

Consolidated Financial Statements of

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

Year ended March 31, 2012

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

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Year ended March 31, 2012

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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, 2012, 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, 2012, and its consolidated results of operations and its consolidated 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 consolidated 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 consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

June 14, 2012  
Sudbury, Canada

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY


Consolidated Statement of Financial Position

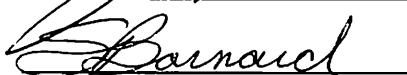
March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Assets</b>		
Current assets:		
Cash and deposit receipts	\$ 19,114,004	23,979,346
Investments (note 4)	4,549,473	-
Accounts receivable	3,836,905	3,856,753
Grants receivable	1,749,216	731,327
Prepayments and inventories	447,264	582,496
Current portion of receivables (notes 2 and 3)	227,173	237,881
	<u>29,924,035</u>	<u>29,387,803</u>
Student Centre receivable (note 2)	2,580,791	2,672,574
Student Centre interest rate swaps	624,944	346,400
Note receivable (note 3)	53,693	179,610
Investments (note 4)	5,163,032	9,801,218
Capital assets (note 5)	75,732,667	76,392,999
	<u>\$ 114,079,162</u>	<u>118,780,604</u>
<b>Liabilities, Deferred Contributions and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 6,090,630	8,932,734
Current portion of long-term debt (note 8)	8,484,871	1,418,494
Current portion of employment-related obligations (note 7)	3,362,802	3,247,143
Deferred contributions (note 9)	6,929,763	7,918,475
	<u>24,868,066</u>	<u>21,516,846</u>
Employment-related obligations (note 7)	1,749,136	1,885,646
Long-term debt (note 8)	22,478,202	30,964,896
Deferred capital contributions (note 10)	47,859,027	49,207,293
Interest rate swaps (note 8)	1,694,021	1,149,527
Net assets:		
Unrestricted (deficit):		
Operating	6,646,902	3,152,423
Interest rate swaps (deficit)	(1,069,077)	(803,127)
Employment-related (deficit)	(5,111,938)	(5,132,789)
	<u>465,887</u>	<u>(2,783,493)</u>
Capital (note 11)	7,986,817	7,949,948
Restricted and endowed (note 12)	6,978,006	8,889,941
	<u>15,430,710</u>	<u>14,056,396</u>
Commitments and contingencies (note 14)		
	<u>\$ 114,079,162</u>	<u>118,780,604</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, 2012, with comparative figures for 2011

	2012	2011
<b>Revenue (Schedule):</b>		
Grants and reimbursements	\$ 46,247,749	49,628,123
Tuition fees	14,066,579	13,677,407
Business development	5,845,227	5,212,227
Other	7,574,813	6,328,984
Restricted	3,306,242	3,785,687
Investment	187,574	466,554
Amortization of deferred capital contributions (note 10)	2,665,097	2,568,825
	<u>79,893,281</u>	<u>81,667,807</u>
<b>Expenses (Schedule):</b>		
Academic	30,811,963	31,445,856
Administration	11,884,010	11,523,836
Special projects	9,445,302	10,522,732
Physical resources	6,759,651	7,150,332
Student services	6,048,329	5,500,060
Business development	5,000,684	4,639,169
Amortization of capital assets	4,287,985	4,242,003
Restricted	3,346,312	3,139,972
Other	689,632	938,449
Change in value of interest rate swaps	265,950	(28,810)
Provision for employment-related obligations	(20,851)	(516,453)
	<u>78,518,967</u>	<u>78,557,146</u>
<b>Excess of revenue over expenses</b>	<b>\$ 1,374,314</b>	<b>3,110,661</b>

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, 2012, with comparative figures for 2011

	Unrestricted			Capital	Restricted & Endowed (note 12)	2012 Total	2011 Total
	Operating	Employment related	Interest Rate Swaps				
Net assets, beginning of year	\$ 3,152,423	(5,132,789)	(803,127)	7,949,948	8,889,941	14,056,396	10,945,735
Excess (deficiency) of revenue over expenses	3,300,396	20,851	(265,950)	(1,640,913)	(40,070)	1,374,314	3,110,661
Investment in capital assets	(1,665,917)	-	-	1,677,782	(11,865)	-	-
Interfund transfers (note 12)	1,860,000	-	-	-	(1,860,000)	-	-
<b>Net assets, end of the year</b>	<b>\$ 6,646,902</b>	<b>(5,111,938)</b>	<b>(1,069,077)</b>	<b>7,986,817</b>	<b>6,978,006</b>	<b>15,430,710</b>	<b>14,056,396</b>

