Financial Statements of

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2008

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AUDITORS' REPORT

To the Board of Governors of Sir Sandford Fleming
College of Applied Arts and Technology

We have audited the balance sheet of Sir Sandford Fleming College of Applied Arts and Technology as at March 31, 2008 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

May 16, 2008

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SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Balance Sheet

March 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash	$ 1,129,909	$ 1,489,696
Short-term investments (notes 2, 3 and 5)	8,006,142	6,332,692
Grants and reimbursements receivable	4,382,416	4,551,254
Accounts receivable	1,885,846	1,818,845
Inventory and prepaids	738,961	936,486
Notes receivable (note 4)	228,000	157,000
	16,371,274	15,285,973
Restricted investments for endowments and bursaries (notes 2 and 5)	4,254,919	3,576,144
Notes receivable (note 4)	1,981,353	2,229,205
Capital assets (note 6)	79,193,537	79,024,304
	$ 101,801,083	$ 100,115,626

	2008	2007

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	$ 6,900,392	$ 4,817,909
Accrued payroll and employee benefits	8,807,874	9,205,518
Grants received in excess of entitlements	1,011,564	743,976
Deferred revenue	3,100,122	3,627,109
Fleming College Foundation (note 16)	890,679	1,366,714
Current portion of long-term debt (note 10)	1,018,000	3,125,900
	21,728,631	22,887,126
Long-term debt (note 10)	20,665,000	21,683,000
Deferred derivative liability (note 2)	2,094,117	–
Employee future benefits (note 8)	1,073,000	850,000
Deferred contributions:		
Bursaries	946,355	564,100
Deferred capital contributions (note 7)	51,957,381	49,196,211
	52,903,736	49,760,311
Net assets:		
Invested in capital assets (note 11)	7,772,914	6,238,572
Unrestricted net assets:		
Operating	1,447,144	2,949,735
Employee future benefits	(1,073,000)	(850,000)
Vacation pay accrual	(4,771,965)	(4,966,752)
Sick leave gratuity	(1,252,941)	(1,448,410)
Deferred derivative liability	(2,094,117)	–
Restricted for endowment	3,308,564	3,012,044
	3,336,599	4,935,189
Commitments and contingencies (note 17)		
	$ 101,801,083	$ 100,115,626

See accompanying notes to financial statements.

On behalf of the Board of Governors:

Chair of the Board of Governors

President

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Revenue and Expenditures

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Grants and reimbursements	$ 47,159,129	$ 45,443,787
Student tuition	15,383,960	16,065,206
Other	9,145,577	8,278,829
Ancillary operations	3,679,756	3,707,480
Amortization of deferred capital contributions (note 7)	3,639,283	4,356,200
	79,007,705	77,851,502
Expenditures:		
Salaries	43,430,984	43,698,520
Benefits	8,165,080	7,502,361
Instructional support costs	3,913,800	4,540,848
Travel and professional development	1,045,629	1,341,037
Advertising	895,896	1,101,175
Telephone, legal and audit	1,097,539	1,069,172
Equipment maintenance	538,879	691,602
Plant and security	2,585,591	2,525,738
Rental and taxes	427,131	331,063
Utilities	2,277,013	2,424,940
Contract services and other	3,392,384	3,182,785
Bursaries	2,395,613	2,475,726
Supplementary	1,443,568	1,378,470
Interest expense	1,719,194	1,575,995
Amortization of capital assets (note 11)	5,672,487	6,410,965
	79,000,788	80,250,397
Excess (deficiency) of revenue over expenditures	$ 6,917	$ (2,398,895)

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

Year ended March 31, 2008, with comparative figures for 2007

	Invested in capital assets (note 11(a))	Restricted for endowment	Unrestricted	2008 Total	2007 Total
Net assets, beginning of year	$ 6,238,572	$ 3,012,044	$ (4,315,427)	$ 4,935,189	$ 7,129,043
Excess (deficiency) of revenue over expenditures (note 11(b))	(2,030,504)	–	2,037,421	6,917	(2,398,895)
Endowment contributions	–	296,520	–	296,520	205,041
Net change in invested capital assets (note 11(b))	3,564,846	–	(3,564,846)	–	–
Change in accounting policy - interest rate swaps (note 2)	–	–	(1,902,027)	(1,902,027)	–
Net assets, end of year	$ 7,772,914	$ 3,308,564	$ (7,744,879)	$ 3,336,599	$ 4,935,189

