Financial Statements of

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2005

INDEX

STATEMENT/SCHEDULE NUMBER

Financial Statements and Supplementary Schedules:

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AUDITORS' REPORT

To the Board of Governors of
The St. Lawrence College of Applied Arts and Technology

We have audited the statement of financial position of The St. Lawrence College of Applied Arts and Technology as at March 31, 2005 and the statements of operations, 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, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bennett Lewis McMahon Stillar

Chartered Accountants

Brockville, Canada
June 13, 2005

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

Statement 1

March 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Current assets:		
Cash	$ 1,559,281	$ 647
Investments (note 2)	1,894,589	1,138,050
Grants and accounts receivable	3,118,435	3,305,790
Inventory	46,474	441,116
Prepaid expenses	406,442	404,399
	7,025,221	5,290,002
Advances to First Nations Technical Institute (note 3)	718,421	498,512
Capital assets (note 4)	78,146,916	67,440,675
	$ 85,890,558	$ 73,229,189
Liabilities, Deferred Contributions and Deficiency in Net Assets		
Current liabilities:		
Bank overdraft	$ –	$ 2,798,147
Demand bank loan (note 3)	718,421	500,000
Accounts payable and accrued liabilities	12,811,531	9,906,678
Current portion of long-term debt (note 7)	1,216,812	1,099,663
	14,746,764	14,304,488
Trust funds (note 5)	814,069	787,609
Employment-related obligations (note 6)	2,099,530	2,087,564
Long-term debt (note 7)	27,277,813	18,094,479
Deferred contributions (note 8):		
Externally restricted donations	526,093	649,890
Expenses of future periods	2,530,177	2,692,127
Capital assets	38,376,361	37,722,665
	41,432,631	41,064,682
Deficiency in net assets:		
Invested in capital assets (note 9)	12,127,581	10,602,568
Restricted for endowments (note 10)	2,049,647	1,094,723
Internally restricted (note 11)	1,304,444	1,082,233
Unrestricted deficiency (note 12)	(15,961,921)	(15,889,157)
	(480,249)	(3,109,633)
Commitments (note 13)		
Contingent liabilities (note 14)		
	$ 85,890,558	$ 73,229,189

See accompanying notes to financial statements.

Approved by the Board of Governors:

_______________ Chair

_______________ President

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations Statement 2

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Revenue:		
Grants and reimbursements (schedule 1)	$ 40,986,107	$ 36,631,051
Tuition fees	14,325,796	13,392,628
Ancillary (schedule 1)	5,352,500	6,001,630
Other	2,407,987	2,055,891
Amortization of deferred contributions related to capital assets (note 8(c))	2,010,408	1,895,264
Donations (note 8(a))	257,112	149,931
Interest	81,196	154,344
Total revenue	65,421,106	60,280,739
Expenses:		
Academic (schedule 2)	31,485,301	31,408,128
Administration (schedule 3)	6,900,070	7,517,609
Student services (schedule 4)	7,356,337	6,635,979
Plant and property (schedule 5)	5,315,492	5,207,773
Ancillary (schedule 6)	5,311,347	5,509,079
Supplementary (schedule 7)	2,607,586	2,640,510
Amortization of capital assets	4,459,683	3,523,800
Provision for employment-related obligations	11,966	155,219
Student bursaries, awards and athletics	196,463	109,895
Building fund donations paid to student associations	102,401	69,881
Write-off of notes receivable	–	66,848
Total expenses	63,746,646	62,844,721
Excess of revenue over expenses (expenses over revenue)	$ 1,674,460	$ (2,563,982)

See accompanying notes to financial statements.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

Statement 3

Year ended March 31, 2005, with comparative figures for 2004

	Invested in capital assets	Restricted for endowments	Internally restricted	Unrestricted	2005 Total	2004 Total
Balance, beginning of year	$ 10,602,568	$ 1,094,723	$ 1,082,233	$ (15,889,157)	$ (3,109,633)	$ (696,623)
Excess of revenue over expenses (expenses over revenue) (notes 9 and 11)	(2,449,275)	–	1,739	4,121,996	1,674,460	(2,563,982)
Net change in investment in capital assets (note 9)	3,974,288	–	–	(3,974,288)	–	–
Transfer between funds (note 11)	–	–	220,472	(220,472)	–	–
Endowment contributions	–	954,924	–	–	954,924	150,972
Balance, end of year	$ 12,127,581	$ 2,049,647	$ 1,304,444	$(15,961,921)	$ (480,249)	$ (3,109,633)

See accompanying notes to financial statements.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Statement 4

