Financial Statements and Supplementary Information of

SHERIDAN COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

Year ended March 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Sheridan College Institute of Technology and Advanced Learning

We have audited the accompanying financial statements of Sheridan College Institute of Technology and Advanced Learning ("College"), which comprise the statement of financial position as at March 31, 2012, and the statements of revenue and expenditures, 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 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.

Auditors' 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 our 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, we consider 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 the College as at March 31, 2012, and the results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements of Sheridan College Institute of Technology and Advanced Learning as at and for the year ended March 31, 2011 were audited by another auditor who expressed an unqualified opinion on the financial statements on June 13, 2011.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Hamilton, Canada
June 6, 2012

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Sheridan College Institute of Technology and Advanced Learning

Statement of Financial Position

March 31, 2012

		2012		2011
Assets				
Current assets:				
Cash and investments (note 3)	$	**122,244,795**	$	122,264,432
Grants receivable		**4,108,693**		3,798,662
Accounts receivable		**10,021,353**		6,953,153
Prepaid expenses and deposits		**2,160,336**		2,237,674
		138,535,177		135,253,921
Student levy receivable (note 5)		**2,448,123**		2,550,020
Other notes receivable		**287,529**		282,682
Long-term grant receivable (note 6)		**1,905,329**		3,766,399
Capital assets (note 7)		**203,091,412**		185,872,907
	$	**346,267,570**	$	327,725,929
Liabilities, Deferred Contributions and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	**34,573,345**	$	29,604,055
Deferred revenue (note 8)		**25,274,625**		19,033,612
Due to Sheridan Student Union Incorporated		**2,176,920**		2,639,391
		62,024,890		51,277,058
Long-term debt (note 9)		**22,885,073**		23,991,611
Sick leave benefit entitlements		**1,160,878**		1,469,397
Employee future benefits (note 14)		**1,342,000**		1,265,000
Deferred contributions (note 10):				
Capital assets		**106,024,866**		108,941,697
Expenses of future periods		**5,374,123**		6,173,006
		198,811,830		193,117,769
Net Assets:				
Unrestricted:				
Operating		**5,000,000**		5,000,000
Vacation pay accrual		**(9,002,959)**		(8,463,072)
Employee future benefits accrual (note 14)		**(1,342,000)**		(1,265,000)
Vested sick-leave benefit accrual		**(1,160,878)**		(1,469,397)
		(6,505,837)		(6,197,469)
Internally restricted (note 17)		**49,576,864**		46,908,391
Invested in capital assets (note 11)		**64,317,977**		53,568,507
Restricted for endowments (notes 3 and 16)		**40,066,736**		40,328,731
		147,455,740		134,608,160
	$	**346,267,570**	$	327,725,929

See accompanying notes to financial statements

APPROVED BY THE BOARD

.... Board Chair .... President

Sheridan College Institute of Technology and Advanced Learning
Statement of Revenue and Expenditures

Year ended March 31, 2012

		2012		2011
REVENUE - schedule 2				
Grants and reimbursements	$	**98,647,960**	$	97,141,023
Amortization of deferred contributions related to:				
Capital assets		**6,102,059**		5,788,944
Expenses of a future period		**7,801,376**		5,918,023
Endowment fund income		**331,216**		265,602
Student tuition		**82,642,979**		69,570,251
Ancillary operations		**11,514,485**		12,904,562
Other		**25,796,314**		20,850,798
Gain (loss) on disposal of capital assets		**520,261**		(18,249)
		233,356,650		212,420,954
EXPENDITURES				
Academic - schedule 3		**112,600,630**		102,312,854
Student services - schedule 4		**24,598,780**		20,155,383
Administration - schedule 5		**34,748,694**		32,110,102
Property and plant - schedule 6		**12,855,731**		11,787,127
Supplementary - schedule 7		**3,044,525**		2,910,417
Ancillary operations - schedule 8		**8,642,979**		8,894,682
Research - schedule 9		**2,715,686**		2,148,566
Vacation pay		**539,887**		609,539
Employee future benefits		**77,000**		42,000
Sick leave benefit recovery		**(308,519)**		(161,226)
Amortization of capital assets		**12,599,090**		11,712,985
		212,114,483		192,522,429
Other expenses related to deferred contributions - schedule 1:				
Awards and bursaries		**5,524,119**		4,984,375
Other		**2,608,473**		1,199,250
		8,132,592		6,183,625
		220,247,075		198,706,054
Excess of revenue over expenditures	$	**13,109,575**	$	13,714,900

See accompanying notes to financial statements.

