

Consolidated Financial Statements of

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

Year ended March 31, 2014

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

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Year ended March 31, 2014

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KPMG LLP
Chartered Accountants
Claridge Executive Centre
144 Pine Street, PO Box 700
Sudbury ON P3E 4R6

Telephone (705) 675-8500
Fax (705) 675-7586
In Watts (1-800) 461-3551
Internet www.kpmg.ca

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, 2014, the consolidated statements of operations, changes in net assets, cash flows and remeasurement gains and losses 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 public sector accounting standards, 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 financial position of The Cambrian College of Applied Arts and Technology as at March 31, 2014, its consolidated results of operations, consolidated changes in net assets, cash flows and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 5, 2014

Sudbury, Canada

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

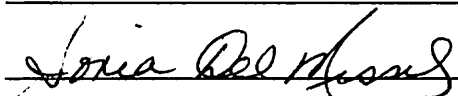
March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash and deposit receipts	\$ 19,701,534	15,758,628
Investments (note 3)	1,300,273	5,395,303
Accounts receivable (note 15(a))	4,117,097	3,261,089
Grants receivable	5,899,271	4,893,852
Prepayments and inventories	281,923	356,930
Current portion of Student Centre receivable (note 2)	102,240	139,893
	<u>31,402,338</u>	<u>29,805,695</u>
Student Centre receivable (note 2)	2,381,482	2,483,722
Student Centre interest rate swaps	476,140	639,259
Capital assets (note 4)	70,642,739	73,018,527
	<u>\$ 104,902,699</u>	<u>105,947,203</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 6,857,047	6,273,289
Current portion of long-term debt (note 7)	1,338,058	1,487,264
Current portion of employment-related obligations (note 8)	3,383,587	3,190,467
Deferred contributions (note 8)	8,392,785	7,520,911
	<u>19,971,477</u>	<u>18,471,931</u>
Employment-related obligations (note 6)	2,899,030	3,058,031
Long-term debt (note 7)	19,649,529	20,987,698
Deferred capital contributions (note 9)	42,742,702	44,787,832
Interest rate swaps (note 7)	1,147,019	1,610,728
	<u>86,409,757</u>	<u>88,916,220</u>
Net assets:		
Unrestricted	1,903,411	2,353,452
Capital (note 10)	8,105,121	7,756,151
Restricted and endowed (note 11)	8,090,884	6,785,058
	<u>18,099,416</u>	<u>16,894,661</u>
Accumulated remeasurement gains	393,526	136,322
	<u>18,492,942</u>	<u>17,030,983</u>
Commitments and contingencies (note 13)		
	<u>\$ 104,902,699</u>	<u>105,947,203</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, 2014, with comparative information for 2013

	2014	2013
Revenue (Schedule):		
Grants and reimbursements	\$ 42,719,982	43,840,686
Tuition fees	17,343,191	16,180,836
Business development	6,474,586	6,169,135
Other	9,529,463	8,419,577
Restricted	1,465,209	1,031,363
Investment	117,455	64,779
Amortization of deferred capital contributions (note 9)	2,505,285	2,848,064
	<u>80,155,170</u>	<u>78,554,440</u>
Expenses (Schedule):		
Academic	31,508,230	30,924,667
Administration	14,761,669	14,277,946
Special projects	8,645,669	8,675,516
Physical resources	7,891,878	6,851,963
Student services	6,185,228	6,052,376
Business development	4,317,125	4,141,925
Amortization of capital assets	4,040,805	4,408,726
Restricted	912,272	763,540
Other	653,419	1,223,775
Provision for employment-related obligations (recovery of)	34,119	(371,334)
	<u>78,950,415</u>	<u>76,949,100</u>
Excess of revenue over expenses	\$ 1,204,755	1,605,340

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, 2014, with comparative information for 2013

	2014							2013
	Unrestricted				Capital (note 10)	Restricted & Endowed (note 11)	Total	Total
	Operating	Employment related	Interest Rate Swaps	Total Unrestricted				
Net assets, beginning of year	\$ 9,671,027	(6,248,498)	(1,069,077)	2,353,452	7,756,151	6,785,058	16,894,661	15,289,321
Excess (deficiency) of revenue over expenses	2,221,459	(34,119)	-	2,187,340	(1,535,521)	552,936	1,204,755	1,605,340
Net change in investment in capital assets	(1,884,491)	-	-	(1,884,491)	1,884,491	-	-	-
Capital appropriation	(752,890)			(752,890)		752,890	-	
Net assets, end of the year	\$ 9,255,105	(6,282,617)	(1,069,077)	1,903,411	8,105,121	8,090,884	18,099,416	16,894,661

