372</u> | <u>81,225,156</u> |
| Excess of revenue over expenses | \$ 3,110,661 | 577,555 |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2011, with comparative figures for 2010

| | Unrestricted | | | | Restricted (note 12) | 2011 Total | 2010 Total |
|--|---------------------|-----------------------|------------------------|------------------|-------------------------|-------------------|-------------------|
| | Operating | Employment related | Interest Rate Swaps | Capital | | | |
| Net assets, beginning of year | \$ 3,046,365 | (5,649,242) | (831,937) | 7,908,280 | 7,007,422 | 11,480,888 | 10,903,333 |
| Excess (deficiency) of revenue over expenses | 3,296,361 | 516,453 | 28,810 | (1,376,677) | 645,714 | 3,110,661 | 577,555 |
| Investment in capital assets | (1,330,303) | - | - | 1,418,345 | (88,042) | - | - |
| Interfund transfers | (1,860,000) | - | - | | 1,860,000 | - | - |
| Net assets, end of the year | \$ 3,152,423 | (5,132,789) | (803,127) | 7,949,948 | 9,425,094 | 14,591,549 | 11,480,888 |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|---|----------------------|-------------------|
| Cash flows from operating activities: | | |
| Excess of revenue over expenses | \$ 3,110,661 | 577,555 |
| Adjustments for: | | |
| Amortization of deferred capital contributions | (2,568,825) | (2,503,881) |
| Amortization of capital assets | 4,242,003 | 3,974,497 |
| Provision for employment-related obligations | (516,453) | (823,782) |
| Change in value of interest rate swaps | (28,810) | (391,757) |
| Loss on disposal of capital assets | - | 184,563 |
| | 4,238,576 | 1,017,195 |
| Changes in non-cash working capital (note 15) | 3,560,917 | 1,493,925 |
| | 7,799,493 | 2,511,120 |
| Cash flows from financing and investing activities: | | |
| Purchase of capital assets | (5,814,559) | (6,542,646) |
| Long-term debt incurred | - | 14,274,110 |
| Repayment of long-term debt | (1,363,244) | (9,155,665) |
| Deferred capital contributions received | 7,502,137 | 3,006,168 |
| Deferred contributions | 428,044 | 1,571,696 |
| Increase in investments | (100,497) | (1,150,308) |
| Decrease in note receivable | 95,600 | 33,533 |
| Decrease in Student Centre receivable | 83,078 | 72,460 |
| | 830,559 | 2,109,348 |
| Increase in cash | 8,630,052 | 4,620,468 |
| Cash and deposit receipts, beginning of year | 15,349,294 | 10,728,826 |
| Cash and deposit receipts, end of year | \$ 23,979,346 | 15,349,294 |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

1. Significant accounting policies:

(a) Basis of presentation:

i) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the unrestricted fund, capital fund and restricted fund and include the activities of the Cambrian College of Applied Arts and Technology and Fondation Cambrian Foundation.

ii) Fund accounting:

The accounts are maintained in accordance with the principles of fund accounting. The operating fund accounts for transactions related to the current operations. The capital fund accounts for capital assets and the transactions related to their acquisition, disposal, debt commitments and amortization. Restricted funds consist of internal funds, restricted as to their use within the College.

(b) Revenue recognition:

i) Contributions are accounted for under the deferral method of accounting as follows:

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 are accrued.

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 at rates corresponding to those of the related capital assets.

ii) Tuition fees are recognized as revenue over the teaching days which occur during the fiscal year.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

1. Significant accounting policies (continued):

(c) Capital assets:

Capital asset purchases are recorded at cost. Property and equipment which are donated are recorded at their fair market value at the date of acquisition. Amortization of capital assets is recorded on the straight-line basis at the following annual rates:

| | |
|------------------------|-----------|
| Buildings | 2.5% |
| Parking lots | 10% |
| Property and equipment | 10% - 20% |

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 estimate 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 change is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(d) Employment-related obligations:

Vacation entitlements are accrued for as entitlements are earned (note 7).

Sick leave benefits are accrued when they are vested and subject to pay out when an employee leaves the College employ (note 7).