Sheridan College Institute of Technology and Advanced Learning
Statement of Changes in Net Assets

Year ended March 31, 2012

	Invested in capital assets	Restricted for endowments	Unrestricted including research	Internally restricted	2012 Total	2011 Total
Balance, beginning of the year	$ 53,568,507	$ 40,328,731	$ (6,197,469)	$ 46,908,391	134,608,160	$ 116,808,474
Excess of revenue over expenditures (expenditures over revenue) (note 11(b))	(5,976,770)	-	19,086,345	-	13,109,575	13,714,900
Endowment contributions receipts	-	576,461	-	-	576,461	788,308
Endowment contributions disbursements	-	(331,216)	-	-	(331,216)	(265,602)
Endowment (loss) gain on investments	-	(507,240)	-	-	(507,240)	3,562,080
Investment in capital assets	4,814,776	-	(4,814,776)	-	-	-
Repayment of long-term debt	941,085	-	(941,085)	-	-	-
Internal restrictions	-	-	(13,638,852)	13,638,852	-	-
Utilized internal restrictions	10,970,379	-	-	(10,970,379)	-	-
Net assets, end of year	$ 64,317,977	$ 40,066,736	$ (6,505,837)	$ 49,576,864	$ 147,455,740	$ 134,608,160

See accompanying notes to financial statements

Sheridan College Institute of Technology and Advanced Learning

Statement of Cash Flows

Year ended March 31, 2012

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	$ **13,109,575**	$ 13,714,900
Items not involving cash:		
Amortization of capital assets	**12,599,090**	11,712,985
Amortization of deferred contributions related to capital assets	**(6,102,059)**	(5,788,944)
(Gain) loss on disposal of capital assets	**(520,261)**	18,249
Employee future benefits	**77,000**	42,000
Sick leave benefit recovery	**(308,519)**	(161,226)
Change in non-cash operating working capital (note 13)	**7,427,710**	10,928,613
Net (decrease) increase in deferred contributions related to expenses of future periods	**(798,883)**	2,391,855
	25,483,653	32,858,432
Financing activities:		
Deferred contributions - capital assets	**3,185,228**	30,040,555
Endowment (loss) gain on investments	**(507,240)**	3,562,080
Endowment contributions, net	**245,245**	522,706
Repayment of long-term debt, net	**(1,548,547)**	(1,451,446)
	1,374,686	32,673,895
Investing activities:		
Long-term grant receivable	**1,772,448**	1,688,044
Other notes receivable	**39,447**	72,747
Purchase of capital assets, net	**(29,297,333)**	(37,738,011)
Promissory note receivable (note 4)	**510,918**	478,421
Student levy receivable	**96,544**	91,471
	(26,877,976)	(35,407,328)
Net (decrease) increase in cash and investments	**(19,637)**	30,124,999
Cash and investments, beginning of year	**122,264,432**	92,139,433
Cash and investments, end of year	$ **122,244,795**	$ 122,264,432

See accompanying notes to financial statements

1. Description of Organization:

Sheridan College Institute of Technology and Advanced Learning (the "College" or "Sheridan"), established in 1967, is an Ontario college of applied arts and technology duly established pursuant to Ontario Regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. By Ontario Regulation 33/03, which was filed and came into effect on February 11, 2003, the name of the College was changed to The Sheridan College Institute of Technology and Advanced Learning. The College is an agency of the Crown and provides postsecondary and vocationally oriented education and training in areas such as animation, arts and design, applied computing and engineering sciences, business, and community and liberal studies.

The College is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Significant accounting policies:

These financial statements are the representation of management and have been prepared in accordance with the "Governance and Accountability Framework for Universities and Colleges of Ontario," and Canadian generally accepted accounting principles.

(a) Basis of presentation:

These financial statements include the accounts, transactions and operations for which the College has jurisdiction. They do not include the accounts, transactions and operations of Sheridan Student Union Incorporated ("SSUI") which is independently governed and managed and Sheridan College Foundation and The U.S. Sheridan College Foundation Inc..

(b) Revenue recognition:

Sheridan follows the deferral method of accounting for contributions, which include donations and government grants.

Under the Ministry of Training, Colleges and Universities ("Ministry"), Sheridan is funded by the Province of Ontario in accordance with budget arrangements established by the Ministry. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2012.

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

Externally restricted contributions other than endowment contributions are recognized as revenue in the year 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 a rate corresponding with the amortization rate for the related capital assets.

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Endowment contributions are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Deferred revenue consists of student fees paid in advance and other revenue where the offsetting expenditure will be incurred in the next fiscal year. Tuition fees are recognized as revenue when earned through the provision of service. Tuition fees are deferred to the extent that the related courses provided extend beyond the fiscal year of the College.

Ancillary revenue including residence, parking and other sundry revenues are recognized when products are delivered or services are provided to the student or client. The sales price is fixed and determinable, and collection is reasonably assured.

(c) Cash and investments:

Cash and investments consist of cash on hand, bank balances and short term, highly liquid investments in money market and exchange traded funds (EFT pooled funds). Investments are classified as available for sale and are recorded at fair value on a settlement date basis. Fair value is determined based on quoted market prices. Unrealized gains or losses from the change in fair value are recorded in the statement of changes in net assets. Transaction costs related to the investments are expensed.

(d) Long-term grant receivable:

Long-term grant receivable is classified as loans and receivables and is initially recorded at fair value and subsequently carried at amortized cost using the effective interest method.

(e) Long-term notes receivable:

Long-term notes receivable are classified as loans and receivables and are initially recorded at fair market value and subsequently carried at amortized cost using the effective interest method.

(f) Capital assets:

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to Sheridan's ability to provide services, its carrying amount is written down to its residual value.