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditures	$ 6,917	$ (2,398,895)
Items not involving cash:		
Amortization of capital assets	5,672,487	6,410,965
Gain on disposal of capital assets	(2,700)	(60,804)
Amortization of deferred capital contributions	(3,639,283)	(4,356,200)
Sick leave	(195,469)	13,584
Employee future benefits expense (recovery)	223,000	(159,000)
Deferred derivative liability	192,090	–
Donation of capital assets	(86,000)	(142,835)
	2,171,042	(693,185)
Change in non-cash operating working capital:		
Grants and reimbursements receivable	168,838	831,899
Accounts receivable	(67,001)	(327,775)
Inventory and prepaids	197,525	(241,779)
Accounts payable and accrued liabilities	2,082,483	881,636
Accrued payroll and employee benefits	(202,175)	654,603
Grants received in excess of entitlements	267,588	(654,717)
Deferred revenue	(526,987)	(337,752)
	4,091,313	112,930
Financing activities:		
Deferred capital contributions	6,400,453	2,183,582
Deferred contributions	382,255	(269,214)
Endowment contributions	296,520	205,041
Issuance of long-term debt	–	5,000,000
Principal payments on long-term debt	(3,125,900)	(1,035,207)
Fleming College Foundation, net	(476,035)	185,301
	3,477,293	6,269,503
Investing activities:		
Invested in short-term investments, net	(1,673,450)	(2,761,932)
Decrease (increase) in restricted investments for endowments and bursaries	(678,775)	64,173
Purchase of capital assets	(5,755,720)	(3,127,703)
Proceeds on disposal of capital assets	2,700	60,804
Notes receivable	176,852	178,649
	(7,928,393)	(5,586,009)

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows (continued)

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Increase (decrease) in cash	(359,787)	796,424
Cash, beginning of year	1,489,696	693,272
Cash, end of year	$ 1,129,909	$ 1,489,696
Supplemental cash flow information:		
Interest paid	$ 1,527,104	$ 1,575,995

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2008

Sir Sandford Fleming College (the "College") was established as a corporation without share capital, as set out in the Ontario Colleges of Applied Arts and Technology Act. The Corporations Act governs the corporate affairs of the College and became effective April 1, 2003. The College is principally involved in providing post-secondary educational services. Under the Income Tax Act (Canada), the College is considered a registered charity and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

(a) Basis of accounting:

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 generally accepted accounting principles.

(b) Deferred revenue:

The College defers the portion of the delivery of programs and courses that takes place after March 31.

(c) Revenue recognition:

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases to net assets.

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

1. Significant accounting policies (continued):

(d) Short-term and restricted investments for endowments and bursaries:

Effective April 1, 2007, all investments have been designated as held-for-trading and are recorded at fair value (note 2). The gain or loss arising from a change in fair value of investments for unrestricted investment income is included in excess (deficiency) of revenue over expenditures in the year in which it arises. Restricted investment income is recognized as revenue when related expenses are incurred.

(e) Library books:

Library book purchases are recorded as an operating expenditure at the time of purchase.

(f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenditure. Betterments which extend the estimated life of an asset are capitalized. Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2-1/2%
Site improvements	10%
Furniture and equipment	20%
Computer equipment	33-1/3%
Residence furniture	6-2/3%
Fibre optic system	5%
Enterprise Resource Planning system	14%
Leasehold improvements	Over term of lease
Donated software	25% - 50%
Sport and Wellness Centre	Over term of lease

1. Significant accounting policies (continued):

(g) Accumulated sick leave credits:

The College is liable to pay 50% of an employee's accumulated sick leave credits on termination or retirement after 10 years of service. This program to accumulate sick leave credits ceased for employees hired after March 31, 1991.

Accrued payroll and employee benefits include an amount of $1,252,941 (2007 - $1,448,410) for sick leave accruals.

(h) Derivative financial instruments:

Derivative financial instruments are utilized by the College in the economic management of its interest rate exposure. The College does not enter into derivative financial instruments for trading or speculative purposes. The College uses interest rate swap agreements to economically manage the floating interest rate of a portion of the debt portfolio and the related overall cost of borrowing. These instruments are not designated as hedges for accounting purposes and are carried on the balance sheet, under the caption deferred derivative liability, at estimated fair market value. Realized and unrealized gains or losses arising from net payments made or received and changes in fair value related to the interest rate swap agreements are recognized in the statement of revenue and expenditures in the period of the change as interest expense.