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 the post-employment benefit 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.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of 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 such estimates and assumptions include the carrying value of capital assets, valuation allowances for receivables; valuation of derivative financial instruments; 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.

(f) Financial instruments:

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

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. Student Centre receivable:

The Student's Associations have approved annual payments to reimburse the College for the related debt repayment on the Student Centre (note 8). The current portion of the amount receivable is \$87,881.

3. Note receivable:

Pursuant to a Memorandum of Agreement, the promissory note receivable from NORCAT is secured by a General Security Agreement on equipment and other assets. The note is non-interest bearing.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

4. Investments:

| | 2011 | | 2010 | |
|--|-----------|-----------|-----------|-----------|
| | Cost | Market | Cost | Market |
| Held-for-trading: | | | | |
| Cash equivalents | \$ – | – | 574,161 | 574,161 |
| Equity funds | 3,244,855 | 3,244,855 | 2,986,590 | 2,986,590 |
| Long-term segregated funds | 4,569,073 | 4,569,073 | 4,266,839 | 4,266,839 |
| Fixed income securities and fixed income funds | 1,605,864 | 1,987,290 | 1,873,131 | 1,954,312 |

The cash equivalents, equity funds, long-term segregated funds and fixed income securities are designated as held-for-trading which are measured at market value.

By Board resolution, the long-term segregated funds investments will be used towards retiring the loan payable to the Canada Pension Plan (note 8).

5. Capital assets:

| | 2011 | | 2010 | |
|-------------------------------|---------------|--------------------------|-------------|--------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Land | \$ 159,066 | – | 159,066 | – |
| Buildings | 100,870,567 | 38,210,916 | 99,687,802 | 35,701,730 |
| Parking lots | 1,222,865 | 679,223 | 1,238,580 | 652,464 |
| Property and equipment | 14,142,548 | 5,572,503 | 14,246,268 | 4,904,776 |
| Construction in progress | 4,460,595 | – | 747,697 | – |
| | 120,855,641 | 44,462,642 | 116,079,413 | 41,258,970 |
| Less accumulated amortization | 44,462,642 | | 41,258,970 | |
| | \$ 76,392,999 | | 74,820,443 | |

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

6. Accounts payable and accrued liabilities:

| | 2011 | 2010 |
|--|--------------|-----------|
| Accounts payable and accrued liabilities | \$ 6,077,269 | 2,727,572 |
| Accrued salaries, wages and benefits | 2,855,465 | 5,387,663 |
| | \$ 8,932,734 | 8,115,235 |

7. Employment-related obligations:

| | 2011 | 2010 |
|--------------------------------------|--------------|-----------|
| WSIB | \$ 197,157 | 197,157 |
| Non-pension post-employment benefits | 754,000 | 774,000 |
| Sick leave benefits | 934,489 | 1,215,542 |
| Vacation | 3,151,074 | 3,256,598 |
| Maternity top-up | 96,069 | 205,945 |
| | \$ 5,132,789 | 5,649,242 |

The College indirectly subsidizes premiums for the group benefits available to early retirees up to September 30, 2005 and the continuation of benefits for individuals on long-term disability.

These amounts represent the result of the actuarial valuation completed as at March 31, 2011.

The accrued benefit obligations accrued at March 31, 2011 amounted to \$747,000 (2010 - \$790,000). The net unamortized actuarial gain on plan assets was \$126,000 (2010 - \$113,000). Benefit plan interest and current service costs recorded in the year were \$15,000 (2010 - \$23,000) and the amortization of actuarial gain of \$Nil. The benefits paid out in the year were \$50,000 (2010 - \$68,000).