2. Significant accounting policies (continued):

(f) Capital Assets (continued):

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2-1/2%
Leasehold improvements	Over term of lease
Building renovations	Over the useful life
Parking lots and roadway	6-2/3%
Furniture and fixtures	20%
Computer equipment	33-1/3%
Equipment and vehicles	20%
Major equipment	10%
Software implementation	14%

(g) Construction in progress:

Construction in progress includes interest and financing costs on funds borrowed or funds on hand and utilized for new construction. These costs are capitalized at the end of the construction period. Upon commencing use of the facility, capitalized construction costs are transferred to the various categories of capital assets and will be amortized on a basis consistent with similar assets.

(h) Vacation pay:

The College recognizes vacation pay as an expense as it is earned by employees.

(i) 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 6 months salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991.

(j) Employee future benefits:

The College maintains separate defined benefit plans providing non-pension, retirement and post-employment benefits for substantially all full-time employees. The costs of post retirement and post-employment benefits related to current service are charged to income. The current service cost and the accrued benefit obligation are actuarially determined for each plan using the projected benefit method prorated on service, and management's estimates of investment yields, salary escalation, health care trends and other factors. The corridor method is used to amortize actuarial gains and losses over the average remaining service life of active employees. Under this method, amortization is recorded only if the accumulated net actuarial gains or losses exceed 10% of the greater of the beginning of year accrued benefit obligation and the actuarial value of the plan assets. Any past service costs arising from plan amendments are amortized on a straight-line basis over the expected average remaining service life of active employees.

2. Significant accounting policies (continued):

(k) Cost allocation:

The operating expenditures are reported as required by the Ministry's College Financial Information System ("CFIS"). As well, Sheridan has followed the cost allocation plan approved by the Council of Presidents of the Colleges of Applied Arts and Technology and endorsed by the Ministry.

Accordingly, direct costs are charged to programs and courses on an actual basis wherever possible.

(l) Internally restricted net assets:

Net assets, internally restricted by the College, are for capital projects, strategic initiatives and future operating expenses approved by the Board of Governors.

(m) Expendable funds, including bursaries/scholarships and student building fund:

These funds are contributed or pledged for specific purposes; the total funds received, including income earned, are expendable for the specific purpose outlined when the funds were donated.

(n) Endowment funds:

These funds are contributed for specific purposes; the principal sum must be held for investment while the income earned is expendable for the specific purpose(s) outlined when the funds were donated.

(o) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently valued at fair value or amortized cost depending on the classification selected for the financial instrument. Financial assets are classified as either "held-for-trading", "held-to-maturity", "available for sale", or "loans and receivables" and financial liabilities are classified as either "held-for-trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with the change in fair value recorded in the statement of revenue and expenditures. Financial assets classified as held-to-maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method. Available-for-sale financial assets that have a quoted price in an active market are measured at fair value with the change in fair value recorded in the statement of changes in net assets.

2. Significant accounting policies (continued):

(o) Financial instruments (continued):

The College has classified its financial instruments as follows:

Cash and investments except for equity investments in the endowment fund	Held-for-trading
Equity investments in the endowment fund	Available-for-sale
Grants receivable	Loans and receivables
Accounts receivable	Loans and receivables
Student levy receivable	Loans and receivables
Other notes receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Long term debt	Other liabilities

The College utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from its financial instruments, and the carrying amounts approximate fair value.

The College has continued to disclose and present financial instruments under Handbook Section 3861, "Financial Instruments – Disclosure and Presentation" for the year ended March 31, 2012.

(p) Use of estimates:

The preparation of 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 date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

3. Cash and investments:

(a) Cash and investments include the following restricted amounts:

		2012		2011
Restricted (trust) funds	$	**5,374,122**	$	6,173,006
Restricted for endowment purposes (b)		**40,066,736**		40,328,731
		45,440,858		46,501,737
Due to Sheridan Student Union Incorporated		**2,176,920**		2,639,391
		47,617,778		49,141,128
Cash on hand and short-term investment		**74,627,017**		73,123,304
	$	**122,244,795**	$	122,264,432

Included in cash and investments are cashable Guaranteed Investment Certificates with a principal value of $40,000,000 paying interest at the rate of 1.7% maturing October 28, 2012.

3. Cash and investments (continued):

(b) Restricted for endowment purposes:

At March 31, 2012, the cumulative capital contribution totalled $31,457,691 (2011 - $ 30,881,230).

		2012		2011
Total endowment funds at market value	$	**40,066,736**	$	40,328,731
Cumulative capital contribution		**31,457,691**		30,881,230
Funds available for use	$	**8,609,045**	$	9,447,501

(c) Investment loss from the fund was $507,240 for fiscal 2012 (2011 - investment gain of $3,562,080).

4. Promissory note receivable:

In January 2000, Sheridan and the Sheridan Student Union Incorporated ("SSUI") entered into an agreement in connection with the Davis Student Centre. The promissory note is funded from future student levies approved by the SSUI. Repayment of this note was completed in March 2012. The principal amount due within one year at March 31, 2011 has been grouped with accounts receivable in the statement of financial position.

5. Student levy receivable:

In September 2005, a new gymnasium was constructed at the Davis Campus. Payment for the gymnasium will be provided by future student levies as approved by SSUI.