See accompanying notes to consolidated financial statements.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Consolidated Statement of Cash Flows

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

	2012	2011
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 1,374,314	3,110,661
Adjustments for:		
Amortization of deferred capital contributions	(2,665,097)	(2,568,825)
Amortization of capital assets	4,287,985	4,242,003
Provision for employment-related obligations	(20,851)	(516,453)
Change in value of interest rate swaps	265,950	(28,810)
	<u>3,242,301</u>	<u>4,238,576</u>
Changes in non-cash working capital (note 15)	(4,693,625)	3,988,961
	<u>(1,451,324)</u>	<u>8,227,537</u>
Cash flows from financing activities:		
Repayment of long-term debt	(1,420,317)	(1,363,244)
Deferred capital contributions received	1,316,831	7,502,137
	<u>(103,486)</u>	<u>6,138,893</u>
Cash flows from investing activities:		
Purchase of capital assets	(3,627,653)	(5,814,559)
Increase in investments	88,713	(100,497)
Decrease in note receivable	140,906	95,600
Decrease in Student Centre receivable	87,502	83,078
	<u>(3,310,532)</u>	<u>(5,736,378)</u>
<b>Increase (decrease) in cash</b>	<b>(4,865,342)</b>	<b>8,630,052</b>
Cash and deposit receipts, beginning of year	23,979,346	15,349,294
<b>Cash and deposit receipts, end of year</b>	<b>\$ 19,114,004</b>	<b>23,979,346</b>

See accompanying notes to consolidated financial statements.



# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2012

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## 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 and endowed fund and include the activities of the Cambrian College of Applied Arts and Technology and Cambrian College 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 and endowed 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, 2012

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## 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:

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

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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, 2012

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## 1. Significant accounting policies (continued):

### (e) Use of estimates:

The preparation of consolidated 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 \$92,162 (2011 - \$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, 2012

## 4. Investments:

	2012		2011	
	Cost	Market	Cost	Market
Short-term:				
Segregated funds	\$ 4,549,473	4,549,473	–	–
Long-term:				
Equity funds	3,258,112	3,347,388	3,244,855	3,244,855
Long-term segregated funds	–	–	4,569,073	4,569,073
Fixed income securities and fixed income funds	1,861,610	1,815,644	1,605,864	1,987,290
	5,119,722	5,163,032	9,419,792	9,801,218
	\$ 9,669,195	9,712,505	9,419,792	9,801,218

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

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

## 5. Capital assets:

	2012		2011	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 159,066	–	159,066	–
Buildings	80,401,202	33,521,839	100,870,567	38,210,916
Parking lots	1,228,754	780,260	1,222,865	679,223
Property and equipment	13,608,831	6,381,928	14,142,548	5,572,503
Assets held for resale	28,347,460	7,328,619	–	–
Construction in progress	–	–	4,460,595	–
	123,745,313	48,012,646	120,855,641	44,462,642
Less accumulated amortization	48,012,646		44,462,642	
	\$ 75,732,667		76,392,999	

The assets held for resale include the student residences and related parking facilities and are stated at net book value.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2012

## 6. Accounts payable and accrued liabilities:

	2012	2011
Accounts payable and accrued liabilities	\$ 2,760,680	6,077,269
Accrued salaries, wages and benefits	3,329,950	2,855,465
	<b>\$ 6,090,630</b>	<b>8,932,734</b>

## 7. Employment-related obligations:

	2012	2011
Current portion:		
Vacation	\$ 3,167,299	3,151,074
Maternity top-up	195,503	96,069
	<b>3,362,802</b>	<b>3,247,143</b>
WSIB	154,030	197,157
Non-pension post-employment benefits	738,000	754,000
Sick leave benefits	857,106	934,489
	<b>\$ 5,111,938</b>	<b>5,132,789</b>

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, 2012.

The accrued benefit obligations accrued at March 31, 2012 amounted to \$735,000 (2011 - \$747,000). The net unamortized actuarial gain on plan assets was \$113,000 (2011 - \$126,000). Benefit plan interest and current service costs recorded in the year were \$15,000 (2011 - \$15,000) and the amortization of actuarial gain of \$Nil. The benefits paid out in the year were \$48,000 (2011 - \$50,000).

