

Financial Statements of

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

Year ended March 31, 2011



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Independent Auditor's Report

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

We have audited the accompanying financial statements of Sault College of Applied Arts & Technology, which comprise the statement of financial position as at March 31, 2011 and the statements of operations, change in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sault College of Applied Arts & Technology as at March 31, 2011 and the results of its operations, change in its net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
May 19, 2011

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Current		
Cash (note 3)	\$ 7,076,874	\$ 12,707,016
Temporary investments (note 3)	18,542,882	17,162,420
Accounts receivable	1,119,128	1,136,144
Grants and reimbursements receivable	1,780,042	1,365,418
Inventory	15,112	16,270
Prepaid expenses	341,907	1,135,190
	<u>28,875,945</u>	<u>33,522,458</u>
Sinking fund investment (note 2)	3,706,665	3,392,518
Capital assets (note 4)	49,915,871	29,884,509
	<u>\$ 82,498,481</u>	<u>\$ 66,799,485</u>

Liabilities, Deferred Contributions and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 9,873,789	\$ 9,308,805
Deferred tuition fees	688,506	685,600
Payable to the Ministry of Training, Colleges and Universities	508,514	243,580
	<u>11,070,808</u>	<u>10,237,985</u>
Long-term obligations:		
Capital mortgage (note 9)	4,100,000	4,100,000
Vested sick leave benefits	862,181	915,088
Employee future benefits (note 5)	665,000	699,000
	<u>5,627,181</u>	<u>5,714,088</u>
Deferred contributions:		
Expenses of future periods (note 6)	1,470,884	2,490,621
Capital assets (note 7)	44,621,491	32,332,253
	<u>46,092,375</u>	<u>34,822,874</u>
Net assets:		
Unrestricted (deficit):		
Operating	12,717,631	10,588,756
Employment related	(4,801,794)	(4,824,648)
Invested in capital assets (Note 8)	6,374,862	5,711,698
Internally restricted	176,792	187,089
Restricted for student purposes	5,240,625	4,361,643
	<u>19,708,116</u>	<u>16,024,538</u>
	<u>\$ 82,498,481</u>	<u>\$ 66,799,485</u>

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

Approved by the Board:  Chairman of the Board  Treasurer

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

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

	2011	2010
Revenue:		
Grants and reimbursements	\$ 36,829,766	\$ 34,450,949
Tuition fees	7,932,930	7,232,572
Ancillary operations	1,164,979	1,012,522
Other	3,190,474	2,341,495
Restricted for student purposes	2,821,095	2,432,914
Amortization of deferred capital contributions	1,553,515	1,736,511
	<u>53,492,759</u>	<u>49,206,963</u>
Expenses (Note 20):		
Academic	25,426,491	23,963,041
Educational resources	2,012,084	1,895,943
Student services	2,288,455	2,170,748
Administrative	6,834,049	6,649,194
Plant	2,694,019	2,609,423
Ancillary operations	1,299,282	1,302,726
Ontario training strategies	3,964,860	3,981,777
Special projects	1,175,067	502,899
Restricted for student purposes	2,017,862	1,975,859
Provision for (recovery of) employee benefit obligations	(22,854)	(51,680)
Amortization of capital assets	2,106,123	2,644,336
	<u>49,795,438</u>	<u>47,644,266</u>
Excess of revenue over expenses before the under noted	3,697,321	1,562,697
Gain on disposal of capital assets	168,477	10,013
Excess of revenue over expenses	\$ 3,865,798	\$ 1,572,710

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

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

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

						2011	2010
	Unrestricted		Invested in capital assets	Internally restricted	Restricted for student purposes	Total	Total
	Operating	Employment related					
Net asset, beginning of year	\$10,588,756	\$(4,824,648)	\$5,711,698	\$ 187,089	\$4,361,643	\$16,024,538	\$14,430,185
Excess (deficiency) of revenue Over expenses	3,119,990	22,854	(69,982)	(10,297)	803,233	3,865,798	1,572,710
Unrealized gain (loss) on investments	(225,419)	-	-	-	43,199	(182,220)	21,643
Invested in capital assets	(677,396)	-	733,146	-	(55,750)	-	-
Inter fund transfer (note 11)	(88,300)	-	-	-	88,300	-	-
Net assets, end of year \$	\$12,717,631	\$(4,801,794)	\$6,374,862	\$176,792	\$5,240,625	19,708,116	\$16,024,538