(i) Employee future benefits:

The cost of post-retirement benefits is recognized over the periods in which the employee renders services to the College in return for the benefits. The accrued benefit obligation and the current service cost were actuarially determined using the projected benefit method prorated on service and based on management's assumptions.

1. Significant accounting policies (continued):

(j) 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 expenditures during the year. Actual results could differ from those estimates.

(k) Future accounting changes:

The following summarizes a future accounting change that will be relevant to the College's financial statements subsequent to March 31, 2008:

Financial instruments - disclosure:

The Canadian Institute of Chartered Accountants ("CICA") has issued new accounting standards on financial instruments that revise and enhance the current disclosure requirements but do not change the existing presentation requirements for financial instruments. These new standards will be effective for the College commencing on April 1, 2008. The new disclosures will provide additional information on the nature and extent of risks arising from financial instruments to which the College is exposed and how it manages those risks.

2. Accounting changes - financial instruments:

Effective April 1, 2007, the College adopted CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement. In accordance with the transitional provisions of this section, the College has applied this change on a retroactive basis without restatement.

2. Accounting changes - financial instruments (continued):

(a) Short-term and restricted investments for endowments and bursaries:

The College has designated its investments as held-for-trading and, as such, these investments are recorded at fair value for the 2008 fiscal year. Prior to fiscal 2008, short-term and restricted investments were recorded at cost and realized gains and losses were recognized in the year of disposal. The net impact of the adoption related to investments did not have a significant impact on the financial statements.

(b) Long-term debt:

The College has designated its long-term debt as held-for-trading and, as such, it is recorded at fair value for the 2008 fiscal year. Prior to fiscal 2008, long-term debt was recorded at the carrying amount. The net impact of this adoption is nil as the fair value of the debt approximates its carrying value as the interest rate is similar to the interest rate currently available to the College.

(c) Interest rate swaps:

The College has implemented the aforementioned Handbook Section for the interest rate swaps which have been recorded at market value for the fiscal year 2008 under deferred derivative liability. Prior to fiscal 2008, interest rate swaps were recorded at cost in the statement of revenue and expenditures.

The effect of this change was to reduce the unrestricted net assets at April 1, 2007 by $1,902,027 and to record a current year adjustment of $192,090.

3. Short-term and restricted investments for endowments and bursaries:

	2008		2007	
	Market value	Cost	Market value	Cost
Money market	$ 8,694,035	$ 8,694,035	$ 6,726,636	$ 6,726,636
Fixed income	2,907,349	2,887,545	2,681,084	2,645,245
Canadian equity	615,181	608,249	543,119	428,727
Global equity	44,496	68,940	111,085	108,228
	$ 12,261,061	$ 12,258,769	$ 10,061,924	$ 9,908,836

Fair values of investments are determined as follows:

Bonds and equities are valued at year-end quoted market prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

Guaranteed investment certificates, term deposits maturing after a year, mortgages and real estate debentures are valued at the present value of estimated future cash flows discounted at interest rates in similar type, quality, and maturity.

The associated risks with the investments are as follows:

(a) Liquidity risk:

Money market investments represent instruments in highly liquid investments that are readily converted into known amounts of cash.

(b) Credit, interest rate and maturity risk:

Fixed income securities have yields varying from 3.32% to 6.77% (2007 - 3.35% to 6.73%) with maturity dates ranging from April 17, 2008 to December 22, 2019 (2007 - April 15, 2007 to December 22, 2019). The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. The value of securities will vary with developments within the specific companies or governments which issue the securities.

3. Short-term and restricted investments for endowments and bursaries (continued):

(c) Equity risk:

The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. Changes in interest rates may also affect the value of equity securities.

(d) Foreign exchange risk:

The value of securities denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

4. Notes receivable:

The notes receivable balance includes $799,525 (2007 - $867,756) and $1,409,828 (2007 - $1,518,449) due from the Student Association, Frost Campus, Sir Sandford Fleming College ("SA") and from the Sir Sandford Fleming College Student Administrative Council, Peterborough Campus ("SAC"), respectively.

The funds were utilized by SA to construct a Student Centre at the Frost Campus and by SAC for their contribution to The Peterborough Sport and Wellness Centre construction.