Effective September 1, 2005, the cost of the early retiree benefits is no longer subsidized by the College as a result of the separation of the early retirees' benefit premium rate from the active employees' benefit premium rate. Two exceptions to this change are as follows:

- Existing early retirees and employees who retired on or before August 31, 2005 will continue to be experience rated with the active employees and pay subsidized premium rates until age 65; and
- Academic early and normal retirees will continue to pay the same premium rate as the active employees for the Life Insurance benefits to age 75, as outlined in the collective agreement.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

7. Employment-related obligations (continued):

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

| | 2011 | 2010 |
|---|-------|-------|
| Discount rate | 4.75% | 4.75% |
| Health Care Trend Rate: | | |
| - Dental cost (trending to 4.5% in 2023) | 6.9% | 7.0% |
| - Hospital and other medical | 4.5% | 4.5% |
| - Drugs (updated in 2011, reducing to 4.5% in 2023) | 10.5% | 9.5% |

The College is liable to pay 50% of certain faculty members' accumulated sick leave credits on termination or retirement. The MTCU currently undertakes the annual funding of these expenditures.

8. Long-term debt:

| | 2011 | 2010 |
|---------------------------------------|---------------|------------|
| Ontario Financing Authority - Parking | \$ 311,356 | 345,935 |
| - Residence | 10,822,466 | 11,152,759 |
| - Chiller | 2,693,372 | 2,955,912 |
| Mortgage payable - residence | 7,000,000 | 7,000,000 |
| Bankers acceptances - residence | 5,626,242 | 5,940,938 |
| - hydro retrofit | 749,235 | 1,000,649 |
| - Student Centre | 2,760,456 | 2,843,533 |
| NORCAT | 2,420,263 | 2,506,908 |
| | \$ 32,383,390 | 33,746,634 |

The College has entered into an unsecured loan agreement with the Ontario Financing Authority for the Residence, Chiller and parking lot renovations. The Parking lot loan bears interest at a fixed rate of 4.81% and is payable in blended monthly payments of \$4,206 with the final payment due on July 31, 2018. The Residence loan bears interest at a fixed rate of 5.26%, and is repayable in blended monthly payments of \$75,753 with the final payment due on December 31, 2029. The Chiller loan bears interest at a fixed rate of 4.814%, and is payable in blended monthly payments of \$29,961 with the final payment due on November 9, 2019.

The mortgage for the residence is payable to the Canada Pension Plan, bears a fixed interest rate of 9.45% and is secured by a first mortgage on the Barrydowne student residence property and a general assignment of all rents and leases of the mortgaged premises. Interest payments are made semi-annually and the principal amount will be repaid June 1, 2012 (note 4).

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

8. Long-term debt (continued):

The banker acceptances were advanced under variable rate credit facilities in the principal face amounts of \$2.584 and \$3.062 million for the residence and \$.771 and \$2.760 million for the energy asset retrofit and Student Centre. Interest rates are adjusted monthly and were 1.2 – 1.49% plus stamping fees on March 31, 2011. The facilities are secured by a general security agreement. The Students' Associations are responsible to reimburse the College for the debt repayments on the Student Centre (note 2).

The College has entered into interest rate derivative agreements to manage the volatility of interest rates. The College converted floating rate debt for fixed rate debt at 4.39% to 5.74%.

The College has renegotiated the unsecured NORCAT balance with interest at 4.39%, payable in blended monthly payments of \$16,371 maturing October 2030.

Under the existing terms and rates, principal due in each of the next five years is approximately as follows:

| | |
|------|--------------|
| 2012 | \$ 8,418,494 |
| 2013 | 1,485,270 |
| 2014 | 1,510,908 |
| 2015 | 1,338,501 |
| 2016 | 1,403,144 |

9. Deferred contributions:

Details of the continuity of these funds are as follows:

| | 2011 | 2010 |
|-----------------------------------|--------------|--------------|
| Balance, beginning of year | \$ 6,955,278 | 5,383,582 |
| Additional contributions received | 15,989,970 | 26,153,554 |
| Amounts taken to revenue | (15,561,926) | (24,581,858) |
| Balance, end of year | \$ 7,383,322 | 6,955,278 |

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

10. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of donations and grants received for capital asset acquisitions. Details of the continuity of these funds are as follows:

| | 2011 | 2010 |
|-----------------------------------|---------------|-------------|
| Balance, beginning of year | \$ 44,273,981 | 43,771,694 |
| Additional contributions received | 7,630,578 | 3,006,168 |
| Amounts amortized to revenue | (2,568,825) | (2,503,881) |
| Transfer to other funds | (128,441) | - |
| Balance, end of year | \$ 49,207,293 | 44,273,981 |