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,204,755	1,605,340
Adjustments for:		
Amortization of deferred capital contributions	(2,505,285)	(2,848,064)
Amortization of capital assets	4,040,805	4,408,726
Provision for employment-related obligations	34,119	(371,334)
	<u>2,774,394</u>	<u>2,794,668</u>
Changes in non-cash working capital (note 14)	(330,788)	(338,174)
	<u>2,443,606</u>	<u>2,456,494</u>
Financing activities:		
Repayment of long-term debt	(1,487,373)	(8,488,111)
Investing activities:		
Change in investments	4,051,644	4,355,916
Decrease in note receivable	-	145,881
Decrease in Student Centre receivable	139,893	92,161
	<u>4,191,537</u>	<u>4,593,958</u>
Capital activities:		
Purchase of capital assets	(1,665,017)	(1,694,586)
Deferred capital contributions received	1,126,170	1,040,644
Deferred capital contributions transferred to other funds	(666,017)	(1,263,775)
	<u>(1,204,864)</u>	<u>(1,917,717)</u>
Increase (decrease) in cash	3,942,906	(3,355,376)
Cash and deposit receipts, beginning of year	15,758,628	19,114,004
Cash and deposit receipts, end of year	\$ 19,701,534	15,758,628

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Accumulated remeasurement gains and losses at beginning of year	\$ 136,322	-
Unrealized gains (losses) attributable to:		
Fixed income	(4,672)	38,714
Derivative - interest rate swap	300,590	97,608
Realized gains attributable to:		
Fixed income	(38,714)	-
Net remeasurement gains for the year	257,204	136,322
Accumulated remeasurement gains at end of year	\$ 393,526	136,322

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

The Cambrian College of Applied Arts and Technology (the "College") is an Ontario College established as a Community College under The Department of Education Act of the Province of Ontario. The College is a registered charity and is exempt from income taxes under the Income Tax Act.

1. Significant accounting policies:

(a) Basis of presentation:

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

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

(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 other than endowment 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.

Endowment contributions are recognized as direct increases in endowment net 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, 2014

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. When a capital asset no longer contributes to the College's ability to provide services, it is written down to its residual value. 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%

(d) Employment future benefits:

Vacation entitlements are accrued for as entitlements are earned (note 6).

The College is liable to pay an employee's accumulated sick leave in the event of sickness or injury. The College is liable to pay 50% of an employee's eligible accumulated sick leave credit on termination or retirement.

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.

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 (note 12).

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of consolidated financial statements 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:

All financial instruments are initially recorded on the consolidated statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

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

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
Level 3	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

(g) Student organizations:

These financial statements do not reflect the assets, liabilities and results of operations of the various student organizations at the College.

2. Student Centre receivable:

The Students' Associations have approved annual payments to reimburse the College for the related debt repayment on the Student Centre (note 7). The current portion of the amount receivable is \$102,240 (2013 - \$139,893).

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

3. Investments:

	Fair Value Hierarchy	2014	2013
Short-term:			
Equity and mutual funds	Level 2	\$ 1,229,980	3,929,966
Fixed income securities and fixed income funds	Level 2	70,293	1,465,337
		\$ 1,300,273	5,395,303

4. Capital assets:

March 31, 2014	Cost	Accumulated Amortization	Net book Value
Land	\$ 159,066	–	159,066
Buildings	110,299,373	45,984,389	64,314,984
Parking lots	1,314,458	758,132	556,326
Property and equipment	13,487,025	8,032,662	5,454,363
Land held for resale	158,000		158,000
	\$ 125,417,922	54,775,183	70,642,739

March 31, 2013	Cost	Accumulated Amortization	Net book Value
Land	\$ 159,066	–	159,066
Buildings	109,545,593	43,578,246	65,967,347
Parking lots	1,489,289	899,160	590,129
Property and equipment	13,261,536	6,959,551	6,301,985
	\$ 124,455,484	51,436,957	73,018,527