The notes receivable bear interest at the average interest rate earned on the College bank account of 4.3% (2007 - 4.1%). The repayments will vary year to year as the Building Fund Fee is based on enrolment at the respective campuses. The repayment period will continue indefinitely until the balances of the notes receivable plus accrued interest are fully paid. The current portions of the notes receivable are estimated by using the repayments net of projected interest received during the year as the basis of determination.

Total interest earned during the year is $129,641 (2007 - $85,169), and principal repayments received during the year totalled $176,852 (2007 - $178,649).

5. Restricted investments for endowments and bursaries:

Investments in the amount of $4,254,919 (2007 - $3,576,144) are restricted as to use and are not available for general operations. Fair value is described in note 3.

6. Capital assets:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 2,384,936	$ –	$ 2,384,936	$ 2,384,936
Buildings	89,263,600	25,227,490	64,036,110	62,257,836
Site improvements	2,816,653	1,605,866	1,210,787	1,375,403
Furniture and equipment	17,706,707	14,726,772	2,979,935	3,663,702
Computer equipment	10,827,107	9,449,063	1,378,044	1,427,936
Residence furniture	1,086,301	474,668	611,633	684,053
Fiber optic system	1,560,459	268,557	1,291,902	867,301
Enterprise Resource Planning system	3,879,358	987,802	2,891,556	3,411,185
Leasehold improvements	277,893	178,589	99,304	130,994
Donated software	–	–	–	9,667
Sport and Wellness Centre	2,448,053	138,723	2,309,330	2,358,291
Capital under development	–	–	–	453,000
	$ 132,251,067	$ 53,057,530	$ 79,193,537	$ 79,024,304

The total capital asset additions purchased and donated during the year was $5,841,720 (2007 - $3,270,538). The Ministry of Training, Colleges and Universities ("MTCU") contributed $4,516,060 (2007 - $974,218), the federal government, $82,920 (2007 - nil), private companies, $91,599 (2007 - $142,835), fundraising, $239,465 (2007 - $222,739), and internal funds, $911,676 (2007 - $1,930,746).

7. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenditures. The changes in the deferred capital contributions balance are as follows:

	2008	2007
Balance, beginning of year	$ 49,196,211	$ 51,368,829
Less amounts amortized to revenue	3,639,283	4,356,200
	45,556,928	47,012,629
Contributions received for capital purposes	6,400,453	2,183,582
Balance, end of year	$ 51,957,381	$ 49,196,211

As at March 31, 2008, there was $2,219,758 (2007 - $1,219,379) of deferred capital contributions received that were not spent.

8. Employee future benefits other than pension:

The College pays certain benefits on behalf of its retired employees in addition to pension (note 9). As well, current employee compensated absence for short-term disability and maternity leave benefits are included. Information regarding the College's liability is as follows:

	2008	2007
Balance, beginning of year	$ 850,000	$ 1,009,000
Employee future benefits expense (income)	223,000	(159,000)
Balance, end of year	$ 1,073,000	$ 850,000

A discount rate of 5.5% was used as the actuarial assumption in the valuation of retired employee benefits. Compensated absences are not actuarially determined.

9. Pension plan:

The College has a defined benefit multi-employer pension plan for its employees, which is jointly trusteed. Under this arrangement, the College makes contributions to this plan equal to those of the employees. The College follows defined contribution accounting for its portion of the multi-employer plan. The employer portion of pension contributions for the year was $2,889,325 (2007 - $2,753,098). The pension plan is administered by a Board of Trustees and, based on the latest actuarial report of January 1, 2007, the plan has a going concern and solvency deficit. The deficit on a going concern basis is eliminated when the contribution increase over the next three years is considered. The solvency deficit is of a manageable size. Any unfunded liability would be shared equally between the colleges and their employees.

10. Long-term debt:

	2008	2007
Lindsay Student Residence loan, payable $27,963 monthly, including interest at 4.06%, due September 2007, secured by specific property	$ –	$ 2,165,900
Less principal repayments due within one year	–	2,165,900
	–	–
Brealey Student Residence loan payable, secured by specific property	17,529,000	17,997,000
Less principal repayment due within one year	501,000	468,000
	17,028,000	17,529,000
Peterborough Sport and Wellness Centre loan payable, secured by specific property	1,421,000	1,467,000
Less principal repayment due within one year	48,000	46,000
	1,373,000	1,421,000
Enterprise Resource Planning Software loan payable, secured by specific property	2,733,000	3,179,000
Less principal repayment due within one year	469,000	446,000
	2,264,000	2,733,000
	$ 20,665,000	$ 21,683,000

10. Long-term debt (continued):

It is management's intention to refinance the Lindsay Student Residence loan during the 2009 fiscal year.