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used for):		
Operations:		
Excess of revenue over expenses (expenses over revenue)	$ 1,674,460	$ (2,563,982)
Items not involving cash:		
Amortization of deferred contributions related to capital assets	(2,010,408)	(1,895,264)
Amortization of capital assets	4,459,683	3,523,800
Provision for employment-related obligations	11,966	155,219
Gain on sale of land	(46,932)	–
	4,088,769	(780,227)
Changes in non-cash operating working capital:		
Decrease in grants and accounts receivable	187,355	99,596
Decrease (increase) in inventory	394,642	(76,237)
Increase in prepaid expenses	(2,043)	(236,281)
Increase (decrease) in accounts payable and accrued liabilities	2,904,853	(218,399)
Net increase (decrease) in deferred contributions related to:		
Externally restricted donations	(123,797)	(364,184)
Expenses of future periods	(161,950)	251,363
	7,287,829	(1,324,369)
Financing:		
Increase in trust funds	26,460	244,615
Demand bank loan for advances to First Nations Technical Institute	218,421	190,000
Capital lease obligations	2,533,364	1,001,619
Bankers acceptance and bank loans	8,407,180	12,400,000
Principal payments on long-term debt	(1,640,061)	(855,262)
Contributions, enhancement fees and donations used for additions to capital assets	1,891,153	6,470,897
Increase (decrease) in unspent capital contributions	772,951	(4,045,597)
Endowment contributions	954,924	150,972
	13,164,392	15,557,244
Investments:		
Decrease (increase) in investments	(756,539)	942,148
Increase in advances to First Nations Technical Institute	(219,909)	(84,228)
Additions to capital assets	(15,168,992)	(20,023,543)
Proceeds from sale of land	50,000	–
	(16,095,440)	(19,165,623)
Increase (decrease) in cash and cash equivalents	4,356,781	(4,932,748)
Cash and cash equivalents, beginning of year	(2,797,500)	2,135,248
Cash and cash equivalents, end of year	$ 1,559,281	$ (2,797,500)
Represented by:		
Cash	$ 1,559,281	$ 647
Bank overdraft	–	(2,798,147)
	$ 1,559,281	$ (2,797,500)

See accompanying notes to financial statements.

The St. Lawrence College of Applied Arts and Technology was established as a community college in 1967 and operates under the authority of the Province of Ontario. The College offers full-time, post-secondary programs and part-time courses and certificate programs at campuses located in Kingston, Brockville and Cornwall. The College is a registered charity and is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The St. Lawrence College Foundation is incorporated without share capital under the Ontario Corporations Act. The results and operations of the Foundation are included in the College's financial statements. The objectives of the Foundation are to solicit, receive, manage and distribute money and other funds to support the educational services provided by the College and its affiliated institutions.

1. Significant accounting policies:

(a) Revenue recognition:

The College follows the deferral method of accounting for contributions which include government grants and donations.

The College is funded primarily by the Province of Ontario in accordance with funding arrangements established by the Ministry of Training, Colleges and Universities. Operating grants are recorded as revenue in the period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2005.

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 deferred and recognized as revenue in the year in which the related expenditures are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets in the year in which the contributions are received.

Donations of assets are recorded at fair value when a fair value can be reasonably estimated. Pledges receivable are not recorded as an asset in the accompanying financial statements.

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.

Revenue from tuition fees, contract educational and ancillary operations is recognized when the services are provided or the goods are sold.

1. Significant accounting policies (continued):

(b) Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(c) Investments:

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

(d) 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:

Buildings	10 and 40 years
Site improvements	10 years
Equipment	3 to 10 years

(e) Employee benefits obligations:

Employee benefits obligations, which include vacation pay and post-retirement and post-employment benefits (note 6), are accrued as employees render the services necessary to earn the benefits.

For the non-pension post-retirement benefits obligation the excess of the net actuarial gain (loss) over 10% of the greater of the accrued benefits obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

(f) Student organizations:

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

(g) Use of estimates:

The preparation of 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the reporting period they become known.

2. Investments:

	2005	2004
Fixed income investments (market value $1,538,054; 2004 - $1,107,625)	$ 1,553,919	$ 1,118,050
Global equity index linked notes, maturing October, 2005 (market value $323,850)	320,670	–
4.25% Guaranteed investment certificate, maturing October, 2006	20,000	20,000
	$ 1,894,589	$ 1,138,050

The fixed income investments mature at various dates ranging from September, 2005 to June, 2010 and currently earn interest at rates ranging from 2.59% to 4.3%.

The College intends to liquidate its investments in the next fiscal year and, accordingly, the investments are classified as current assets.

3. Advances to First Nations Technical Institute:

	2005	2004
Balance, beginning of year	$ 498,512	$ 414,284
Advances during the year	324,422	84,228
Repayment of advances from operating grants	(104,513)	–
Balance, end of year	$ 718,421	$ 498,512

The College has entered into a partnership agreement with the First Nations Technical Institute (F.N.T.I.) pertaining to educational and training services and activities that will benefit aboriginal students.

The financial terms of the partnership agreement state that the Ministry of Training, Colleges and Universities operating grants and the tuition fees generated from accredited programs delivered pursuant to the agreement will be shared in the ratio of 90% to the F.N.T.I. and 10% to the College.

The partnership agreement stipulates that the College will annually advance funds to the F.N.T.I. for the 90% share of the Ministry operating grants that will be distributed in future years pursuant to the Ministry's funding formula. The partnership agreement states that the advances will be repaid to the College in the year of receipt of the operating grants.

The College is financing the advances to the F.N.T.I. with a demand bank loan, the interest on which is being paid by the F.N.T.I. Currently there are no principal repayment terms for this demand bank loan and it is the College's intent to repay the demand bank loan as the operating grants relating to the advances are received.

4. Capital assets:

		2005		2004
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 745,393	$ –	$ 745,393	$ 748,461
Buildings	86,931,378	25,527,496	61,403,882	60,077,415
Construction in progress	9,196,102	–	9,196,102	714,094
Site improvements	1,991,804	1,607,735	384,069	413,792
Equipment	38,505,863	32,088,393	6,417,470	5,486,913
	$ 137,370,540	$ 59,223,624	$ 78,146,916	$ 67,440,675

Cost and accumulated amortization at March 31, 2004 amounted to $122,784,020 and $55,343,345 respectively.