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

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

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

	2011	2010
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 3,865,798	\$ 1,572,710
Items not involving cash:		
Amortization of capital assets	2,106,123	2,644,336
Amortization of deferred capital contributions	(1,553,515)	(1,736,511)
(Gain) loss on disposal of capital assets	(168,477)	(10,013)
Future benefits and vested sick leave liability	(86,907)	(126,639)
Net increase (decrease) in deferred contributions related to expenses of future periods	(1,019,737)	1,294,588
	<u>3,143,285</u>	<u>3,638,471</u>
Changes in non-cash working capital balances:		
Accounts receivable	17,016	(553,055)
Grants and reimbursements receivable	(414,624)	(223,092)
Inventories	1,158	5,667
Prepaid expenses	793,284	(859,909)
Accounts payable and accrued liabilities	564,983	3,692,171
Payable to Ministry of Training Colleges and Universities	264,934	43,400
Deferred Tuition Fees	2,906	92,217
	<u>4,372,943</u>	<u>5,835,870</u>
Cash flows from financing and investing activities:		
Sinking fund investment	(314,147)	(287,522)
Unrealized gain on investments	(182,220)	21,643
Purchase of capital assets	(22,180,924)	(6,429,951)
Deferred capital contribution	13,847,733	7,060,799
Proceeds on disposal of capital assets	206,935	6,545
	<u>(8,622,623)</u>	<u>371,514</u>
Increase in cash	(4,249,680)	6,207,384
Cash and temporary investments, beginning of year	29,869,436	23,662,052
Cash and temporary investments, end of year	<u>\$ 25,619,756</u>	<u>\$ 29,869,436</u>
Interest paid in year	<u>\$ 375,970</u>	<u>\$ 375,970</u>

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

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

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

These statements reflect the assets, liabilities, sources of financing and expenditures of the operating fund, capital fund, student and bursary fund.

1. Significant accounting policies:

(a) Revenue recognition:

The College follows the deferral method of accounting.

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

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

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

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

Contributions for student purposes and the interest thereon are recognized as direct increases in net assets restricted for student purposes.

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

(b) Inventory:

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

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

1. Significant accounting policies (continued):

(c) Capital assets:

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

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

(d) Work in process:

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

(e) Employment related obligations:

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

(f) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

2. Financial instruments:

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

(1) Held for Trading:

Financial instruments are classified under this category if they are:

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

These instruments are carried in the balance sheet at fair value with changes in fair value recognized in the Statement of Operations. Transaction costs related to instruments classified as held for trading are expenses as incurred. Financial instruments included in this category are cash and bank.

(2) Held to Maturity:

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

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

The fair value of these coupons at March 31, 2011 is \$ 4,019,613 (2010 - \$3,905,136) being the quoted market value. The total interest income earned on coupons during the fiscal year is \$314,147 (2010 - \$287,523).

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

2. Financial instruments (continued):

(3) Available for Sale:

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

The total interest income earned on temporary investments during the year is \$410,683 (2010 - \$101,294).

(4) Loans and Receivables:

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

(5) Other Financial Liabilities:

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises accounts payable and accrued liabilities, payable to the Ministry of Training, Colleges and Universities, and the mortgage on the student residence building. These instruments are initially recognized at fair value including direct and incremental transaction costs. They are subsequently measured at amortized cost using the effective interest rate method.

The total interest expense on related residence building mortgage is \$375,970 (2010 - \$375,970).

Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements
Year ended March 31, 2011

3. Cash and Temporary investments:

Cash and temporary investments include the following amounts:

	2011	2010
Restricted for student purposes	\$ 1,219,584	\$ 1,216,666
Restricted for endowment purposes	3,584,674	3,193,043
Internally restricted	176,792	187,090
Capital assets	1,473,816	8,866,924
Cash and temporary investments on hand	19,164,890	16,405,713
	\$ 25,619,756	\$ 29,869,436

The College has a line of credit of \$ 1.5 million at prime less 50 basis points available as of March 31, 2011.