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, 2012

## 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:

	2012	2011
Discount rate	4.20%	4.75%
Health Care Trend Rate:		
- Dental cost	4.5%	6.9%
- Hospital and other medical	4.5%	4.5%
- Drugs (updated in 2012, reducing to 4.5% in 2023)	10.5%	10.5%

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:

	2012	2011
Ontario Financing Authority - Parking	\$ 275,074	311,356
- Residence	10,474,375	10,822,466
- Chiller	2,421,712	2,693,372
Mortgage payable - residence	7,000,000	7,000,000
Bankers acceptances - residence	5,301,788	5,626,242
- hydro retrofit	487,488	749,235
- Student Centre	2,672,954	2,760,456
NORCAT	2,329,682	2,420,263
	30,963,073	32,383,390
Less: current portion	8,484,871	1,418,494
	\$ 22,478,202	30,964,896

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 CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2012

## 8. Long-term debt (continued):

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 banker acceptances were advanced under variable rate credit facilities in the principal face amounts of \$2.434 and \$2.873 million for the residence and \$.488 and \$2.680 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, 2012. 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	\$ 8,484,871
2013	1,487,974
2014	1,338,058
2015	1,402,678
2016	1,471,448

## 9. Deferred contributions:

Details of the continuity of these funds are as follows:

	2012	2011
Balance, beginning of year	\$ 7,918,475	7,490,431
Additional contributions received	14,796,814	15,989,970
Amounts taken to revenue	(15,785,526)	(15,561,926)
Balance, end of year	\$ 6,929,763	7,918,475

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2012

## 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:

	2012	2011
Balance, beginning of year	\$ 49,207,293	44,273,981
Additional contributions received	1,566,831	7,630,578
Amounts amortized to revenue	(2,665,097)	(2,568,825)
Transfer to other funds	(250,000)	(128,441)
Balance, end of year	\$ 47,859,027	49,207,293

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

	2012	2011
Unamortized deferred contributions	\$ 44,048,117	43,432,729
Unspent contributions	3,810,910	5,774,564
Balance, end of year	\$ 47,859,027	49,207,293

## 11. Capital net assets:

Capital net assets are calculated as follows:

	2012	2011
Capital assets	\$ 75,732,667	76,392,999
Amounts financed by:		
Deferred capital contributions - unamortized	(44,048,117)	(43,432,729)
Long-term liabilities, net of sinking-fund investment	(26,413,600)	(27,814,317)
Other capital assets and liabilities, net	2,715,867	2,803,995
	\$ 7,986,817	7,949,948



# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2012

## 12. Restricted and endowed net assets:

Details of restricted net assets are as follows:

	Balance, beginning of year	Additions	Transfers	Disbursements	Balance, end of year
Infrastructure appropriation	\$ 1,615,870	–	(1,200,000)	(108,603)	307,267
Student activities fund	437,827	1,706,052	–	(1,679,699)	464,180
Conferences and external projects	243,901	142,092	–	(108,754)	277,239
Endowment funds	5,932,343	1,458,099	–	(1,461,122)	5,929,320
Marketing and Professional Development	660,000	–	(660,000)	–	–
	\$ 8,889,941	3,306,243	(1,860,000)	(3,358,178)	6,978,006

## 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 1, 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 \$3,783,202 (2011 - \$3,874,772).

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2012

## 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	\$ 769,203
2013	337,268
2014	193,520
2015	122,230
2016	16,023
	<u>\$ 1,438,244</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) 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:

	2012	2011
Cash provided by (used in):		
Decrease in accounts receivable	\$ 19,848	409,343
Decrease (increase) in grants receivable	(1,017,889)	2,437,786
Decrease (increase) in inventories	135,232	(103,711)
Increase (decrease) in accounts payable and accrued liabilities	(2,842,104)	817,499
Decrease (increase) in deferred contributions	(988,712)	428,044
	<u>\$ (4,693,625)</u>	<u>3,988,961</u>

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2012

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## 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 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.