The principal amount due within one year has been grouped with accounts receivable in the statement of financial position. The principal amount included in accounts receivable at March 31, 2012 was $1,861,070 (2011 - $1,772,448). The fair value of the receivable is not readily determinable because there are no fixed repayment terms.

6. Long-term grant receivable:

Sheridan has entered into an agreement with the Ministry dated January 2005 for funding construction of new facilities at the Davis Campus. Pursuant to this agreement, funding will be received over a number of years ending March 31, 2015 based on the following schedule:

Fiscal 2013 - $2,000,000

Fiscal 2014 - $1,000,000

Fiscal 2015 - $1,000,000

The long-term grant receivable has been recorded at its fair value calculated as the present value of the future cash receipts discounted using an effective rate of interest of 5%. The portion to be received in the next year has been grouped in current assets, grants receivable.

The discount of the face value of the grant is being amortized into revenue as cash is received.

7. Capital assets:

			2012	2011
	Cost	Accumulated Amortization	Net Carrying Value	Net Carrying Value
Land	$ 2,893,317	$ -	$ 2,893,317	$ 2,893,317
Buildings	228,442,680	66,591,746	161,850,934	129,112,576
Parking lots and roadway	2,988,016	782,648	2,205,368	2,404,084
Building renovations	12,851,706	4,039,992	8,811,714	4,012,928
Leasehold improvements	1,175,139	1,175,139	-	-
Furniture and fixtures	15,498,293	10,050,501	5,447,792	2,328,743
Computer equipment	18,738,442	17,709,798	1,028,644	1,527,809
Major equipment	8,684,074	5,404,110	3,279,964	2,539,236
Equipment and vehicles	35,416,770	29,328,482	6,088,288	6,394,381
Construction in progress	11,485,391	-	11,485,391	34,611,354
Software implementation	4,072,250	4,072,250	-	48,479
	$ 342,246,078	$ 139,154,666	$ 203,091,412	$ 185,872,907

During the year, the College acquired capital assets with cash at an aggregated cost of $29,297,333 (2011 - $37,738,011). Of this amount $1,853,828 (2011- nil) was financed by means of transfer from restricted funds, $101,980 (2011-$31,120) was a gift in kind donation, and the remaining $27,341,525 was purchased with cash. Remaining commitments related to construction in progress at March 31, 2012 totalled $6,123,636 (2011 - $4,856,885).

8. Deferred revenue:

	2012	2011
Student fees and tuition	$ 21,104,305	$ 16,020,134
Ministry funding	1,194,602	1,064,737
Special projects	2,261,433	1,287,641
Residence	714,285	661,100
	$ 25,274,625	$ 19,033,612

9. Long-term debt:

	2012	2011
Student Centre and Residences:		
CIBC loan facility paid with student fees for the Davis Student Centre with interest at 6.59% and total principal of $4,500,000. Repayable $44,112 monthly including interest commencing October 1999 to March 2012	$ -	$ 510,918
Sun Life loan facility (Davis Residence) with interest at 6.80% and total principal of $15,250,000. Repayable $105,846 monthly including interest commencing February 2002 to January 2027	**11,808,354**	12,258,775
Sun Life loan facility (Trafalgar Residence) with interest at 6.41% and total principal of $13,610,000. Repayable $565,938 semi-annually including interest commencing September 1999 to September 2024	**9,633,394**	10,124,058
Canada Life loan facility (Davis Gymnasium) with interest at 5.47% and total principal of $3,024,000. Repayable $120,000 semi-annually including interest commencing December 2006 to December 2027	**2,549,863**	2,646,407
	23,991,611	25,540,158
Less principal amounts due within one year	**1,106,538**	1,548,547
	$22,885,073	$23,991,611

The principal amounts due within one year have been included in accounts payable and accrued liabilities in the statement of financial position.

The long-term debt related to student centre, residences and the Davis gymnasium totaling $23,991,611 (2011 - $ 25,540,158) will be repaid from future student levies and residence fees.

The fair value of the loans at March 31, 2012 is approximately $21,591,001 using an average effective interest rate of 5.5%.

9. Long-term debt (continued):

The anticipated future annual payments under the loan facilities on a fiscal year basis are as follows:

2013		1,106,538
2014		1,180,045
2015		1,258,452
2016		1,342,092
2017		1,431,311
Thereafter		17,673,173
Total minimum payments		**23,991,611**
Less current portion of obligations included in accounts payable and accrued liabilities		(1,106,538)
Value of long-term outstanding obligations	$	**22,885,073**

10. Deferred contributions:

(a) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenditures.

		2012		2011
Balance, beginning of year	$	**108,941,697**	$	84,690,086
Transfer from expenses of future periods		**1,853,828**		-
Amounts amortized to revenue		**(6,102,059)**		(5,788,944)
Contributions received or receivable		**1,331,400**		30,040,555
Balance, end of year	$	**106,024,866**	$	108,941,697

10. Deferred contributions (continued):

(b) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent restricted grants and donations for bursary and other specific purposes.