The balance of unamortized and unspent funds consists of the following:

| | 2011 | 2010 |
|------------------------------------|---------------|------------|
| Unamortized deferred contributions | \$ 43,432,729 | 40,331,284 |
| Unspent contributions | 5,774,564 | 3,942,697 |
| Balance, end of year | \$ 49,207,293 | 44,273,981 |

11. Capital net assets:

Capital net assets are calculated as follows:

| | 2011 | 2010 |
|---|---------------|--------------|
| Capital assets | \$ 76,392,999 | 74,820,443 |
| Amounts financed by: | | |
| Deferred capital contributions - unamortized | (43,432,729) | (40,331,284) |
| Long-term liabilities, net of sinking-fund investment | (27,814,317) | (29,479,796) |
| Other capital assets and liabilities, net | 2,803,995 | 2,898,917 |
| | \$ 7,949,948 | 7,908,280 |

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

12. Restricted net assets:

Details of restricted net assets are as follows:

| | Balance, beginning of year | Additions | Transfers, adjustments, disbursements | Balance, end of year |
|-----------------------------------|----------------------------------|-----------|---|----------------------------|
| Capital appropriation | \$ 513,251 | 1,214,808 | 112,189 | 1,615,870 |
| Student activities fund | 820,842 | 1,781,131 | 1,628,993 | 972,980 |
| Conferences and external projects | 230,069 | 132,953 | 119,121 | 243,901 |
| Bursaries and scholarships | 5,443,260 | 1,856,795 | 1,367,712 | 5,932,343 |
| Other internally restricted | — | 660,000 | — | 660,000 |
| | \$ 7,007,422 | 5,645,687 | 3,228,015 | 9,425,094 |

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, 2011 indicated an actuarial surplus of \$88 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 \$3,874,772 (2010 - \$3,743,762).

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

14. Commitments and contingencies:

- (a) The College has entered into agreements to lease equipment. The equipment leases have options whereby the College is able to purchase the equipment at the end of the lease or to return the equipment to the lessor. The total annual minimum lease payments to maturity are approximately as follows:

| | |
|------|---------------------|
| 2012 | \$ 1,003,301 |
| 2013 | 749,975 |
| 2014 | 318,040 |
| 2015 | 174,292 |
| 2016 | 103,002 |
| | <u>\$ 2,348,610</u> |

- (b) The College is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.
- (c) The College has committed to capital expenditures relating to the construction of a Sustainable Energy Centre expected to be completed by July 2011. The balance of \$2,100,909 will be expended in the next fiscal year.
- (d) Under its credit agreement with the Royal Bank of Canada, the College has a \$2 million unutilized operating line facility, bearing interest at the bank's prime rate less 0.75% per annum.

15. Changes in non-cash working capital:

| | 2011 | 2010 |
|---|---------------------|------------------|
| Cash provided by (used in): | | |
| Decrease in accounts receivable | \$ 409,343 | 1,655,784 |
| Decrease in grants receivable | 2,437,786 | 42,573 |
| Decrease in inventories | (103,711) | 804,867 |
| Increase (decrease) in accounts payable and accrued liabilities | 817,499 | (1,009,299) |
| | <u>\$ 3,560,917</u> | <u>1,493,925</u> |

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

16. Financial instruments:

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

The carrying values of the College's cash and deposit receipts, accounts receivable, grants 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 fair value of the note receivable approximates its carrying value, given the discounting at the current rate of borrowing.

The value of the investments is disclosed in note 4.

The fair value of the mortgage payable for the residence amounts to approximately \$7.37 million as compared to its carrying value of \$7.0 million. The fair value of this instrument was calculated using the future cash flows (principal and interest) of the actual outstanding debt instrument, discounted at current market rates available to the College for a similar instrument. The fair value of the balance of long-term debt approximates its carrying value including the derivative instruments given current rates of borrowing.