5. Trust funds:

(a) Trust funds are comprised of the following:

	2005	2004
Employment stability trust funds	$ 211,626	$ 207,443
Funds for student enhancement	602,443	580,166
	$ 814,069	$ 787,609

(b) Employment stability trust funds:

				2005	2004
	Academic Staff Local 417	Support Staff Local 418	Support Staff Local 419	Total	Total
Balance, beginning of year	$ 120,937	$ 66,002	$ 20,504	$ 207,443	$ 215,394
Obligatory contribution by the College	–	8,300	–	8,300	8,500
Interest	2,434	1,397	416	4,247	5,655
	123,371	75,699	20,920	219,990	229,549
Disbursements for staff	1,141	7,223	–	8,364	22,106
Balance, end of year	$ 122,230	$ 68,476	$ 20,920	$ 211,626	$ 207,443

5. Trust funds (continued):

(b) The College is required to make annual contributions to the employment stability trust funds equal to $50 for each full-time member of the union locals. The maximum balance to be maintained in the funds is $500 for each full-time member of the union locals.

The College holds these funds in trust for the union locals. The College Employment Stability Committee, comprised of members from the College and the union locals, administers and makes decisions with respect to the use of these funds to facilitate short-term and long-term employment stability strategies and for training or retraining.

(c) Funds for student enhancement:

	2005	2004
Balance, beginning of year	$ 580,166	$ 327,600
Student enhancement fees	1,158,096	996,381
Transfer from externally restricted donations (note 8(a))	23,270	–
Interest earned on enhancement fees	553	19,768
	1,762,085	1,343,749
Portion of student enhancement fees utilized for additions to capital assets (note 8(c))	(95,172)	(16,474)
Enhancement fees recognized as revenue:		
utilized for fitness facility expenditures	(700,280)	(527,205)
utilized for student approved activities	(228,739)	(194,476)
paid to student associations	(135,451)	(25,428)
	(1,159,642)	(763,583)
Balance, end of year	$ 602,443	$ 580,166

6. Employment–related obligations:

	2005	2004
Post-retirement and post-employment benefits	$ 2,002,000	$ 1,973,000
Other non-pension benefits	97,530	114,564
	$ 2,099,530	$ 2,087,564

The premiums for group benefits available for early retirees (ages 50 to 65) are paid by the early retirees. However their claims experience is included with active employees. This practice impacts the group benefits premium rates for active employees, for which the College pays all of the premiums, and results in the College subsidizing the premiums paid by early retirees for their group benefits. In a similar fashion a subsidy is provided for the continuation of benefits for employees on long-term disability leaves. This subsidization results in a benefit being provided by the College to current and future early retirees and long-term disability claimants.

Information on the post-retirement and post-employment liability arising from this benefit is as follows:

	2005	2004
Accrued benefits obligation	$ 1,877,000	$ 1,993,000
Fair value of plan assets	125,000	149,000
Funded status - plan deficit	1,752,000	1,844,000
Unamortized net actuarial gain	250,000	129,000
Post-retirement and post-employment benefits liability	$ 2,002,000	$ 1,973,000

The significant actuarial assumptions used in measuring the College's post-retirement and post-employment benefits liability are as follows:

Discount rate	5.25% per annum (2004 – 5.5% per annum)
Dental cost increases	4.0% per annum
Medical cost increases	Drugs – 9% per annum in 2005 decreasing to 5% by 2010
	Hospital and other medical – 5% per annum

7. Long-term debt:

(a) Long-term debt is comprised of the following:

	2005	2004
Capital lease obligations (note 7(b))	$ 2,798,941	$ 1,264,840
Bankers acceptance loans (note 7(c)):		
5.997%, repayable approximately $133,000 quarterly including interest, maturing September 10, 2021	5,690,142	5,878,512
6.01%, repayable approximately $28,000 monthly including interest, maturing July 4, 2028	4,266,992	4,348,386
6.02%, repayable approximately $21,000 monthly including interest, maturing August 1, 2028	3,205,611	3,266,265
6.06%, repayable approximately $13,000 monthly including interest, maturing September 1, 2028	1,946,259	1,982,625
Fixed rate term bank loans (note 7(d)):		
5.12%, repayable $9,466 monthly including interest, maturing February 1, 2030	1,597,361	–
4.83%, repayable $13,448 monthly including interest, maturing October 31, 2011	918,243	–
Variable rate bank loans (note 7(e)):		
Loan facility # 1 repayable $5,278 monthly including interest at Bank of Montreal prime rate less 0.75%, converted to 4.83% fixed rate term bank loan effective November 19, 2004	–	974,732
Loan facility #2 repayable $23,237 monthly including interest at Bank of Montreal prime rate less 0.75% which will result in full repayment by approximately March, 2010	1,263,896	1,478,782
Construction loan facility bearing interest at Bank of Montreal prime rate less 1.0%	6,807,180	–
	28,494,625	19,194,142
Current portion	(1,216,812)	(1,099,663)
	$ 27,277,813	$ 18,094,479

7. Long-term debt (continued):

(b) Future minimum lease payments, by year and in aggregate, under the capital lease obligations as at March 31, 2005 are as follows:

2006	$ 593,466
2007	1,365,260
2008	1,180,285
2009	9,655
Total minimum lease payments	3,148,666
Less amount representing interest (at rates from 4.6% to 5.9%)	349,725
Present value of net minimum lease payments	2,798,941
Current portion of capital lease obligations	439,180
	$ 2,359,761

Interest of $155,995 (2004 - $44,901) relating to capital lease obligations has been recorded as an expense in the statement of operations.