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

5. Accounts payable and accrued liabilities:

	2014	2013
Accounts payable and accrued liabilities	\$ 3,738,511	3,367,465
Accrued salaries, wages and benefits	3,118,536	2,905,824
	\$ 6,857,047	6,273,289

6. Employee future benefits:

	2014	2013
Current portion:		
Vacation	\$ 2,974,513	3,099,821
Maternity top-up	409,074	90,646
	3,383,587	3,190,467
WSIB	154,030	154,031
Non-pension post-employment benefits	637,000	675,000
Sick leave benefits - vested	336,000	387,000
- non-vested	1,772,000	1,842,000
	2,899,030	3,058,031
	\$ 6,282,617	6,248,498

Vacation

The accrual for vacation represents the liability for earned but unpaid vacation entitlements.

Employee Future Benefits

Vested Sick Leave:

The College has provided for vested sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive 50% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by independent actuaries on behalf of the College System as a whole.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

6. Employee future benefits (continued):

Non-Vested Sick Leave:

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

Other employee future benefits:

The College maintains defined benefit and defined contribution plans providing other retirement and employee future benefits to most of its employees.

The costs of other post-employment benefits (including medical benefits, dental care, life insurance, and certain compensated absences) related to the employees' current service is charged to income annually. The cost is computed on an actuarial basis using the projected benefit method estimating the usage frequency and cost of services covered and management's best estimates of investment yields, salary escalation, and other factors. Plan assets are valued at fair value for purposes of calculating the expected return on plan assets.

The fair values of plan assets and accrued benefit obligations were determined by independent actuaries on behalf of the College System as a whole as at January 1, 2014.

The accrued benefit obligations accrued at March 31, 2014 amounted to \$2,310,000 (2013 - \$3,040,000). The net unamortized actuarial (loss) gain is \$530,000 (2013 - \$(42,000)). Benefit plan interest and current service (costs) gain recorded in the year were \$(179,000) (2013 - \$191,000) and the amortization of actuarial gain of \$6,000 (2013 - \$16,000). The benefits paid out in the year were \$324,000 (2013 - \$415,000). These amounts represent the results of the actuarial valuation completed in January, 2014.

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation include a discount rate of 2.7% (2013 - 2.25%). The average retirement age in the College System is assumed to be 63 and the liability has been recalculated as a result of a separation of the benefit pool for retirees and those on long-term disability from active employees.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

6. Employee future benefits (continued):

For measurement purpose, the annual rate of increase in the per capita cost of covered health care benefits was assumed as follows:

		Other benefit plans
Drug	9% (grading to 4% in 2026)	
Hospital		4.0%
Other medical		4.0%
Dental		4.0%

7. Long-term debt:

	2014	2013
Ontario Financing Authority - Parking	\$ 197,067	237,008
- Residence	9,720,909	10,107,526
- Chiller	1,849,750	2,140,614
Bankers acceptances - Residence	4,600,147	4,960,257
- Hydro Retrofit	-	213,777
- Student Centre	2,483,722	2,580,792
NORCAT	2,135,992	2,234,988
	20,987,587	22,474,962
Less: current portion	1,338,058	1,487,264
	\$ 19,649,529	20,987,698

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, 2014

7. Long-term debt (continued):

The banker acceptances were advanced under variable rate credit facilities in the principal face amounts of \$2.276 and \$2.690 million for the residence and \$2.580 million for the Student Centre. Interest rates are adjusted monthly and were 1.2% - 1.49% plus stamping fees on March 31, 2014. 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 5.2% to 5.74%. The fair value of the interest rate swaps has been determined using Level 3 of the fair value hierarchy.

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:

2014	\$ 1,338,058
2015	1,402,678
2016	1,471,448
2017	1,543,479
2018	1,585,751

8. Deferred contributions:

Details of the continuity of these funds are as follows:

	2014	2013
Balance, beginning of year	\$ 7,520,911	7,257,166
Additional contributions received	18,036,428	17,618,323
Amounts taken to revenue	(17,164,554)	(15,354,578)
Balance, end of year	\$ 8,392,785	7,520,911

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

9. 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:

	2014	2013
Balance, beginning of year	\$ 44,787,832	47,859,027
Additional contributions received	1,126,170	1,040,644
Amounts amortized to revenue	(2,505,285)	(2,848,064)
Transfer to other funds	(666,015)	(1,263,775)
Balance, end of year	\$ 42,742,702	44,787,832