The College has entered into interest rate swaps for the Brealey Student Residence, the Peterborough Sport and Wellness Centre and the Enterprise Resource Planning System. At March 31, 2008, the fair values of the interest rate swaps have been recorded as a deferred derivative liability.

The swap for the Brealey Student Residence has a total notional value of $20,000,000, whereby that portion of the loan payable is fixed at 7.05%, inclusive of the stamping fee. Principal repayments are due quarterly with the swap agreement expiring on October 31, 2011. The Brealey Student Residence loan also matures on October 31, 2011. The fair value of this swap is $1,907,757.

The Peterborough Sport and Wellness Centre swap has a notional value of $1,500,000, whereby that portion of the loan payable is fixed at 5.34%, inclusive of the stamping fee. Principal repayments are due quarterly with the swap agreement expiring on June 13, 2026. The fair value of this swap is $94,829.

The Enterprise Resource Planning System swap has a notional value of $3,500,000, whereby that portion of the loan payable is fixed at 5.05%, inclusive of the stamping fee. Principal repayments are due quarterly with the swap agreement expiring on June 13, 2013. The fair value of this swap is $91,531.

The principal repayments due in the next four years are as follows:

2009	$ 1,018,000
2010	1,080,000
2011	1,143,000
2012	18,442,000
	$ 21,683,000

10. Long-term debt (continued):

The long-term debt interest amounted to $1,527,104 (2007 - $1,575,995) during the year.

11. Net assets invested in capital assets:

(a) Net assets invested in capital assets represent the following:

	2008	2007
Capital assets, at cost	$ 132,251,067	$ 132,930,265
Accumulated amortization	(53,057,530)	(53,905,961)
Long-term debt:		
Long-term portion	(20,665,000)	(21,683,000)
Current portion	(1,018,000)	(3,125,900)
Deferred contributions related to capital assets	(49,737,623)	(47,976,832)
Balance, end of year	$ 7,772,914	$ 6,238,572

11. Net assets invested in capital assets (continued):

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

	2008	2007
Deficiency of revenue over expenditures:		
Amortization of deferred capital contributions	$ 3,639,283	$ 4,356,200
Amortization of capital assets	(5,672,487)	(6,410,965)
Gain on disposal of capital assets	2,700	60,804
	$ (2,030,504)	$ (1,993,961)
Net change in investment in capital assets:		
Donated and purchased capital assets	$ 5,841,720	$ 3,270,538
Proceeds on disposal of capital assets	(2,700)	(60,804)
Amounts funded by deferred capital contributions	(5,400,074)	(1,339,790)
Repayment of long-term debt	3,125,900	1,035,207
Issuance of long-term debt	–	(5,000,000)
	$ 3,564,846	$ (2,094,849)

12. Investment income:

Investment income earned and recorded in the statement of revenue and expenditures is calculated as follows:

	2008	2007
Unrestricted resources	$ 494,962	$ 351,225
Endowment funds	84,786	81,775
	$ 579,748	$ 433,000

13. Fair values of financial instruments:

The carrying values of cash, grants and reimbursements receivable, accounts receivable, accounts payable and accrued liabilities and accrued payroll and employee benefits approximate their fair values due to the relatively short period to maturity of these financial instruments. The fair value of the notes receivable is not determinable as the repayment amounts fluctuate each year and the maturity date is not known.

Fair values of short-term investments are as disclosed in note 3.

The College is exposed to interest rate risk on the financing of the student residence at the Brealey Campus, the Wellness Centre and the Enterprise Resource Planning System. The swaps have been recorded at their fair values as described in note 10.

Each of the swaps was entered into with a highly rated counterparty, consistent with the College's risk management objectives.

14. Ontario Student Opportunity Trust Funds:

Net assets restricted for endowments include monies provided by the Government of Ontario from the Student Opportunity Trust Fund Phase 1 and Phase 2 ("OSOTF") matching program to award student aid as a result of raising an equal amount of endowed donations.