(c) The 5.997% and 6.01% bankers acceptance loans were used to finance the construction of the student residence on the Kingston campus. The 6.02% and 6.06% bankers acceptance loans were used to finance the construction of a fitness facility and the expansion of the cafeteria, respectively, on the Kingston campus. These loans are hedged through interest rate swaps to the fixed interest rates noted above. The College also incurs a bank stamping fee of 0.30% to 0.32% on the outstanding principal balance of each loan which is paid quarterly for the 5.997% loan and monthly for the remaining loans. No specific security has been pledged for these loans.

Based on a detailed analysis and feasibility study it is expected that operational costs of the student residence, including the principal and interest payments on the related bankers acceptance loans, will be financed from operational revenue generated by the residence as required by the Ministry of Training, Colleges and Universities. If an operating deficit is incurred, it will be financed by the excess of revenue over expenses from other ancillary operations.

It is expected that the management fees, utilities and other costs of the fitness facility, including the principal and interest payments on the related bankers acceptance loan, will be financed from student enhancement fees.

Principal due on the bankers acceptance loans in each of the next five years is as follows:

2006	$ 390,259
2007	415,240
2008	441,819
2009	470,104
2010	500,200

Loan interest and stamping fees totalling $948,034 (2004 - $740,883) have been recorded as an expense in the statement of operations.

7. Long-term debt (continued):

(d) The 5.12% fixed rate term bank loan was used to finance the construction of the Cornwall student residence and the 4.83% loan provided financing of $1,000,000 for the installation of an electrical substation on the Kingston campus. The College also incurs a bank stamping fee of .25% on the outstanding principal balance of the 5.12% loan which has been hedged through an interest rate swap. No specific security has been pledged for these loans.

Based on a detailed analysis and feasibility study it is expected that operational costs of the student residence, including the principal and interest payments on the related loan, will be financed from operational revenue generated by the residence as required by the Ministry of Training, Colleges and Universities. If an operating deficit is incurred, it will be financed by the excess of revenue over expenses from other ancillary operations.

Principal due on the fixed rate term bank loans in each of the next five years is as follows:

2006	$ 152,209
2007	159,825
2008	167,821
2009	176,218
2010	185,036

Loan interest and stamping fees totalling $33,188 have been recorded as an expense in the statement of operations.

(e) Bank loan facility #2 provided financing of $1,700,000 for the costs of the Peoplesoft computer software acquisition and implementation. The College has pledged not to encumber assets to another creditor without the Bank of Montreal's prior written consent.

Principal due on this bank loan facility in each of the next five years is approximately as follows:

2006	$ 235,000
2007	244,000
2008	253,000
2009	263,000
2010	273,000

Loan interest totalling $63,525 (2004 - $95,698) has been recorded as an expense in the statement of operations.

The construction loan facility is being used to finance the construction of the Brockville and the Kingston Phase III residences. Repayment of this demand bank loan with Bank of Montreal long-term debt financing will occur at substantial completion of construction. Repayment terms for the long-term debt financing have not yet been finalized. Interest of $74,729 incurred on this loan facility has been capitalized to construction in progress.

8. Deferred contributions:

(a) Externally restricted donations:

Deferred contributions related to externally restricted donations represent unspent donations that have been restricted by the donors for additions to capital assets and for student bursaries and other financial assistance.

	2005	2004
Donations	$ 662,185	$ 865,573
Restricted investment income	7,648	13,893
	669,833	879,466
Amount recognized as revenue in the year	(257,112)	(149,931)
	412,721	729,535
Transfer to net assets restricted for endowments	(1,100)	(21,170)
Transfer to funds for student enhancement (note 5(c))	(23,270)	–
Donations utilized for additions to capital assets	(512,148)	(1,072,549)
Net decrease	(123,797)	(364,184)
Balance, beginning of year	649,890	1,014,074
Balance, end of year	$ 526,093	$ 649,890
Represented by:		
Foundation fund for bursaries and capital assets	$ 236,398	$ 308,591
Funds for bursaries	229,991	281,369
Funds for student assistance	59,704	59,930
	$ 526,093	$ 649,890

(b) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent grants and reimbursements as well as unspent investment income earned on the Ontario Student Opportunity Trust Fund.