		2012		2011
Balance at beginning of year	$	**6,173,006**	$	3,781,151
Amount recognized as revenue		**(7,801,376)**		(5,918,023)
Transfer to deferred contributions for capital assets		**(1,853,828)**		-
Transfer to operating funds		**-**		(400,000)
Amount received related to future periods		**8,856,321**		8,709,878
Balance, end of year	$	**5,374,123**	$	6,173,006

11. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

		2012		2011
Capital assets	$	**203,091,412**	$	185,872,907
Less amounts financed by:				
Construction in progress (interim financing)		**(11,306,820)**		(34,611,354)
Deferred contributions		**(106,024,866)**		(75,310,213)
Long-term debt:				
Residences		**(21,441,749)**		(22,382,833)
	$	**64,317,977**	$	53,568,507

(b) The deficiency of revenue over expenditures related to investment in capital assets is calculated as follows:

		2012		2011
Deficiency of revenue over expenditures:				
Amortization of deferred capital contributions	$	**6,102,059**	$	5,788,944
Amortization of capital assets		**(12,599,090)**		(11,712,985)
Gain (loss) on disposal of capital assets		**520,261**		(18,249)
	$	**(5,976,770)**	$	(5,942,290)

12. Commitments:

(a) Leases:

Sheridan's commitments to annual rental payments in the aggregate and in each of the next five years principally as a result of equipment leases are as follows:

2013	**5,583,738**
2014	**3,727,236**
2015	**1,687,368**
2016	**398,870**
2017	**-**
	$ 11,397,212

(b) Letter of credits:

Sheridan has posted letter of credits, totaling $695,000 as security deposit with municipal governments in Halton and Peel regions relating to new building constructions at both the Davis and Trafalgar campuses.

13. Change in non-cash operating working capital:

	2012	2011
Grants receivable	**$ (221,409)**	$ 4,115,765
Accounts receivable	**(3,618,062)**	(1,677,670)
Prepaid expenses	**77,338**	(713,270)
Accounts payable and accrued liabilities	**5,411,301**	5,385,513
Deferred revenue	**6,241,013**	3,094,787
Due to Sheridan Student Union Incorporated	**(462,471)**	723,488
	$ 7,427,710	$ 10,928,613

14. Employee future benefits other than pension:

The College maintains defined benefit plans providing other retirement and future employee benefits to most of its employees. The costs of other post-employment benefits (including medical benefits, dental care, and life insurance premiums waived during long-term disability ("LTD")) 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 value of plan assets and accrued benefit obligations were determined by independent actuaries on behalf of the College System as a whole as at March 1, 2011 for the obligations set out below.

Information about the College's post employment benefits as at March 31, 2012 is as follows:

		2012		2011
Accrued benefit obligations	$	**1,491,000**	$	1,395,000
Fair value of plan assets		**262,000**		257,000
Fundend status - plan deficit	$	**1,229,000**	$	1,138,000

The accrued benefit obligations for employee future benefits other than pension are as follows:

		2012		2011
Non-pension post-retirement benefits	$	**326,000**	$	356,000
Post-employment benefits - life insurance premiums waived during LTD		**150,000**		141,000
Post-employment benefits - continuation of medical and dental benefits during LTD		**1,015,000**		898,000
	$	**1,491,000**	$	1,395,000

The unamortized actuarial gain on non-pension post-retirement benefits is $113,000 (2011 - $127,000).

14. Employee future benefits other than pension (continued):

Details of the accrued employee future benefits are as follows:

	2012	2011
Balance, beginning of the year	**$ 1,265,000**	$ 1,223,000
Current service cost	**4,000**	3,000
Interest	**16,000**	17,000
Experience loss	**121,000**	89,000
Benefits paid	**(64,000)**	(67,000)
Balance, end of year	**$ 1,342,000**	$ 1,265,000

These amounts represent the results of the actuarial valuation completed effective March 1, 2011 and extrapolated to March 31, 2012.

Assumptions	
Interest (Discount) rate	4.2% per annum
Medical cost increase	Hospital: 4.5% per annum Drugs: 10.5% per annum in 2011, grading down to 4.5% in 2026 Other Medical: 4.5% per annum Vision/Hearing Care: 4.5% per annum
Dental costs increase	4.5% per annum
Expected return on plan assets	3.30%

15. Pension plans:

Qualifying employees participate in the contributory retirement pension plans governed by the Colleges of Applied Arts and Technology (CAAT) Pension Plan Board Trustees.

The College makes contributions to these plans equal to those of the employees. Contribution rates are set by the Plan's governors to ensure the long term viability of the Plan. As at March 31, 2012 the College's contributions amounted to $9,539,220 (2011 - $8,603,126 for all plans). There is no indication that the College may be liable for any funding payments in excess of current conditions.

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 assets and liabilities.