## 17. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform with the presentation adopted for 2012.

# THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Consolidated Analysis of Revenue Summary

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

	2012	2011
Grants and reimbursements:		
MTCU:		
Operating	\$ 26,208,411	25,503,809
Specific purpose	11,055,551	13,297,889
Other	7,488,864	8,291,887
Other funding sources	619,378	1,840,159
Federal government - other	615,407	500,480
Ontario government grants - other	260,138	193,899
	<b>\$ 46,247,749</b>	<b>49,628,123</b>
Tuition fees:		
Full-time	\$ 11,919,592	12,023,750
Part-time	2,146,987	1,653,657
	<b>\$ 14,066,579</b>	<b>13,677,407</b>
Business Development:		
Residence	\$ 4,143,851	3,457,020
Parking	854,369	722,772
Records Centre	308,138	272,397
Other	251,647	259,749
Print Shop	145,411	149,139
Hospitality/conference planning	105,772	111,971
Campus shop	12,706	46,447
Daycares	-	34,269
Athletics centre / rental	23,333	158,463
	<b>\$ 5,845,227</b>	<b>5,212,227</b>
Other revenue:		
Miscellaneous	\$ 2,244,724	1,645,745
Other tuition related fees	2,142,288	2,217,654
International programs	2,057,634	1,390,244
Contract training/Enterprise Centre	1,130,167	1,075,341
	<b>\$ 7,574,813</b>	<b>6,328,984</b>

See accompanying notes to consolidated financial statements.

# CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

## Schedule of Operating Expense by Cost Object

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

	Academic	Administration	Special Projects	Physical Resources	Student Services	Business Development	Total 2012	Total 2011
Academic salaries	\$ 19,684,765	612,254	1,643,198	-	284,732	-	\$ 22,224,949	\$ 22,146,526
Support salaries	2,317,762	2,441,242	2,367,605	1,572,381	2,516,851	310,161	11,526,002	12,395,109
Fringe benefits	4,683,619	1,208,245	1,034,617	524,928	872,998	136,079	8,460,486	8,520,764
Administration salaries	1,409,542	2,703,743	1,183,011	559,035	909,635	385,121	7,150,087	6,780,607
Contracted services	267,837	234,048	649,312	946,001	294,195	1,589,612	3,981,005	3,230,781
Utilities and services	-	-	7,765	1,863,660	-	7,129	1,878,554	2,162,365
Interest on long-term debt	-	105,869	-	117,164	-	1,573,955	1,796,988	1,849,476
Instructional supplies and development	1,033,334	301,870	319,729	-	122,652	3,039	1,780,624	2,033,084
Supplies and other	195,655	888,060	170,982	90,813	184,662	22,920	1,553,092	1,687,593
Promotion and public relations	162,810	599,671	101,992	-	234,266	13,983	1,112,722	781,692
Equipment maintenance	84,958	329,245	188,979	267,053	6,536	5,392	882,163	1,140,637
Information technology	1,298	832,388	9,220	5,786	-	-	848,692	964,229
Professional fees	880	311,185	26,102	8,082	169,550	213,954	729,753	821,997
Travel	148,389	65,189	420,645	11,194	56,758	12,327	714,502	711,756
Stipends and allowances	-	-	703,546	-	-	-	703,546	991,089
Rentals	3,575	100,115	178,536	-	-	361,835	644,061	373,127
Facilities maintenance	24,491	-	-	454,064	-	100,552	579,107	530,895
Clinical and field work	517,118	-	-	-	5,555	-	522,673	499,864
Bursaries	25,000	331,622	9,000	-	143,543	-	509,165	499,330
Professional development	15,942	201,233	221,601	10,407	5,183	2,532	456,898	613,527
Special events	32,549	122,454	143,902	248	153,826	2,624	455,603	425,609
Insurance	45,758	301,588	2,654	-	-	-	350,000	357,295
Municipal taxation	-	-	-	323,626	-	-	323,626	337,687
Cost of sales	-	-	-	-	57,504	240,674	298,178	296,346
Printing and duplicating	135,519	65,623	30,375	-	18,792	7,831	258,140	312,419
Telecommunications	14,850	62,023	32,531	5,209	11,016	10,338	135,967	238,339
Fees and memberships	6,312	66,343	-	-	75	626	73,356	79,842
	\$ 30,811,963	11,884,010	9,445,302	6,759,651	6,048,329	5,000,684	69,949,939	70,781,985

See accompanying notes to consolidated financial statements.