	2005	2004
Balance, beginning of year	$ 2,692,127	$ 2,440,764
Amount recognized as revenue in the year	(2,071,158)	(1,524,519)
Amount received related to future years	1,911,825	1,774,282
Restricted investment income (note 10)	41,120	31,600
Investment income used to pay bursaries (note 10)	(43,737)	(30,000)
Balance, end of year	$ 2,530,177	$ 2,692,127

8. Deferred contributions (continued):

(c) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of contributions, enhancement fees and donations utilized for additions to capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2005	2004
Balance, beginning of year	$ 37,653,165	$ 33,077,532
Amounts used for capital purposes:		
Contributions from Ministry of Training, Colleges and Universities	703,856	5,280,915
Other contributions	168,483	31,816
Enhancement fees	95,172	16,474
Donations	923,642	1,141,692
Less amortization of deferred capital contributions	(2,010,408)	(1,895,264)
Balance, end of year	$ 37,533,910	$ 37,653,165

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

	2005	2004
Unamortized capital contributions	$ 37,533,910	$ 37,653,165
Unspent capital contributions	842,451	69,500
	$ 38,376,361	$ 37,722,665

9. Invested in capital assets:

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

	2005	2004
Capital assets	$ 78,146,916	$ 67,440,675
Less amounts financed by:		
Deferred capital contributions	(37,533,910)	(37,653,165)
Capital lease obligations	(2,798,941)	(1,264,840)
Bankers acceptance loans	(15,099,804)	(15,466,588)
Fixed rate term bank loans	(2,515,604)	–
Variable rate bank loans	(8,071,076)	(2,453,514)
	$ 12,127,581	$ 10,602,568

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

	2005	2004
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$ 2,010,408	$ 1,895,264
Amortization of capital assets	(4,459,683)	(3,523,800)
	$ (2,449,275)	$ (1,628,536)
Net change in investment in capital assets:		
Additions to capital assets	$ 15,168,992	$ 20,023,543
Amount funded by:		
Deferred capital contributions	(1,891,153)	(6,470,898)
Capital lease obligations	(2,533,364)	(1,001,619)
Bankers acceptance loans	–	(9,700,000)
Variable rate and fixed rate term bank loans	(8,407,180)	(2,700,000)
Repayment of:		
Capital lease obligations	999,263	329,339
Bankers acceptance loans	366,784	279,437
Variable rate and fixed rate term bank loans	274,014	246,486
Carrying value of land sold	(3,068)	–
	$ 3,974,288	$ 1,006,288

10. Net assets restricted for endowments:

	2005	2004
Ontario Student Opportunity Trust fund (OSOTF):		
Phase 1	$ 943,751	$ 943,751
Phase 2	1,105,896	150,972
	$ 2,049,647	$ 1,094,723

The OSOTF program was established by the Government of Ontario whereby all eligible donations made to the College's OSOTF are matched by the Government of Ontario on a dollar for dollar basis. Investment income from the funds must be used to assist academically qualified individuals who for financial reasons would not otherwise be able to attend college. The expendable funds available for bursaries is included in the College's deferred contributions for expenses of future periods.

	2005	2004
Expendable funds available for bursaries, beginning of year	$ 46,736	$ 45,136
Investment income earned on endowment funds	41,120	31,600
Bursaries awarded	(43,737)	(30,000)
Expendable funds available for bursaries, end of year	$ 44,119	$ 46,736

11. Net assets internally restricted:

	Funds for Student Assistance	College Residences	Pay Parking	2005 Total	2004 Total
Balance, beginning of year	$ 52,283	$ 949,475	$ 80,475	$ 1,082,233	$ 792,703
Transfers from (to) unrestricted net assets	–	232,653	(12,181)	220,472	354,393
Investment income	1,739	–	–	1,739	1,985
Write-off of notes receivable	–	–	–	–	(66,848)
Balance, end of year	$ 54,022	$ 1,182,128	$ 68,294	$ 1,304,444	$1,082,233

12. Unrestricted net assets deficiency:

	2005	2004
Unrestricted net assets deficiency:		
Operating	$ 11,000,249	$ 11,004,680
Vacation pay accrued liability	2,862,142	2,796,913
Employment-related obligations	2,099,530	2,087,564
	$ 15,961,921	$ 15,889,157

13. Commitments:

(a) The College rents equipment and premises under long-term operating leases expiring up to the 2011 fiscal year.

Future minimum payments, by year and in aggregate, under these operating leases as at March 31, 2005 are as follows:

2006	$ 790,506
2007	743,679
2008	634,496
2009	130,170
2010	36,000
2011	4,000
	$ 2,388,851

(b) The College has entered into contracts for the construction of residence facilities on the Kingston and Brockville campuses. The contract commitments total approximately $12,400,000, of which approximately $8,250,000 was incurred by March 31, 2005.

14. Contingent liabilities:

(a) The College has been named as the defendant in legal claims totalling approximately $1,400,000 pertaining to the cafeteria expansion project. The College has filed their statements of defense. The final settlement costs pertaining to these legal claims cannot be reasonably determined at the present time. The difference, if any, between the final settlement costs and the related provision recorded in the financial statements will be accounted for in the year in which the claims are settled.

(b) The College is involved with outstanding and pending litigation and claims which arise in the normal course of operations, primarily as a result of grievances filed under the provisions of the union collective agreements. In management's opinion, any liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the College. Losses in excess of the provision recorded in the financial statements, if any, arising from these contingencies will be accounted for in the year in which they are determined.

15. Pension plan:

Substantially all of the full-time employees of the College are members of The Colleges of Applied Arts and Technology Pension Plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions to the plan made during the year by the College on behalf of its full-time employees amounted to $1,956,845 (2004 - $1,605,436) and are included as an expense in the statement of operations.

16. Financial instruments:

The carrying values of grants and accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments. Since it is the College's intent to make payments on long-term debt until maturity, it is not cost effective to determine the fair value of this debt.

It is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from these financial instruments. The College has reduced its interest rate risk by entering into interest rate swap agreements for the bankers acceptance loans and the 5.12% fixed rate term bank loan (note 7).