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

	2014	2013
Unamortized deferred contributions	\$ 41,594,410	42,852,551
Unspent contributions	1,148,292	1,935,281
Balance, end of year	\$ 42,742,702	44,787,832

10. Capital net assets:

Capital net assets are calculated as follows:

	2014	2013
Capital assets	\$ 70,642,739	73,018,527
Amounts financed by:		
Deferred capital contributions - unamortized	(41,594,410)	(42,852,551)
Long-term liabilities, net of student receivable	(18,503,865)	(19,894,170)
Other capital assets, liabilities, and inter-fund borrowing, net	(2,439,343)	(2,515,655)
	\$ 8,105,121	7,756,151

At March 31, 2014, an amount of \$2,439,343 (2013 - \$2,560,579) is owing from the operating fund to the capital fund. The amount is non interest bearing and is repayable over 5 to 10 years.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

11. Restricted and endowed net assets:

Details of restricted net assets are as follows:

	March 31, 2013 Balance, beginning of year	Additions/ Transfers	Disbursements	March 31, 2014 Balance, end of year
Infrastructure appropriation	\$ 247,110	752,890	–	1,000,000
Student activities fund	13,069	6,664	11,474	8,259
Conferences and external projects	294,125	64,229	68,605	289,749
Restricted funds	600,948	1,319,315	822,193	1,098,070
Endowment	5,629,806	65,000	–	5,694,806
	\$ 6,785,058	2,208,098	902,272	8,090,884

	March 31, 2012 Balance, beginning of year	Additions/ Transfers	Disbursements	March 31, 2013 Balance, end of year
Infrastructure appropriation	\$ 307,267	–	60,157	247,110
Student activities fund	30,649	39,605	57,186	13,069
Conferences and external projects	299,257	83,039	88,171	294,125
Restricted funds	299,515	859,460	558,027	600,948
Endowment	5,629,806	–	–	5,629,806
	\$ 6,566,494	982,104	763,541	6,785,058

12. 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, 2014 indicated an actuarial surplus of \$525 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 \$4,285,257 (2013 - \$4,147,068).

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

13. 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:

2015	\$ 245,615
2016	122,230
2017	16,023
	\$ 383,868

- (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.

14. Changes in non-cash working capital:

	2014	2013
Cash provided by (used in):		
Increase (decrease) in accounts receivable	\$ (906,513)	392,676
Increase in grants receivable	(1,005,419)	(1,112,616)
Decrease in prepayment and inventories	75,007	90,334
Decrease (increase) in accounts payable and accrued liabilities	561,715	(23,738)
Decrease in deferred contributions	944,422	315,170
	\$ (330,788)	(338,174)

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

15. Financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The College is exposed to this risk relating to its cash and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to \$300,000 (2013 - \$300,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the MTCU and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis. The guidelines permit the College's funds to be invested in bonds issued by the Government of Canada, a Canadian province or a Canadian municipality having a rating of A or better, or corporate investments having a rating of A (R-1) or better. Investments are outlined in Note 3.

Included in accounts receivable are student receivables in the amount of \$1,489,523 of which 73% is over 60 days. All other accounts receivables and long-term receivables are current. An amount of \$649,796 has been provided for an impairment allowance.

Student receivables not impaired are collectible based on the College's assessment and past experience regarding collection rates.

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

(b) Market risk:

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

The College's investment policy operates within the constraints of the investment guidelines issued by the MTCU. The policy's application is monitored by management, the investment managers and the board of governors. Diversification techniques are utilized to minimize risk.

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

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

15. Financial instruments (continued):

(c) Currency risk:

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time at different foreign College levels when adverse changes in foreign currency College rates occur. The College does not have any material transactions or financial instruments denominated in foreign currencies.

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

(d) Interest rate risk:

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

The College is exposed to this risk through its interest bearing investments, bank loans and term debt.

The College mitigates interest rate risk on its term debt through derivative financial instrument (interest rate swaps) that exchanges the variable rate inherent in the term debt for a fixed rate (see note 7). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College's bank loans of \$209,876 and a \$24,837 impact on interest income related to the College's long-term receivable.

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

(e) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio.

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

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

15. Financial instruments (continued):

(f) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

Accounts payable are all current and the terms of the long-term debt are disclosed in note 7.