4. Capital assets:

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

Capital assets:

	2010		
	Cost	Accumulated amortization	Net book value
Land	\$ 671,255	\$ -	\$ 671,255
Buildings	43,674,004	21,788,567	21,885,437
Site improvements	1,183,038	810,519	372,519
Equipment	9,136,010	7,411,960	1,724,050
Vehicles	315,118	220,164	94,954
Furniture and fixtures	462,056	377,068	84,988
Computer equipment	11,648,284	11,054,314	593,970
Aircraft	3,225,354	3,106,121	119,233
Work in process	4,338,103	-	4,338,103
	\$ 74,653,222	\$ 44,768,713	\$ 29,884,509

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

4. Capital assets (continued):

There are no assets held under capital leases at March 31, 2011. There were no assets held under capital leases at March 31, 2010.

5. Employment-related obligations:

	2011	2010
Non-pension post-employment benefits	\$ 665,000	\$ 699,000

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

The present value of accrued post-employment benefits at March 31, 2011 amounted to \$667,000 (2010 - \$ 726,000). Expenses recorded in the year were \$34,000 - recovery (2010 - \$28,000 - recovery). The benefits paid out in the year were \$60,000 (2010 - \$81,000). These amounts represent the actuarial valuation filed as of March 1, 2008.

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

	2011	2010
Fair value of plan assets	\$ 87,000	\$ 96,000
Accrued benefit obligation	(752,000)	(795,000)
Plan deficit	\$ (665,000)	\$ (699,000)

The significant assumptions used are as follows:

	2011	2010
Discount rate	4.75%	4.75%
Health Care Trend Rate		
- Drugs	10.5%	10.5%
(grading down to 4.5% in 2026)		
- Hospital and other medical	4.5%	4.5%
- Dental cost	4.5%	7.5%
Expected Rate of Return on Plan Assets	3.3%	3.3%

Included in accounts payable is an accrual for vacation pay totaling \$3,274,613 (2010 - \$3,210,560).

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

6. Deferred contributions for expenses of future periods:

Deferred contributions consist of the following:

	2011	2010
Balance, beginning of year	\$ 2,490,620	\$ 1,196,033
Additional contributions received	3,653,910	4,691,964
Amounts taken into revenue	(4,673,646)	(3,397,377)
	<u>\$ 1,470,884</u>	<u>\$ 2,490,620</u>

7. Deferred contributions for capital assets:

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

	2011	2010
Balance, beginning of year	\$ 32,332,253	\$ 27,012,945
Contributions received	13,833,732	7,060,799
Inspiring Growth Capital Campaign	14,001	-
Amortization	(1,558,495)	(1,741,491)
Balance, end of year	<u>\$ 44,621,491</u>	<u>\$ 32,332,253</u>

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

	2011	2010
Unamortized capital contributions used to purchase assets	\$ 43,537,130	\$ 23,647,847
Unspent contributions	1,070,360	8,684,406
Unspent Inspiring Growth Capital Campaign Contributions	14,001	-
Balance, end of year	<u>\$ 44,621,491</u>	<u>\$ 32,332,253</u>

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

8. Invested in capital assets:

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

	2011	2010
Excess of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 1,553,515	\$ 1,736,511
Amortization of capital assets	(2,106,123)	(2,644,336)
Investment income	314,149	287,523
Gain (loss) on disposal of capital assets	168,477	10,013
	\$ (69,982)	\$ (610,289)

	2011	2010
Net investment in capital assets:		
Capital assets acquired	\$ 22,180,924	\$ 6,429,951
Repayment of long-term obligations	-	-
Amounts funded by deferred contributions	(21,447,778)	(5,920,611)
	\$ 733,146	\$ 509,340

Net assets invested in capital assets are represented by:

	2011	2010
Cash	\$ 1,459,680	\$ 8,866,791
Investments	14,137	133
Sinking fund investment	3,706,665	3,392,518
Capital assets, net book value	49,915,871	29,884,509
	55,096,353	42,143,951
Less:		
Deferred contributions related to capital assets	44,621,491	32,332,253
Long-term obligations	4,100,000	4,100,000
	48,721,491	36,432,253
Net assets invested in capital assets	\$ 6,374,862	\$ 5,711,698

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Notes to Financial Statements

Year ended March 31, 2011

9. Capital mortgage:

	2011	2010
9.17% Mortgage, interest payable semi-annually, principal due in July 2012, secured by a first mortgage on the student residence building	4,100,000	4,100,000
	\$ 4,100,000	\$ 4,100,000

10. Net assets:

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

By resolution of the Board of Governors, accumulated appropriations from unrestricted net assets balance at March 31, 2011 have been made to the Joint Employment Stability Reserve Fund in the amount of \$ 176,792.