17. Bookstore operations:

The College contracted out the bookstore operations effective July, 2004. The contract provides commission revenue to the College based on a percentage of gross sales. Commission revenue earned in 2005 amounted to $322,750.

18. Comparative figures:

Certain 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Revenue — Schedule 1

Year ended March 31, 2005 with comparative figures for 2004

	2005	2004
Grants and reimbursements revenue:		
Ministry of Training, Colleges and Universities:		
Operating and supplemental grants	$ 33,837,584	$ 29,685,738
Job Connect and Summer Jobs Service programs	3,591,094	3,749,462
Literacy and Basic Skills program	684,084	586,020
Apprentice Training grants:		
Per diem rates	1,239,308	1,006,826
Premise rentals add-ons	43,243	53,116
Administrative support	41,644	39,333
Enhancement	18,257	75,131
Journeyperson updating	65,345	16,405
Co-op diploma	189,670	–
Contract educational services	400,826	703,091
Federal training	564,481	484,699
Early Childhood Centre program	239,468	231,230
Other government grants	71,103	–
Total grants and reimbursements revenue	$ 40,986,107	$ 36,631,051

	2005	2004
Ancillary operations:		
Residence	$ 2,029,977	$ 1,781,294
Bookstores sales	1,389,613	2,738,548
Bookstores commission (note 17)	322,750	–
Parking lots	623,243	601,578
Computer store	153,731	332,866
Facilities rent	397,251	302,361
Food services contract	263,527	225,593
Other ancillary sales	157,770	–
Licensed premises	14,638	19,390
Total ancillary operations revenue	$ 5,352,500	$ 6,001,630

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Academic Expenses

Schedule 2

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Salaries:		
Academic:		
Full-time	$ 12,934,363	$ 12,673,241
Partial load and part-time	3,885,540	3,749,153
Coordinators' allowance	140,511	118,043
Excluded/sessional	389,223	599,613
Bonus/overtime	114,888	110,777
Administrative	1,469,525	1,394,027
Support:		
Full-time	3,180,754	3,099,911
Part-time	786,571	729,463
Bonus/overtime	17,097	11,112
Professional development leave	71,919	154,070
Fringe benefits:		
Academic	2,891,851	2,660,435
Administrative	239,142	253,890
Support	826,600	787,262
Instructional supplies	1,127,589	1,140,033
Field work	36,107	38,693
Professional development	46,992	42,151
Travel	254,013	259,785
Promotion/public relations	161,438	84,792
Equipment maintenance	125,101	133,875
Other supplies	334,696	431,905
Professional fees	16,904	45,602
Contract teaching services	852,704	920,906
Other contract services	836,475	703,790
Equipment rental	501,000	1,082,876
Interest on long-term debt	48,719	13,493
Telecommunications	80,253	41,651
Insurance	7,497	2,428
Approved premises rent	37,753	62,089
Unapproved premises rent	62,066	53,950
Staff employment	401	3,329
Membership fees and dues	7,609	5,783
	$ 31,485,301	$ 31,408,128

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Administration Expenses — Schedule 3

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Salaries:		
Administrative:		
Full-time	$ 1,384,162	$ 1,309,025
Part-time	37,323	20,541
Support:		
Full-time	1,641,659	1,517,277
Part-time	133,847	200,186
Bonus/overtime	22,202	87,170
Fringe benefits:		
Administrative	309,418	293,437
Support	445,948	441,474
Membership fees and dues	49,461	49,451
Travel	118,704	160,652
Promotion/public relations	195,086	190,964
Equipment maintenance	292,421	366,226
Telephone	351,588	360,310
Other supplies	508,127	542,106
Professional fees	614,960	407,618
Equipment rental	315,170	1,084,823
Interest on long-term debt	163,794	109,948
Other interest and bank charges	51,789	33,714
Professional development	42,106	44,277
Vehicles	12,542	13,119
Other contract services	7,980	97,318
Bad debts	198,801	180,658
Staff employment	2,982	7,315
	$ 6,900,070	$ 7,517,609

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Student Services Expenses

Schedule 4

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Salaries:		
Academic:		
Full-time	$ 423,722	$ 397,114
Part-time	42,734	72,997
Excluded/sessional	–	27,377
Administrative:		
Full-time	260,302	277,578
Support:		
Full-time	1,994,568	1,971,487
Part-time	462,810	486,065
Bonus/overtime	12,824	23,379
Fringe benefits:		
Academic	79,881	82,910
Administrative	46,520	57,621
Support	562,314	514,800
Instructional supplies	326,743	120,360
Membership fees and dues	195	2,488
Travel	75,674	75,754
Promotion/public relations	323,537	323,546
Equipment maintenance	34,527	15,625
Other supplies	178,686	191,385
Professional fees	1,084	19,608
Equipment rental	338,840	332,959
Scholarships, bursaries and student assistance	2,159,449	1,616,635
Telecommunications	11,365	9,418
Other contract services	15,151	6,705
Professional development	2,659	6,358
Staff employment	2,752	3,810
	$ 7,356,337	$ 6,635,979

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Plant and Property Expenses — Schedule 5