16. Ontario Student Opportunity Trust Fund and other endowments:

The Ministry requires Sheridan to include in its financial statements the following disclosures for its Ontario Student Opportunity Trust Funds ("OSOTF I" and "OSOTF II"), and Ontario Trust for Student Support ("OTSS"):

OSOTF I

Schedule of changes in endowed funds related to OSOTF I within the Endowment Fund balance for the year ended March 31, 2012 (schedule based on book value):

	2012	2011
Fund balance, beginning of year	$ **25,258,608**	$ 25,258,608
Cash donations received	**-**	-
Preservation of capital	**-**	-
Fund balance, end of year	$ **25,258,608**	$ 25,258,608

Schedule of changes in expendable funds related to OSOTF I available for awards for the year ended March 31, 2012 (schedule based on book value):

	2012	2011
Balance, beginning of year	$ **3,355,849**	$ 2,490,151
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	**1,266,989**	984,435
Bursaries awarded (2012 - 61; 2011 - 46)	**(111,552)**	(118,737)
Balance, end of year	$ **4,511,286**	$ 3,355,849
Endowment total based on book value	$ **29,769,894**	$ 28,614,457

The market value of the endowment as at March 31, 2012 was $33,560,202 (2011 - $34,239,345).

OSOTF II

Schedule of changes in endowed funds related to OSOTF II within the Endowment Fund balance for the year ended March 31, 2012 (schedule based on book value):

	2012	2011
Fund balance, beginning of year	$ **615,174**	$ 615,174
Cash donations received	-	-
Preservation of capital	-	-
Fund balance, end of year	$ **615,174**	$ 615,174

16. Ontario Student Opportunity Trust Fund and other endowments (continued):

Schedule of changes in expendable funds related to OSOTF II available for awards for the year ended March 31, 2012 (schedule based on book value):

		2012		2011
Balance, beginning of year	$	**1,099**	$	(7,075)
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		**29,241**		20,324
Bursaries awarded (2012 - 20; 2011 - 10)		**(18,504)**		(12,150)
Balance, end of year	$	**11,836**	$	1,099
Endowment total based on book value	$	**627,010**	$	616,273

The market value of the endowment as at March 31, 2012 was $727,904 (2011 - $758,528).

OTSS

Schedule of changes in endowed funds related to OTSS within the Endowment Fund balance for the year ended March 31, 2012 (schedule based on book value):

		2012		2011
Fund balance, beginning of year	$	**3,733,350**	$	3,049,129
Cash donations received		**222,799**		190,341
Matching funds from the Ministry		**273,203**		493,880
Preservation of capital		**-**		-
Fund balance, end of year	$	**4,229,352**	$	3,733,350

16. Ontario Student Opportunity Trust Fund and other endowments (continued):

Schedule of changes in expendable funds related to OTSS available for awards for the year ended March 31, 2012 (schedule based on book value):

		2012		2011
Balance, beginning of year	$	**82,277**	$	28,193
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		**155,550**		69,434
Bursaries awarded (2012 - 35; 2011 - 14)		**(48,293)**		(15,350)
Balance, end of year	$	**189,534**	$	82,277
Endowment total based on book value	$	**4,418,886**	$	3,815,626

The market value of the endowment as at March 31, 2012 was $4,383,989 (2011 - $3,997,436).

Total endowment fund balance is comprised of:

		2012		2011
Endowed fund related to OSOFT I, OSOTF II and OTSS within endowment fund	$	**30,103,134**	$	29,607,131
Expendable funds available for OSOTF I, OSOTF II and OTSS awards		**4,712,656**		3,439,225
		34,815,790		33,046,356
Other endowed funds		**1,394,642**		1,333,422
Endowment fund balance, end of year	$	**36,210,432**	$	34,379,778

The market value of other endowed funds as at March 31, 2012 was $1,394,642.

The market value of total endowment fund as at March 31, 2012 was $40,066,736 (2011 - $40,328,731).

17. Internally restricted net assets:

Internally restricted net assets are for:

		2012		2011
Capital projects	$	**34,855,217**	$	31,379,591
Strategic initiatives		**11,842,622**		11,838,430
Operating expenses for the following year		**2,879,025**		3,690,370
Total	$	**49,576,864**	$	46,908,391

18. Capital disclosures:

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital and quantitative data about capital. CICA Handbook Section 1535 also requires disclosure on whether the entity has complied with any capital requirements and consequences in the event of non-compliance.

The College considers its capital to be its net assets excluding endowment funds (see statement of changes in net assets and notes 11 and 17). The College's objectives when managing its capital are to safeguard its ability to continue as a going concern providing continuous service to its stakeholders, and to allow for future expansion. Annual budgets are developed and monitored to ensure that the College's capital is maintained at an appropriate level, as approved by the Board of Governors.

19. Future for not-for-profit organizations

In December 2010, the Accounting Standards Board ("AcSB") and Public Sector Accounting Board ("PSAB") issued new standards for not-for-profit organizations ("NPOs"). Government (public sector) NPOs have a choice of:

a. Public Sector Accounting standards with the current series of NPO-specific standards added with some minor changes; or

b. Public Sector Accounting standards.

Effective for the fiscal year ending March 31, 2013, the College will follow Public Sector Accounting standards with section PS 4200 (Financial statement presentation by not-for-profit organizations).