For capital disclosure purposes, the College considers its capital to be its net assets, restricted and unrestricted. The externally restricted net assets consist of amounts restricted for student purposes (Note 13). The unrestricted net assets consist of: operating, employment related, invested in capital assets (Note 8), and internally restricted net assets. The College's objectives when managing these amounts are to safeguard its ability to continue as a going concern; to continue to provide services to the College community and to allow for future expansion. Annual budgets are developed and monitored to ensure these amounts are maintained at an appropriate level.

11. Inter-fund transfer:

During the year an inter-fund transfer was made totaling \$88,300 to properly reflect the purchase of the SAC building by the College on August 31, 2010.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

12. Pension plans:

Full time employees of the College are members of the Colleges of Applied Arts and Technology (CAAT) Pension Plan (the Plan), which is a multi-employer plan available to all eligible employees of the participating members of the CAAT. Under this arrangement, the College makes contributions to this plan equal to those of the employees. The Plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees, and members will receive benefits based on the length of service and rate of pay. The College follows defined contribution accounting for its portion of the multi-employer plan. The pension is administered by the CAAT Board of Trustees and the most recent audited financial statements of the Plan available at the time of the College's financial statement preparation were as of December 31, 2010. The results disclosed net assets available for benefits of \$5.452 million. The latest actuarial evaluation filed with the Financial Services Commission of Ontario on January 1, 2011 indicated a plan surplus of \$88 million on a going-concern basis and a Plan deficit of \$1,581 million on a solvency basis. Because the Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the College does not recognize any share of the Plan's surplus or deficit. The employer portion of pension contributions for the year was \$2,802,525 (2010 - \$2,667,472), and has been included in the statement of operations.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

13. Other information:

Ontario Student Opportunity Trust Fund:

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

Schedule of donations received between April 1 and March 31:

	2011	2010
Cash donations matched between April 1 and March 31	\$ -	\$ -
Unmatched cash donations	-	-
Total cash donations	-	-

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

	2011	2010
Balance, beginning of year	\$ 664,172	\$ 664,172
Eligible cash donations received between April 1 and March 31	-	-
Matching funds received/receivable from MTCU	-	-
Fund balance at end of year	\$ 664,172	\$ 664,172

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

	2011	2010
Balance, beginning of year	\$ 87,912	\$ 76,914
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	46,469	50,209
Bursaries awarded (total number: 63)	(35,125)	(39,211)
Balance, end of year	\$ 99,256	\$ 87,912
The endowment total based on book value at March 31, 2011	\$ 763,428	\$ 752,084

The market value of the endowment and expendable fund at March 31, 2011 was \$1,103,431.

Report of Awards Issued for the Period April 1, 2010 to March 31, 2011:

	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	21	\$ 13,450	42	\$ 21,675	63	\$ 35,125

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Notes to Financial Statements

Year ended March 31, 2011

14. Ontario Student Opportunity Trust Fund II:

Schedule of donations received between April 1 and March 31:

	2011	2010
Cash donations matched between April 1 and March 31	\$ -	\$ -
Unmatched cash donations	-	-
Total cash donations	-	-

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

	2011	2010
Balance, beginning of year	\$ 331,340	\$ 331,340
Eligible cash donations received between April 1 and March 31	-	-
Matching funds received/receivable from MTCU	-	-
Fund balance at end of year	\$ 331,340	\$ 331,340

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

	2011	2010
Balance, beginning of year	\$ 559	\$ 4,401
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	20,854	9,558
Bursaries awarded (total number: 12)	(9,900)	(13,400)
Balance, end of year	\$ 11,513	\$ 559
The endowment total based on book value at March 31, 2011	\$ 342,853	\$ 331,899

The market value of the endowment at March 31, 2011 was \$ 427,774.