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Salaries:		
Administrative:		
Full-time	$ –	$ 109,113
Support:		
Full-time	585,494	526,309
Part-time	47,239	123,638
Bonus/overtime	14,882	42,005
Fringe benefits:		
Administrative	–	3,135
Support	137,021	132,079
Professional development	2,319	10,350
Travel	6,216	12,968
Other supplies	56,964	97,698
Maintenance:		
Building	440,814	498,283
Building equipment	434,953	456,595
Ground	107,327	93,439
Professional fees	20,503	41,366
Interest on long-term debt	10,421	–
Contracted security services	265,391	275,085
Contracted cleaning services	965,621	889,794
Other contract services	97,418	79,052
Electricity	1,087,594	900,821
Natural gas	595,471	457,790
Water	60,613	60,882
Refuse removal	73,586	67,077
Tax, college property	20,106	18,412
Telecommunications	18,744	21,736
Insurance	236,287	229,134
Equipment rental	12,952	40,882
Premise rental	2,824	3,926
Vehicles	14,732	16,204
	$ 5,315,492	$ 5,207,773

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Ancillary Expenses — Schedule 6

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Salaries:		
Administrative:		
Full-time	$ 127,707	$ 78,394
Part-time	33,628	–
Support:		
Full-time	469,030	461,859
Part-time	112,743	123,592
Bonus/overtime	554	1,934
Fringe benefits:		
Administrative	25,419	15,543
Support	117,833	127,251
Professional development	2,369	1,918
Maintenance:		
Building	11,996	4,716
Building equipment	50,241	23,163
Ground	98,059	162,868
Contracted security services	109,297	95,394
Contracted cleaning services	44,657	43,376
Electricity	135,842	98,887
Natural gas	129,176	68,962
Water	24,224	14,423
Refuse removal	10,777	10,267
Insurance	19,066	6,875
Travel	37,743	28,343
Telephone	50,075	35,809
Vehicle	19,106	23,834
Cost of sales	1,578,881	2,340,418
Interest and stamping fees on long-term debt	972,361	757,783
Other supplies	285,502	180,351
Promotion and public relations	23,774	24,512
Management fees	732,404	680,407
Professional fees	38,777	55,654
Memberships and dues	1,612	1,918
Equipment maintenance	43,616	28,642
Equipment rental	4,637	10,258
Premise rental	241	1,728
	$ 5,311,347	$ 5,509,079

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Supplementary Expenses

Schedule 7

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Participant wages and benefits	$ 2,160,183	$ 2,166,870
Special support allowances	30,819	40,909
Taxes per capita	346,275	343,952
Approved facilities rent	70,309	88,779
	$ 2,607,586	$ 2,640,510

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AUDITORS' REPORT

To the Ministry of Training, Colleges and Universities

We have audited the following financial statements of The St. Lawrence College of Applied Arts and Technology for the year ended March 31, 2005 as prepared in accordance with the 2004/2005 audit guidelines issued by the Ministry of Training, Colleges and Universities for the following programs:

Job Connect Program:
Statement of Revenue and Expenditures

Summer Jobs Service Program:
Statement of Revenue and Expenditures

Literacy and Basic Skills Program:
Statement of Revenue and Expenditures

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 revenue and expenditures of the Job Connect, Summer Jobs Service and Literacy and Basic Skills Programs of the College for the year ended March 31, 2005 in accordance with the provisions of the 2004/2005 audit guidelines issued by the Ministry of Training, Colleges and Universities for the above noted programs.

Bennett Lewis McMahon Stillar

Chartered Accountants

Brockville, Canada
June 13, 2005

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Job Connect and Summer Jobs Service Programs — Statement 1-1

Statements of Revenue and Expenditures

Year ended March 31, 2005, with comparative figures for 2004

	Kingston	Brockville	Ottawa	2005 Total	2004 Total
Job Connect					
Revenue:					
Approved grant allocations from Ministry of Training, Colleges and Universities	$ 1,067,000	$ 685,000	$ 1,690,000	$ 3,442,000	$ 3,404,200
Interest	875	474	2,375	3,724	3,004
	1,067,875	685,474	1,692,375	3,445,724	3,407,204
Excess of grant allocations and interest over allowable expenditures	(87,269)	(46,874)	(219,071)	(353,214)	(226,317)
Total revenue	980,606	638,600	1,473,304	3,092,510	3,180,887
Expenditures:					
Operating	447,049	329,421	806,075	1,582,545	1,662,685
Training subsidies	526,987	305,256	651,589	1,483,832	1,564,064
Training supports	6,570	3,923	15,640	26,133	31,829
Total expenditures	980,606	638,600	1,473,304	3,092,510	3,258,578
Excess of revenue over expenditures (expenditures over revenue)	$ –	$ –	$ –	$ –	$ (77,691)
Summer Jobs Service					
Revenue:					
Approved grant allocations from Ministry of Training, Colleges and Universities	$ 142,694	$ 105,953	$ 328,385	$ 577,032	$ 581,100
Excess of grant allocations over allowable expenditures	(679)	(721)	(19,659)	(21,059)	(9,520)
Total revenue	142,015	105,232	308,726	555,973	571,580
Expenditures:					
Training subsidies	142,015	105,232	308,726	555,973	571,580
Excess of revenue over expenditures	$ –	$ –	$ –	$ –	$ –

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Literacy and Basic Skills Program
Statement of Revenue and Expenditures