The fair value of the interest rate swaps approximate their carrying 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.

(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 of 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 CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2011

17. Comparative figures:

Certain 2010 comparative figures have been reclassified to conform with the presentation adopted for 2011.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Consolidated Analysis of Revenue Summary

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|-------------------------------------|----------------------|-------------------|
| Grants and reimbursements: | | |
| MTCU: | | |
| Operating | \$ 25,503,809 | 26,850,727 |
| Specific purpose | 13,792,114 | 12,748,674 |
| Other | 8,291,887 | 9,307,954 |
| Ontario government grants - other | 193,899 | 99,514 |
| Federal government - other | 500,480 | 150,602 |
| Other funding sources | 1,840,159 | 2,178,926 |
| | <u>\$ 50,122,348</u> | <u>51,336,397</u> |
| Tuition fees: | | |
| Full-time | \$ 12,023,750 | 11,196,076 |
| Part-time | 1,653,657 | 1,253,428 |
| | <u>\$ 13,677,407</u> | <u>12,449,504</u> |
| Ancillary revenue | <u>\$ 6,670,815</u> | <u>6,283,411</u> |
| Other revenue: | | |
| Miscellaneous | \$ 3,795,056 | 3,838,987 |
| Contract training/Enterprise Centre | 1,075,341 | 402,271 |
| | <u>\$ 4,870,397</u> | <u>4,241,258</u> |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Analysis of Revenue Detail

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|-------------------------------|----------------------|-------------------|
| MTCU Specific Purpose: | | |
| Northern Grant / Rural Grant | \$ 6,655,651 | 6,658,214 |
| Non-funded apprenticeship | 1,872,033 | 1,872,033 |
| Termination gratuities | 306,920 | 231,529 |
| Special needs | 736,806 | 196,706 |
| Aboriginal Education Strategy | 1,038,086 | 1,159,415 |
| Premise rental | 60,000 | 85,200 |
| Other | 403,718 | 232,950 |
| Municipal taxes | 325,875 | 302,250 |
| Second Career | 1,898,800 | 1,485,523 |
| Ontario special bursaries | 494,225 | 524,854 |
| | \$ 13,792,114 | 12,748,674 |
| MTCU Funding: | | |
| Literacy and Basic Skills | \$ 1,576,498 | 1,589,849 |
| Apprenticeship | 3,506,563 | 4,071,446 |
| Accessibility Fund | 840,000 | 1,319,642 |
| Job Connect | 756,603 | 2,066,798 |
| Summer Job Service | 421,654 | 260,219 |
| Employment Services | 1,190,569 | - |
| | \$ 8,291,887 | 9,307,954 |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Analysis of Revenue Detail, page 2

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|---------------------------------|---------------------|------------------|
| Ancillary: | | |
| Residence | \$ 3,457,020 | 3,214,399 |
| Hospitality/conference planning | 111,971 | 112,492 |
| International programs | 1,390,244 | 1,078,409 |
| Daycares | 34,269 | 166,598 |
| Athletics centre | 158,463 | 232,920 |
| Campus shop | 46,447 | 228,464 |
| Parking | 722,772 | 640,176 |
| Print shop | 149,139 | - |
| Record Centre | 272,397 | 227,775 |
| Other | 328,093 | 382,178 |
| | \$ 6,670,815 | 6,283,411 |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Analysis of Academic Expense