The College has recorded the following amounts under the OSOTF programs:

OSOTF - Phase one:

Schedule of changes in endowment fund balance:

	2008	2007
Fund balance, beginning of year	$ 1,416,658	$ 1,416,337
Preservation of capital	578	321
Fund balance, end of year	$ 1,417,236	$ 1,416,658

14. Ontario Student Opportunity Trust Funds (continued):

Schedule of changes in expendable funds available for awards:

	2008		2007	
	Market	Cost	Market	Cost
Balance, beginning of year	$ 284,392	$ 200,737	$ 269,491	$ 164,000
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	37,516	110,441	70,151	91,987
Bursaries awarded (2008 - 73; 2007 - 68)	(51,850)	(51,850)	(55,250)	(55,250)
	$ 270,058	$ 259,328	$ 284,392	$ 200,737

OSOTF - Phase Two

Schedule of changes in endowment fund balance:

	2008	2007
Fund balance, beginning of year	$ 472,447	$ 472,412
Preservation of capital	437	35
Fund balance, end of year	$ 472,884	$ 472,447

14. Ontario Student Opportunity Trust Funds (continued):

Schedule of changes in expendable funds available for awards:

	2008		2007	
	Market	Cost	Market	Cost
Balance, beginning of year	$ 65,562	$ 39,211	$ 55,209	$ 39,139
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	4,910	34,053	27,403	17,122
Bursaries awarded (2008 - 11; 2007 - 13)	(14,061)	(14,061)	(17,050)	(17,050)
	$ 56,411	$ 59,203	$ 65,562	$ 39,211

15. Ontario Trust for Student Support:

Net assets restricted for endowments include monies provided by the Government of Ontario from the Ontario Trust for Student Support ("OTSS") matching program to award student aid.

Schedule of donations received between April 1, 2007 and March 31, 2008:

Cash donations matched between April 1, 2007 and March 31, 2008	$	152,705

Schedule of changes in endowment fund balances for the period from April 1, 2007 to March 31, 2008:

Fund balance, beginning of year	$	853,590
Eligible cash donations received in compliance with the November 2005 Program Guidelines and Reporting Requirements		149,580
Matching funds received/receivable from MTCU in 2007/08		149,580
Preservation of capital		58
Fund balance, end of year	$	1,152,808

15. Ontario Trust for Student Support (continued):

Schedule of changes in expendable funds available for awards:

	2008		2007	
	Market	Cost	Market	Cost
Balance, beginning of year	$ 32,765	$ 24,698	$ 2,978	$ 3,797
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	18,312	30,089	36,687	27,801
Bursaries awarded (2008 - 27; 2007 - 9)	(16,850)	(16,850)	(6,900)	(6,900)
	$ 34,227	$ 37,937	$ 32,765	$ 24,698

Status of recipients	OSAP recipients		Non-OSAP recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	15	$ 8,800	11	$ 7,550	26	$ 16,350
Part-time	–	–	1	500	1	500
	15	$ 8,800	12	$ 8,050	27	$ 16,850

16. Fleming College Foundation:

The College exercises significant influence over Fleming College Foundation (the "Foundation"). The Foundation was established to raise funds for the use of the College. The Foundation was incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act (Canada). Net resources of the Foundation amount to $1,747,608 (2007 - $2,393,244), of which $1,522,539 (2007 - $2,244,682) is restricted.

The net assets and results from operations of the Foundation are not included in the financial statements of the College. Separate financial statements of the Foundation are available upon request.

Related party transactions during the year not separately disclosed in the financial statements include the College's contribution of $293,000 (2007 - $332,000) toward the Foundation's administrative expenses.

The College received $857,818 in donations from the Foundation during the year (2007 - $231,384) and transfers of $149,580 for OTSS.

The balance due to the Foundation bears interest at the College rates earned on their short-term investments (note 3). Interest paid during the year amounted to $48,446 (2007 - $55,879). This related party balance arose as the College holds funds for investments on behalf of the Foundation.

17. Commitments and contingencies:

(a) The College is committed to the following operating lease payments in each of the following years:

2009	$ 492,992
2010	467,958
2011	176,905
2012	9,798
2013	5,602

17. Commitments and contingencies (continued):

(b) The College entered into an agreement during fiscal 2007 to supply and install three heating, ventilating and air conditioning units at the Frost Campus. The project is expected to be completed by August 2008, at a total cost of $1,221,416. During the year, the College has spent $804,373, resulting in a commitment at March 31, 2008 of $417,043.

(c) The College entered into an agreement during fiscal 2008 to reshingle a portion of the roof at the Frost Campus. The project is expected to be completed by June 2008 at a total cost of $201,803. During the year, the College has spent $107,884, resulting in a commitment at March 31, 2008 of $93,919.

18. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.