Statement 1-2

Year ended March 31, 2005, with comparative figures for 2004

	Brockville	Cornwall	Kingston	2005 Total	2004 Total
Revenue:					
Approved grant allocations from Ministry of Training, Colleges and Universities:					
Delivery	$ 158,500	$ 156,500	$ 154,800	$ 469,800	$ 469,800
OBS IV delivery	48,000	61,000	110,500	219,500	106,500
Field Support	2,100	2,100	2,100	6,300	–
Training support	3,500	4,000	1,000	8,500	10,000
Interest	72	2	10	84	42
	212,172	223,602	268,410	704,184	586,342
Excess of approved grant allocations and interest over allowable expenditures	(7,283)	(200)	(1,010)	(8,493)	(3,280)
Total revenue	204,889	223,402	267,400	695,691	583,062
Expenditures:					
Delivery	156,297	195,090	205,517	556,904	662,813
OBS IV delivery	48,000	61,000	110,500	219,500	106,500
Field support	–	1,902	2,100	4,002	8,515
Training support	592	4,095	–	4,687	–
Total expenditures	204,889	262,087	318,117	785,093	777,828
Excess of expenditures over revenue	$ –	$ (38,685)	$ (50,717)	$ (89,402)	$ (194,766)

Bennett Lewis McMahon Stillar

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AUDITORS' REPORT

To the Ministry of Training, Colleges and Universities

We have audited the schedules of apprentice training course expenditures and administrative expenditures to collect classroom fees for apprentice training courses of The St. Lawrence College of Applied Arts and Technology for the year ended March 31, 2005 as determined in accordance with the Official Instructions for Reporting dated February 2004 issued by the Ministry of Training, Colleges and Universities. These schedules are the responsibility of the College's management. Our responsibility is to express an opinion on these schedules 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 schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedules.

In our opinion, these schedules present fairly, in all material respects, the number of training days provided and the related program costs and the administrative expenditures to collect classroom fees for apprentice training courses of the College for the year ended March 31, 2005 in accordance with the Official Instructions for Reporting dated February 2004 issued by the Ministry of Training, Colleges and Universities.

Bennett Lewis McMahon Stillar

Chartered Accountants

Brockville, Canada
June 13, 2005

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Apprentice Training Course Expenditures

Schedule 2-1

Year ended March 31, 2005

		2004-2005				2003-2004
		Number of Training Days				
Program Number	Program Name	Days Regardless of Length	Standard 6-Hour Day Equivalents	Course Costs	Per Diem Cost	Per Diem Cost
Full-Time						
306A	Plumber	3,122	3,122	$ 139,791	$ 44.78	$ 54.61
309A	Electrician (Construction and Maintenance)	4,450	4,450	247,198	55.55	67.03
310S	Automotive Service Technician	1,160	1,160	83,828	72.27	70.28
403A	Carpenter	5,194	4,861	216,161	44.47	53.18
403A	Carpenter	–	–	–	–	52.61
415A	Cook	1,977	1,977	84,210	42.60	57.22
415B	Assistant Cook	98	98	4,174	42.60	57.10
		16,001	15,668	$ 775,362	$ 49.49	$ 59.60
Part-Time						
309A	Electrician (Construction and Maintenance)	1,099	1,398	$ 77,659	$ 55.55	$ 67.40
309A	Electrician (Construction and Maintenance)	–	–	–	–	67.14
310S	Automotive Service Technician	640	640	46,250	72.27	–
332A	Hairstylist	518	518	25,405	49.05	83.04
403A	Carpenter	160	160	7,611	47.57	–
429A	General Machinist	409	477	37,805	79.23	61.45
433A	Industrial Mechanic Millwright	2,365	2,759	184,345	66.81	57.52
442A	Industrial Electrician	348	492	27,331	55.55	83.58
		5,539	6,444	$ 406,406	$ 63.06	$ 63.78
Totals		21,540	22,112	$1,181,768	$ 53.44	$ 61.18

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Administrative Expenditures to Collect Classroom Fees for Apprentice Training Courses

Schedule 2-2

Year ended March 31, 2005

	Approved Funding	Expenditures
Operating costs:		
Salaries and benefits	$ 34,306	$ 37,950
Overhead	540	568
Office supplies	3,420	2,138
Telephone and fax	900	1,324
Computer equipment lease and maintenance	495	176
Audit fees	1,983	2,000
	$ 41,644	$ 44,156

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of National Training Act Rental Funding Approval and Expenditures

Schedule 2-3

Year ended March 31, 2005

Program	Type	Location	Total Rental Funding Approval by MTCU	Rental Expenditures	Excess Funding
Plumbing	FAC	Kingston	$ 51,414	$ 43,243	$ 8,171

AUDITORS' REPORT

To the Ministry of Training, Colleges and Universities

We have examined this schedule of National Training Act rental funding approval and expenditures of The St. Lawrence College of Applied Arts and Technology for the year ended March 31, 2005 as determined in accordance with the Official Instructions for Reporting dated February 2004 issued by the Ministry of Training, Colleges and Universities. This schedule is the responsibility of the College's management. Our responsibility is to express an opinion on this schedule 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 this schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in this schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of this schedule.

In our opinion, this schedule presents fairly, in all material respects, the National Training Act rental funding approval and expenditures of the College for the year ended March 31, 2005 in accordance with the Official Instructions for Reporting dated February 2004 issued by the Ministry of Training, Colleges and Universities.

Bennett Lewis McMahon Stiller

Chartered Accountants

Brockville, Canada
June 13, 2005