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|--|----------------------|-------------------|
| Salaried: | | |
| Administration | \$ 2,354,389 | 2,470,438 |
| Support | 5,357,253 | 5,504,958 |
| Academic | 22,061,917 | 24,117,339 |
| Total salary | 29,773,559 | 32,092,735 |
| Benefits | 6,053,600 | 6,236,174 |
| Early Leave | 671,820 | 1,358,950 |
| Provision for employment - related obligations | (516,453) | (823,782) |
| Total | 6,208,967 | 6,771,342 |
| Total salaried cost | 35,982,526 | 38,864,077 |
| Non-Salaried: | | |
| Contract cleaning service | 35,400 | 33,308 |
| Staff professional development | 113,433 | 117,577 |
| Special events | 110,817 | 159,684 |
| Field work | 85,322 | 104,430 |
| Student admission/client recruitment | 107,706 | 114,198 |
| Travel | 4,073 | 4,099 |
| Postage and courier | 51,375 | 56,156 |
| Association fees and memberships | 8,009 | 7,347 |
| Telecommunication | 42,594 | 46,557 |
| Janitorial supplies | 11,925 | 17,772 |
| Premise rental | 132,327 | 115,496 |
| Bursaries | 305,480 | 180,612 |
| Promotion and public relations | 456,008 | 571,446 |
| Supplies and other | 2,007,551 | 2,041,434 |
| Utilities and service | 7,873 | 7,872 |
| Business travel | 308,284 | 347,137 |
| Clinical | 411,456 | 322,089 |
| Printing/duplicating services | 145,389 | 170,689 |
| Printing/duplicating equipment | 21,425 | 34,378 |
| Professional fees | 65,742 | 25,296 |
| Course development | 186,610 | 243,898 |
| Building maintenance | 132,566 | 47,934 |
| Information technology rental | 260,205 | 321,474 |
| Instructional equipment rental | 1,024 | 812 |
| Program development | 1,644 | - |
| Total non-salaried cost | 5,014,238 | 5,091,695 |
| | \$ 40,996,764 | 43,955,772 |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Analysis of Student Services Expense

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|--------------------------------------|----------------------|------------------|
| Salaried: | | |
| Administration | \$ 1,165,783 | 1,093,196 |
| Support | 3,653,007 | 3,234,742 |
| Academic | 519,697 | 626,997 |
| Total salary | 5,338,487 | 4,954,935 |
| | | |
| Benefits | 1,083,972 | 926,819 |
| | | |
| Total salaried cost | 6,422,459 | 5,881,754 |
| | | |
| Non-Salaried: | | |
| Ontario Special Bursaries | 494,225 | 524,854 |
| Bursaries | 454,225 | 347,252 |
| Student admission/client recruitment | 77,386 | 69,183 |
| Employer recruitment | 2,565 | 8,795 |
| Special events | 162,037 | 209,547 |
| Field work | 3,087 | 12,008 |
| Postage and courier | 58,433 | 81,803 |
| Equipment maintenance | 532,046 | 563,067 |
| Premise rental | - | 8,005 |
| Promotion and public relations | 98,208 | 121,874 |
| Staff professional development | 363,391 | 482,325 |
| Professional fees | 48,776 | 122,559 |
| Convocation | 52,343 | 66,421 |
| Supplies and other | 346,106 | 362,720 |
| Business travel | 172,671 | 176,559 |
| Library resources | 122,572 | 112,682 |
| Telecommunications | 154,949 | 151,635 |
| Printing/duplicating services | 22,119 | 35,187 |
| Information technology rental | 617,192 | 491,240 |
| Instruction equipment rental | 69,055 | 43,613 |
| Total non-salaried cost | 3,851,386 | 3,991,329 |
| | | |
| | \$ 10,273,845 | 9,873,083 |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Analysis of Administration Expense

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|--|---------------------|------------------|
| Salaried: | | |
| Administration | \$ 1,882,747 | 1,978,918 |
| Support | 743,411 | 893,907 |
| Academic | 64,884 | 53,858 |
| Total salary | 2,691,042 | 2,926,683 |
| Benefits | 546,412 | 528,802 |
| Total salaried cost | 3,237,454 | 3,455,485 |
| Non-Salaried: | | |
| Staff professional development | 120,474 | 34,114 |
| Special events | 70,981 | 106,283 |
| Travel | 9,867 | 29,102 |
| Postage and courier | 25,773 | 35,436 |
| Promotion and public relations | 22,388 | 83,022 |
| Business travel | 53,230 | 35,851 |
| Supplies and other | 293,444 | 168,939 |
| Bad debts | 108,505 | 305,000 |
| Association fees and memberships | 70,752 | 60,188 |
| Telecommunications | 20,447 | 9,633 |
| Printing/duplicating services | 7,756 | 7,436 |
| Equipment maintenance | 118,852 | 87,904 |
| Professional fees | 520,078 | 245,658 |
| Insurance | 306,224 | 247,306 |
| Joint Employment Stability Relief Fund (JESRF) | 9,100 | 9,900 |
| Information technology | 65,412 | - |
| Total non-salaried cost | 1,823,283 | 1,465,772 |
| | \$ 5,060,737 | 4,921,257 |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Analysis of Physical Resources Expense