Report of Awards Issued for the Period April 1, 2010 to March 31, 2011:

	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	5	\$ 3,200	7	\$ 6,700	12	\$ 9,900

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

15. Ontario Trust for Student Support:

Schedule of donations received between April 1 and March 31:

	2011	2010
Cash donations matched between April 1 and March 31	\$ 143,868	\$ 92,715
Unmatched cash donations	2,220	-
Total cash donations	\$ 146,088	\$ 92,715

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

Balance, beginning of year	\$ 1,766,356	\$ 1,580,926
Eligible cash donations received between April 1 and March 31	146,088	92,715
Matching funds received/receivable from MTCU	171,030	92,715
Fund balance at end of year	\$ 2,083,474	\$ 1,766,356

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

	2011	2010
Balance, beginning of year	\$ 56,133	\$ 28,729
Realized investment income, net of direct investment- related expense and preservation of capital contributions	79,719	60,154
Bursaries awarded (total number:74)	(47,800)	(32,750)
Balance, end of year	\$ 88,052	\$ 56,133
The endowment total based on book value at March 31, 2011	\$ 2,171,526	\$ 1,822,489

The market value of the endowment at March 31, 2011 was \$ 2,317,980.

Report of Awards Issued for the Period April 1, 2010 to March 31, 2011:

	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	26	\$ 15,900	48	\$ 31,900	74	\$ 47,800

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

16. Comparative amounts:

Certain 2010 comparative amounts have been reclassified to reflect the financial statement presentation adopted for 2011.

17. Commitments:

The College has entered into an agreement to construct a new academic building. The construction start date was September 2009, and the expected occupancy date is July 2011. The expected cost to build is \$25 million, funded by the following: \$8 million from Federal government, \$8 million from Provincial government, \$ 4.5 million by the College, \$1.5 million from NOHFC, and \$3 million from other sources. Project costs of \$21,637,693 incurred to March 31, 2011 have been capitalized as Work in Process.

The College has also entered into an agreement to construct a new aircraft hangar. The construction start date was March 2010, and the expected occupancy date is Summer 2011. The cost to build is \$2.246 million, funded by the following: \$1.23 million by Fednor, and \$1.016 million by the College. Project costs of \$2,019,156 incurred to March 31, 2011 have been capitalized as Work in Process.

18. Contingencies:

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

19. Economic Dependence:

The College received approximately 68% (2010 – 69%) of its revenues from the Ministry of Training, Colleges, and Universities.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

20. Analysis of Expenses:

	2011	2010
Salaries:		
Administration	\$ 4,769,741	\$ 4,558,015
Academic	15,075,238	14,366,029
Support	9,003,270	8,719,322
Other salaries	173,082	100,879
Benefits	6,503,600	5,994,021
Building repairs and maintenance	197,489	143,269
Contracted security services	127,295	119,803
Contracted services	1,996,327	1,764,852
Cost of Goods Sold	763	29,556
Equipment maintenance and repairs	523,240	717,585
Field work	65,147	119,130
Furniture and equipment purchases	507,574	348,261
Furniture and equipment rental	141,381	140,186
Grounds maintenance	65,003	58,049
Instructional and resource supplies	1,367,514	1,272,017
Insurance	275,746	352,884
Interest and bank charges	454,559	460,070
Janitorial and maintenance supplies	67,245	57,858
Municipal tax levy	167,455	156,010
Office supplies	203,419	200,125
Premise rental	208,204	220,382
Professional development	49,714	61,198
Professional fees	570,783	375,594
Promotion and public relations	645,484	503,080
Provision for doubtful accounts	(38,235)	52,567
Staff employment	77,018	91,566
Telecommunications	158,341	167,041
Training subsidies and allowances	915,890	590,593
Travel and conference	427,403	352,141
Utilities	916,362	901,981
Vehicle expense	78,255	81,687
Restricted for student purposes	2,017,862	1,975,859
Provision for (recovery of) employee benefit obligations	(22,854)	(51,680)
Amortization of capital assets	2,106,123	2,644,336
	\$ 49,795,438	\$ 47,644,266



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Independent Auditor's Comments on Supplementary Financial Information

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

We have audited the financial statements of Sault College of Applied Arts & Technology, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, change in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated May 19, 2011 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The individual schedules of supplemental financial information are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
May 19, 2011