Sheridan College Institute of Technology and Advanced Learning

Schedule 1 - Endowment and Deferred Contributions for Expenses of Future Periods

Year ended March 31, 2012

					2012	2011
	Endowment fund (note 3 (b))	**Bursaries and scholarships**	**Other**	**Student Centre**	**Total**	Total
Balance, beginning of year	**$ 40,328,731**	**$ 1,558,645**	**$ 2,736,400**	**$ 1,877,961**	**$ 46,501,737**	$ 40,025,096
Receipts:						
Donations	**303,258**	**1,482,144**	**1,600,712**	**1,306,966**	**4,693,080**	4,664,651
Gain and interest on investments	**1,629,931**	**883**	**17,700**	**18,248**	**1,666,762**	1,216,847
Unrealized (loss) gain	**(2,137,171)**	**-**	**-**	**-**	**(2,137,171)**	2,370,138
Tuition reinvestment fund contributions	**-**	**4,429,669**	**-**	**-**	**4,429,669**	4,314,205
Ontario government matching funds and other	**273,203**	**-**	**-**	**-**	**273,203**	494,425
	69,221	**5,912,696**	**1,618,412**	**1,325,214**	**8,925,543**	13,060,266
	40,397,952	**7,471,341**	**4,354,812**	**3,203,175**	**55,427,280**	53,085,362
Disbursements:						
Awards	**191,449**	**5,314,733**	**17,937**	**-**	**5,524,119**	4,984,375
Other	**139,767**	**410,674**	**257,188**	**1,800,844**	**2,608,473**	1,199,250
Transfer to deferred capital contributions (2012) and operating fund (2011)	**-**	**-**	**1,853,828**	**-**	**1,853,828**	400,000
	331,216	**5,725,407**	**2,128,953**	**1,800,844**	**9,986,420**	6,583,625
Balance, end of year	**$ 40,066,736**	**$ 1,745,934**	**$ 2,225,859**	**$ 1,402,331**	**$ 45,440,860**	$ 46,501,737

Sheridan College Institute of Technology and Advanced Learning
Schedule 2 - Revenue

Year ended March 31, 2012

	2012	2011
Grants and reimbursements:		
Post-secondary	$ 87,105,260	$ 85,654,825
Employment Services (formerly Job Connect)	3,867,321	3,619,540
Ontario Basic Skills	1,836,628	2,168,258
Capital grants	120	59,650
Municipal taxes	1,253,925	1,061,775
Apprenticeship	1,382,553	1,388,474
Other Ontario Ministry grants	-	16,795
Federal programs	3,202,153	3,171,706
	98,647,960	97,141,023
Amortization of deferred contributions related to:		
Capital assets	6,102,059	5,788,944
Expenses of a future period	7,801,376	5,918,023
Endowment fund income	331,216	265,602
	14,234,651	11,972,569
Student tuition:		
Full-time	73,261,197	59,738,194
Part-time	9,381,782	9,832,057
	82,642,979	69,570,251
Ancillary operations:		
Bookstores	599,349	683,977
Cafeteria commission	778,930	691,384
Residence	5,442,073	5,536,830
Parking	1,955,343	2,178,309
Other	2,738,790	3,814,062
	11,514,485	12,904,562
Other:		
Research	2,195,515	1,116,875
Daycare	1,109,663	1,239,107
Bank interest	1,082,647	721,336
Client services	398,497	408,169
Ancillary fees and other	14,214,753	11,296,698
Student IT and mobile fees	6,795,239	6,068,613
	25,796,314	20,850,798
Gain (loss) on disposal of capital assets	520,261	(18,249)
	$ 233,356,650	$ 212,420,954

Sheridan College Institute of Technology and Advanced Learning

Schedule 3 - Academic Expenditures

Year ended March 31, 2012

	2012	2011
Salaries:		
Administration	$ **6,988,434**	$ 6,180,156
Faculty	**61,074,255**	55,607,460
Support	**14,083,206**	13,514,215
Fringe benefits	**15,534,688**	14,144,245
	97,680,583	89,446,076
Instructional furniture, equipment and computer rental	**3,281,106**	3,147,682
Instructional supplies	**4,434,879**	3,959,569
Office supplies	**1,524,816**	1,238,794
Instructional and EDP equipment maintenance	**98,761**	67,660
Building and general maintenance	**574,875**	284,951
Other contracted and professional services	**1,953,539**	1,470,490
Miscellaneous	**296,371**	306,355
Promotion and public relations	**371,255**	242,082
Sick leave gratuities	**371,000**	358,422
Non-instructional furniture, equipment and computer rental	**217,484**	179,354
Contract teaching	**371,481**	485,630
Premises rent	**277,041**	252,041
Travel and conference	**515,385**	375,770
Professional development	**303,630**	226,587
Telephone	**107,581**	68,005
Memberships	**220,843**	203,386
	14,920,047	12,866,778
	$ **112,600,630**	$ 102,312,854

Sheridan College Institute of Technology and Advanced Learning

Schedule 4 - Student Services Expenditures

Year ended March 31, 2012

	2012	2011
Salaries:		
Administration	**$ 2,597,965**	$ 2,293,261
Faculty	**1,481,760**	1,168,041
Support	**10,870,085**	9,830,781
Fringe benefits	**3,405,645**	2,894,932
	18,355,455	16,187,015
Promotion, public relations and brochures	**645,047**	611,870
Office supplies	**782,610**	795,734
Miscellaneous	**154,979**	194,440
Memberships and dues	**313,451**	372,228
Travel and conference	**388,698**	360,636
Non-instructional furniture, equipment and computer rental	**144,478**	136,847
Contracted services	**3,582,962**	1,328,226
Instructional supplies	**131,266**	90,626
Telephone	**27,834**	31,996
Equipment maintenance	**3,026**	-
Professional development	**68,974**	45,765
	6,243,325	3,968,368
	$ 24,598,780	$ 20,155,383