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|--------------------------------|---------------------|------------------|
| Salaried: | | |
| Administration | \$ 501,413 | 764,227 |
| Support | 1,869,822 | 2,492,411 |
| Total salary | 2,371,235 | 3,256,638 |
| Benefits | 481,476 | 609,153 |
| Total salaried cost | 2,852,711 | 3,865,791 |
| Non-Salaried: | | |
| Contract services - cleaning | 898,923 | 506,638 |
| Special events | 2,436 | 1,909 |
| Course development | 4,266 | 4,862 |
| Professional fees | 8,378 | 22,411 |
| Staff professional development | 17,129 | 7,557 |
| Interest on long-term debt | 248,508 | 50,884 |
| Business travel | 7,872 | 6,960 |
| Supplies and other | 172,434 | 96,147 |
| Printing/duplicating services | (16,822) | 4,440 |
| Equipment maintenance | 46,924 | 88,610 |
| Information technology rental | 9,152 | 8,743 |
| Janitorial supplies | 71,531 | 92,532 |
| Building maintenance | 415,760 | 479,786 |
| Building equipment maintenance | 211,971 | 175,958 |
| Grounds maintenance | 33,836 | 40,665 |
| Utilities and services | 1,857,685 | 1,863,821 |
| Premise rental | 1,360 | 177,482 |
| Telecommunications | 6,860 | 9,071 |
| Vehicle | 11,399 | 26,735 |
| Total non-salaried cost | 4,009,602 | 3,665,211 |
| | \$ 6,862,313 | 7,531,002 |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Analysis of Ancillary Expense

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|---|--------------|-----------|
| Salaried: | | |
| Administration | \$ 467,057 | 470,036 |
| Support | 797,712 | 1,567,909 |
| Academic | 485,077 | 296,492 |
| Total salary | 1,749,846 | 2,334,437 |
| Benefits | 355,304 | 436,656 |
| Total salaried cost | 2,105,150 | 2,771,093 |
| Non-Salaried: | | |
| Contract services | 889,555 | 669 |
| Special events | 26,994 | 14,767 |
| Student admission/client recruitment | 55,657 | 75,000 |
| Postage and courier | 205 | 3,630 |
| Telecommunications | 13,489 | 20,370 |
| Janitorial supplies | 15,806 | 127,139 |
| Building maintenance | 8,585 | 88,434 |
| Building equipment maintenance | 72,713 | 32,305 |
| Premise rental | - | 53,835 |
| Grounds maintenance | 87,109 | 70,919 |
| Instructional equipment rental | 29,648 | 2,482 |
| Promotion and public relations | 44,869 | 19,500 |
| Supplies and other | 732,153 | 533,767 |
| Utilities and services | 296,807 | 490,845 |
| Business travel | 151,485 | 206,027 |
| Printing/duplicating services | - | 14,220 |
| Staff professional development | 1,606 | 1,931 |
| Cost of sales | 180,443 | 224,135 |
| Equipment maintenance | 84,493 | 46,902 |
| Interest on long-term debt and bank charges | 1,614,435 | 1,193,372 |
| Total non-salaried cost | 4,306,052 | 3,220,249 |
| | \$ 6,411,202 | 5,991,342 |

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Analysis of Supplementary Expense

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|----------------------------|---------------------|------------------|
| Participant allowances | \$ 761,965 | 754,825 |
| Special support allowances | 55,240 | 65,658 |
| Municipal taxes | 337,687 | 298,200 |
| | <u>\$ 1,154,892</u> | <u>1,118,683</u> |

See accompanying notes to consolidated financial statements.