Derivative financial liabilities mature as described in note 7.

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

16. Comparative information:

Certain 2013 comparative information has been reclassified to conform with the presentation adopted in 2014.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Consolidated Analysis of Revenue Summary

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Grants and reimbursements:		
MTCU:		
Operating	\$ 23,039,504	24,375,625
Specific purpose	11,702,673	11,336,314
Other	6,985,782	6,789,184
Other funding sources	401,248	295,614
Federal government - other	393,563	882,331
Ontario government grants - other	197,212	161,618
	\$ 42,719,982	43,840,686
Tuition fees:		
Full-time	\$ 14,659,730	13,079,662
Part-time	2,683,461	3,101,174
	\$ 17,343,191	16,180,836
Business Development:		
Residence	\$ 4,530,324	4,181,278
Parking	852,812	915,068
Records Centre	268,068	309,420
Other	220,893	178,187
Print Shop	156,711	157,452
Hospitality/conference planning	281,747	226,871
Rentals	164,031	200,859
	\$ 6,474,586	6,169,135
Other revenue:		
Miscellaneous	\$ 2,390,983	2,217,460
Other tuition related fees	2,228,260	2,423,442
International programs	4,168,217	2,965,903
Contract training/Enterprise Centre	742,003	812,772
	\$ 9,529,463	8,419,577

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, 2014, with comparative information for 2013

	Academic	Administration	Special Projects	Physical Resources	Student Services	Business Development	Total 2014	Total 2013
Academic salaries	\$ 19,408,646	273,081	1,328,492	-	237,057	-	\$ 21,247,276	\$ 20,877,478
Support salaries	2,405,231	2,671,132	2,455,850	1,860,848	2,401,349	212,203	12,006,613	11,289,695
Fringe benefits	4,797,659	1,266,201	1,035,594	627,873	967,675	163,395	8,858,397	8,747,800
Administration salaries	1,550,184	3,720,873	1,058,123	532,605	1,068,654	360,626	8,291,065	8,030,848
Contracted services	340,916	1,203,756	635,676	1,055,351	468,800	1,590,821	5,295,320	5,443,997
Utilities and services	-	-	7,405	1,900,826	-	328,410	2,236,641	1,717,403
Interest on long-term debt	-	97,454	-	71,907	-	815,017	984,378	1,155,329
Instructional supplies and development	1,165,790	740,810	362,740	-	129,404	-	2,398,744	2,181,159
Supplies and other	42,937	793,262	107,590	88,340	199,828	13,067	1,245,024	1,059,764
Promotion and public relations	220,986	521,562	115,257	-	167,958	19,182	1,044,945	1,220,901
Equipment maintenance	161,811	607,902	15,320	583,708	5,329	8,768	1,382,838	1,213,874
Information technology	55,982	252,092	125,460	6,782	-	6,218	446,534	683,057
Professional fees	38,407	627,127	28,704	6,628	60,593	233,737	995,196	577,820
Travel	228,330	105,367	266,332	7,331	51,045	9,754	668,159	721,819
Stipends and allowances	-	-	653,691	-	-	-	653,691	487,688
Rentals	55,462	-	217,207	-	-	147,129	419,798	537,817
Facilities maintenance	48,553	2,062	-	828,212	-	116,447	995,274	885,864
Clinical and field work	665,335	-	-	-	-	-	665,335	792,608
Bursaries	-	912,442	56,000	-	234,722	-	1,203,164	988,005
Professional development	25,815	138,641	26,060	11,940	4,211	7,016	213,683	534,612
Special events	57,656	209,878	98,073	6,240	149,697	4,195	525,739	439,199
Insurance	79,056	255,689	-	-	-	-	334,745	320,225
Municipal taxation	-	805	-	296,183	-	-	296,988	306,375
Cost of sales	-	120	-	-	-	254,284	254,404	170,492
Printing and duplicating	140,347	70,730	27,939	1,780	31,584	17,427	289,807	226,888
Telecommunications	12,885	196,519	19,054	5,324	7,322	8,602	249,706	238,511
Fees and memberships	6,242	94,164	5,102	-	-	827	106,335	75,165
	\$ 31,508,230	14,761,669	8,645,669	7,891,878	6,185,228	4,317,125	73,309,799	70,924,393

See accompanying notes to consolidated financial statements.