Sheridan College Institute of Technology and Advanced Learning

Schedule 5 - Administration Expenditures

Year ended March 31, 2012

	2012	2011
Salaries:		
Administration	$ **6,639,152**	$ 5,488,694
Support	**8,763,385**	8,141,443
Faculty	**191,955**	23,920
Fringe benefits	**3,538,248**	3,256,641
	19,132,740	16,910,698
Non-instructional furniture, equipment and computer rental	**4,376,797**	4,644,743
Contract services	**1,363,526**	1,744,482
Bad debts	**563,190**	342,054
Office supplies	**749,081**	471,361
Consulting and professional fees	**869,309**	605,286
Postage and courier	**386,408**	376,201
Insurance	**1,979,144**	1,679,274
Bank charges	**217,136**	862,951
Telephone	**200,707**	202,732
Professional development	**539,869**	355,813
Promotion and public relations	**2,120,525**	2,264,533
Memberships and dues	**591,689**	344,640
Equipment maintenance	**712,373**	725,783
Miscellaneous cost	**553,743**	280,292
Travel and conference	**133,979**	110,802
Building and general maintenance	**4,381**	1,028
Staff employment	**248,401**	184,154
Vehicle	**5,696**	3,275
	15,615,954	15,199,404
	$ **34,748,694**	$ 32,110,102

Sheridan College Institute of Technology and Advanced Learning
Schedule 6 - Property and Plant Expenditures
Year ended March 31, 2012

	2012	2011
Salaries:		
Administration	$ 520,052	$ 401,167
Support	1,666,114	1,638,558
Fringe benefits	442,981	427,064
	2,629,147	2,466,789
Building and equipment maintenance	1,982,880	1,576,949
Premises rent	68,096	9,879
Contract cleaning services	1,985,978	1,740,239
Security services	1,586,473	1,222,062
Utilities and services:		
Electric	2,655,953	2,792,514
Heating	434,756	591,023
Refuse removal	109,425	102,088
Water	192,550	182,260
Office supplies	338,056	295,176
Miscellaneous	835,812	660,448
Professional fees	677	-
Vehicle	1,605	4,947
Travel and conference	6,351	6,659
Memberships and dues	5,403	2,588
Professional development	3,095	4,776
Non-instructional furniture, equipment and computer rental	19,474	128,730
	10,226,584	9,320,338
	$ 12,855,731	$ 11,787,127

Sheridan College Institute of Technology and Advanced Learning

Schedule 7 - Supplementary Expenditures

Year ended March 31, 2012

		2012		2011
Training stipends:				
Reimbursements	$	**1,500,953**	$	1,637,524
Allowances		**196,250**		99,883
Municipal taxes		**1,253,925**		1,061,775
Premises rent		**67,712**		84,482
Audit and professional fees		**25,685**		26,753
	$	**3,044,525**	$	2,910,417

Sheridan College Institute of Technology and Advanced Learning

Schedule 8 - Ancillary Operations Expenditures

Year ended March 31, 2012

	2012	2011
Salaries:		
Administration	$ 208,812	$ 194,353
Faculty	8,955	-
Support	1,758,478	1,908,769
Fringe benefits	464,609	483,697
	2,440,854	2,586,819
Bank charges and long-term debt interest	1,481,433	1,567,419
Building and general maintenance	743,415	725,411
Professional fees	1,207,483	1,086,437
Utilities	518,640	561,080
Contract services	787,045	708,613
Non-instructional furniture, equipment and computer rental	90,951	172,651
Promotion and public relations	148,927	353,562
Office supplies	305,393	374,077
Miscellaneous	554,220	405,115
Telephone	59,261	61,727
Travel	135,721	142,660
Vehicle	34,987	38,353
Premises rent	29,015	24,768
Refuse removal	56,193	41,188
Equipment maintenance	15,797	18,812
Membership and dues	23,869	18,394
Insurance	9,775	7,596
	6,202,125	6,307,863
	$ 8,642,979	$ 8,894,682

Sheridan College Institute of Technology and Advanced Learning

Schedule 9 - Research Expenditures

Year ended March 31, 2012

		2012		2011
Salaries:				
Administration	$	**415,723**	$	392,678
Faculty		**176,808**		321,510
Support		**1,019,474**		446,309
Fringe benefits		**214,754**		202,752
		1,826,759		1,363,249
Contract services		**150,711**		96,157
Miscellaneous		**80,338**		(25,026)
Office supplies		**120,209**		95,163
Premise rent		**193,741**		192,916
Travel		**31,855**		22,582
Promotion		**31,082**		79,740
Professional development		**436**		284
Professional fees		**255,733**		258,090
Memberships and dues		**9,021**		6,007
Telephone		**3,395**		4,006
Non-instructional furniture, equipment and computer rental		**12,406**		55,398
		888,927		785,317
	$	**2,715,686**	$	2,148,566