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Revenue

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

Unaudited
Schedule 1

	2011	2010
Grants and reimbursements:		
Operating grants	\$ 15,946,901	\$ 16,345,515
Special Purpose grants	12,025,621	10,440,016
Apprentice training	1,887,279	1,527,066
Ontario training strategies	2,676,602	2,144,065
Other	4,293,363	3,994,287
	<u>36,829,766</u>	<u>34,450,949</u>
Tuition fees:		
Full-time post secondary	5,912,752	5,314,117
Other	2,020,178	1,918,455
	<u>7,932,930</u>	<u>7,232,572</u>
Ancillary operations	1,164,979	1,012,522
Miscellaneous:		
Contract educational services	407,438	273,482
Sale of course products and services	288,750	268,113
Other	2,494,286	1,799,900
	<u>3,190,474</u>	<u>2,341,495</u>
Restricted for student purposes	2,821,095	2,432,914
Amortization of deferred contributions related to capital assets	1,553,515	1,736,511
	<u>\$ 53,492,759</u>	<u>\$ 49,206,963</u>

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Academic Expenses

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

Unaudited
Schedule 2

	2011	2010
Salaries:		
Administration	\$ 1,429,991	\$ 1,199,860
Academic	14,370,370	13,795,510
Support	2,516,973	2,335,594
Other salaries	17,575	3,914
Benefits	3,808,249	3,469,320
Building repairs and maintenance	9,162	13,982
Contracted security services	644	623
Contracted services	1,095,302	882,294
Equipment maintenance and repairs	296,565	472,791
Field work	65,147	119,130
Furniture and equipment purchases	172,769	113,936
Furniture and equipment rental	2,064	2,847
Grounds maintenance	15,647	13,216
Instructional supplies	974,490	845,385
Insurance	135,386	154,402
Interest and bank charges	303	1,361
Janitorial and maintenance supplies	655	655
Municipal tax levy	14,905	20,635
Office supplies	68,304	73,526
Premise rental	62,740	85,483
Professional development	18,904	21,694
Professional fees	56,664	63,557
Promotion and public relations	22,456	15,515
Staff employment	9,677	9,438
Telecommunications	20,739	21,919
Travel and conference	128,408	129,086
Training, subsidies and allowances	21,473	-
Utilities	37,897	42,077
Vehicle expense	53,032	55,290
	\$ 25,426,491	\$ 23,963,040

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Educational Resources Expenses

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

Unaudited
Schedule 3

	2011	2010
Salaries:		
Administration	\$ 156,635	\$ 141,470
Academic	236,324	223,585
Support	801,003	788,909
Other salaries	68,850	39,938
Benefits	312,214	261,983
Contracted services	112,986	87,927
Equipment maintenance and repairs	29,416	36,844
Furniture and equipment purchases	31,350	32,517
Furniture and equipment rental	84,067	75,377
Instructional supplies	147,604	176,021
Office supplies	11,715	14,134
Professional Development	30	366
Professional fees	6,637	6,628
Promotion and public relations	4,499	2,956
Telecommunications	1,900	1,805
Travel and conference	6,854	5,483
	\$ 2,012,084	\$ 1,895,943

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Student Services Expenses

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

Unaudited
Schedule 4

	2011	2010
Salaries:		
Administration	\$ 250,339	\$ 218,582
Support	1,302,472	1,259,473
Other salaries	37,721	19,843
Benefits	388,103	390,111
Building repairs and maintenance	4,097	1,779
Contracted services	15,980	14,576
Equipment maintenance and repairs	3,599	1,965
Furniture and equipment purchases	3,717	1,823
Furniture and equipment rental	13,725	10,647
Instructional supplies	48,662	65,149
Janitorial and maintenance supplies	1,730	1,834
Office supplies	19,611	16,148
Premise rental	531	2,323
Professional fees	29,809	22,537
Promotion and public relations	67,388	62,083
Telecommunications	9,479	10,515
Travel and conference	71,530	53,037
Vehicle expense	19,962	18,323
	\$ 2,288,455	\$ 2,170,748

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Administrative Expenses

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

Unaudited
Schedule 5

	2011	2010
Salaries:		
Administration	\$ 2,037,742	\$ 2,164,251
Academic	10,978	10,772
Support	1,680,950	1,566,096
Other salaries	14,084	6,195
Benefits	929,064	927,162
Building repairs and maintenance	11,773	10,036
Contracted services	383,074	261,186
Equipment maintenance and repairs	192,652	203,346
Furniture and equipment purchases	112,575	102,621
Furniture and equipment rental	35,298	42,718
Grounds maintenance	2,334	-
Instructional supplies	40,505	44,296
Insurance	139,496	193,846
Interest and bank charges	78,286	82,739
Municipal tax levy	152,550	135,375
Office supplies	49,647	52,515
Professional development	26,384	31,520
Professional fees	331,774	227,760
Promotion and public relations	370,561	321,783
Provision for doubtful accounts (recovery)	(38,235)	52,567
Staff employment	66,684	82,128
Telecommunications	79,202	80,878
Travel and conference	124,352	47,213
Vehicle expense	2,319	2,191
	\$ 6,834,049	\$ 6,649,194

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Plant Expenses

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

Unaudited
Schedule 6

	2011	2010
Salaries:		
Administration	\$ 169,903	\$ 194,012
Support	1,100,150	1,041,781
Other salaries	1,524	2,528
Benefits	340,672	323,034
Building repairs and maintenance	78,282	66,323
Contracted security services	94,097	88,265
Contracted services	12,762	13,785
Furniture and equipment purchases	5,995	8,170
Furniture and equipment rental	3,847	3,838
Grounds maintenance	6,815	9,516
Instructional supplies	2,148	-
Insurance	864	950
Janitorial and maintenance supplies	63,014	54,328
Office supplies	576	944
Professional fees	1,925	331
Promotional and Public Relations	486	1,626
Telecommunications	3,381	3,660
Travel and conference	1,747	1,500
Utilities	802,889	788,949
Vehicle expense	2,942	5,883
	\$ 2,694,019	\$ 2,609,423

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Ancillary Operations Expenses

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

Unaudited
Schedule 7

	2011	2010
Salaries:		
Administration	\$ 130,229	\$ 131,571
Support	316,511	347,635
Other salaries	14,447	10,295
Benefits	127,385	135,590
Building repairs and maintenance	67,021	51,149
Contracted security services	32,554	30,915
Contracted services	45,879	47,168
Cost of goods sold	763	29,556
Equipment maintenance and repairs	287	1,992
Furniture and equipment purchases	41,503	9,499
Grounds maintenance	40,207	35,317
Instructional supplies	26,743	20,061
Interest on long-term debt	375,970	375,970
Janitorial and maintenance supplies	1,846	1,041
Office supplies	3,536	3,367
Professional fees	148	474
Promotion and public relations	1,317	1,191
Telecommunications	2,280	1,706
Travel and conference	-	2,223
Utilities	70,656	66,006
	\$ 1,299,282	\$ 1,302,726

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Ontario Training Strategies Expenses

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

Unaudited
Schedule 8

	2011	2010
Salaries:		
Administration	\$ 356,727	\$ 369,822
Academic	374,362	288,595
Support	1,107,317	1,265,308
Other salaries	9,058	8,246
Benefits	514,298	447,060
Building repairs and maintenance	26,448	-
Contracted services	265,940	443,786
Equipment maintenance and repairs	260	168
Furniture and equipment purchases	90,547	75,678
Furniture and equipment rental	2,380	4,759
Instructional supplies	38,202	86,271
Insurance	-	3,686
Office supplies	34,854	32,871
Premise rental	102,423	114,499
Professional development	4,396	7,618
Professional fees	137,697	54,307
Promotion and public relations	152,714	77,890
Telecommunications	37,593	42,330
Travel and conference	62,790	81,541
Training, subsidies and allowances	641,934	572,393
Utilities	4,920	4,949
	\$ 3,984,860	\$ 3,981,777

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Special Projects Expenses

Year ended March 31, 2011, with comparative figures for 2010	Unaudited Schedule 9	
	2011	2010
Salaries:		
Administration	\$ 238,175	\$ 138,448
Academic	83,204	47,567
Support	177,894	114,526
Other salaries	9,823	9,920
Benefits	83,615	39,761
Building repairs and maintenance	706	-
Contracted services	64,404	14,130
Equipment maintenance and repairs	461	479
Furniture and equipment purchases	49,118	4,017
Instructional supplies	89,160	34,834
Office supplies	15,176	6,620
Premise Rental	42,510	18,077
Professional fees	6,129	-
Promotion and public relations	26,063	20,036
Staff employment	657	-
Telecommunications	3,767	4,226
Travel and conference	31,722	32,058
Training, subsidies, and allowances	252,483	18,200
	\$ 1,175,067	\$ 502,899