Financial Statements of

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2007

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Index of Financial Statements and Supplementary Schedules

Year ended March 31, 2007

Statement/Schedule Number

Bennett
Lewis
McMahon
Stillar

Chartered Accountants

46-48 King Street East
PO Box 459 Stn Main
Brockville ON K6V 5V6

Telephone (613) 342-8424
Telefax (613) 342-1714

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, 2007 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, 2007 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 of the College taken as a whole. The supplementary information included in Schedules 1 through 3 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, Licensed Public Accountants

Brockville, Canada
May 18, 2007

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position — Statement 1

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Assets		
Current assets:		
Cash	$ 1,982,088	$ –
Grants and accounts receivable	3,555,598	4,440,752
Inventory	46,623	70,064
Prepaid expenses	456,882	516,346
	6,041,191	5,027,162
Investments (note 2)	3,679,315	2,306,573
Advances to First Nations Technical Institute (note 3)	775,632	712,485
Capital assets (note 4)	81,612,741	84,183,705
	$ 92,108,879	$ 92,229,925
Liabilities, Deferred Contributions and Net Assets (Deficiency)		
Current liabilities:		
Bank overdraft arising from outstanding cheques	$ –	$ 17,476
Demand bank loan (note 3)	775,632	712,485
Accounts payable and accrued liabilities	7,255,960	8,300,923
Current portion of long-term debt (note 7)	2,292,352	2,324,823
	10,323,944	11,355,707
Trust funds for student enhancement fees (note 5)	348,773	504,656
Employment-related obligations (note 6)	981,940	1,111,481
Long-term debt (note 7)	29,645,618	31,896,639
Deferred contributions (note 8):		
Externally restricted donations	789,816	811,109
Expenses of future periods	2,868,351	2,751,156
Capital assets	44,404,987	41,272,559
	48,063,154	44,834,824
Net assets (deficiency):		
Invested in capital assets (note 9)	8,978,849	9,150,063
Restricted for endowments (note 10)	3,813,525	3,088,621
Internally restricted (note 11)	1,753,533	1,624,416
Unrestricted deficiency (note 12)	(11,800,457)	(11,336,482)
	2,745,450	2,526,618
Commitments (note 13)		
Contingent liabilities (note 14)		
	$ 92,108,879	$ 92,229,925

See accompanying notes to financial statements.

Approved by the Board of Governors:

D Fairweather Chair

President

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations Statement 2

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Revenue:		
Grants and reimbursements (schedule 1)	$ 42,868,383	$ 42,249,834
Tuition fees	17,355,455	15,771,485
Ancillary (schedule 1)	5,498,928	4,962,475
Other	2,149,744	1,970,150
Amortization of deferred contributions related to capital assets (note 8(c))	2,682,297	2,487,224
Donations	224,325	242,276
Interest	144,224	56,827
Total revenue	70,923,356	67,740,271
Expenses:		
Salaries, wages and benefits (schedule 2)	42,850,854	39,773,425
Non-payroll (schedule 3)	23,083,921	21,691,969
Amortization of capital assets	5,624,194	5,295,033
Provision for (reduction of) employment-related obligations	(129,541)	78,951
Total expenses	71,429,428	66,839,378
Excess of revenue over expenses (expenses over revenue) before undernoted item	(506,072)	900,893
Gain on curtailment of post-retirement and post-employment benefits liability (note 6)	–	1,067,000
Excess of revenue over expenses (expenses over revenue)	$ (506,072)	$ 1,967,893

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, 2007, with comparative figures for 2006

	Invested in capital assets	Restricted for endowments	Internally restricted	Unrestricted deficiency	2007 Total	2006 Total
Balance, beginning of year	$ 9,150,063	$ 3,088,621	$ 1,624,416	$ (11,336,482)	$ 2,526,618	$ (480,249)
Excess of revenue over expenses (expenses over revenue) (note 9)	(2,941,897)	–	–	2,435,825	(506,072)	1,967,893
Net change in investment in capital assets (note 9)	2,770,683	–	–	(2,770,683)	–	–
Transfer between funds (note 11)	–	–	129,117	(129,117)	–	–
Endowment contributions	–	724,904	–	–	724,904	1,038,974
Balance, end of year	$ 8,978,849	$ 3,813,525	$ 1,753,533	$ (11,800,457)	$ 2,745,450	$ 2,526,618

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, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used for):		
Operations:		
Excess of revenue over expenses (expenses over revenue)	$ (506,072)	$ 1,967,893
Items not involving cash:		
Amortization of deferred contributions related to capital assets	(2,682,297)	(2,487,224)
Amortization of capital assets	5,624,194	5,295,033
Loss on disposal of capital assets	–	11,235
Provision for (reduction of) employment-related obligations	(129,541)	78,951
Gain on curtailment of post-retirement and post-employment benefits liability	–	(1,067,000)
	2,306,284	3,798,888
Changes in non-cash operating working capital:		
Decrease (increase) in grants and accounts receivable	885,154	(1,322,317)
Decrease (increase) in inventory	23,441	(23,590)
Decrease (increase) in prepaid expenses	59,464	(109,904)
Decrease in accounts payable and accrued liabilities	(1,044,963)	(4,510,608)
Net increase (decrease) in deferred contributions related to:		
Externally restricted donations	(21,293)	285,016
Expenses of future periods	117,195	(171,619)
	2,325,282	(2,054,134)
Financing:		
Increase (decrease) in demand bank loan	63,147	(5,936)
Increase (decrease) in trust funds for student enhancement fees	(155,883)	83,185
Long-term bank loans	–	6,992,175
Principal payments on long-term debt	(2,283,492)	(1,265,338)
Contributions, enhancement fees and donations used for additions to capital assets	2,566,039	5,774,694
Increase (decrease) in unspent capital contributions	3,248,686	(391,272)
Endowment contributions	724,904	1,038,974
	4,163,401	12,226,482
Investments:		
Increase in investments	(1,372,742)	(411,984)
Decrease (increase) in advances to First Nations Technical Institute	(63,147)	5,936
Additions to capital assets	(3,053,230)	(11,562,369)
Recovery of building development charges	–	219,312
	(4,489,119)	(11,749,105)
Increase (decrease) in cash and cash equivalents	1,999,564	(1,576,757)
Cash and cash equivalents, beginning of year	(17,476)	1,559,281
Cash and cash equivalents, end of year	$ 1,982,088	$ (17,476)
Represented by:		
Cash	$ 1,982,088	$ –
Bank overdraft arising from outstanding cheques	–	(17,476)
	$ 1,982,088	$ (17,476)

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. Grants are recorded as revenue in the period to which they relate. Grants approved but not received by the end of the fiscal year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in that subsequent year.

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.

Tuition fees are recorded as revenue when the academic terms have commenced within the fiscal year. Revenue from contract educational services, federal training and ancillary operations is recognized when the services are provided.

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 a rate 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.

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, are accrued as employees render the services necessary to earn the benefits. The current service cost and accrued liability for non-pension post-retirement and post-employment benefits are actuarially determined (note 6).

(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:

	2007	2006
Cash and cash equivalents (market value $20,122; 2006 - $1,244,310)	$ 20,122	$ 1,244,051
Money market mutual funds (market value $2,894,330; 2006 - $12,167)	2,894,193	12,001
Fixed income investments (market value $761,940; 2006 - $1,012,475)	765,000	1,030,521
4.25% Guaranteed investment certificate, matured October, 2006	–	20,000
	$ 3,679,315	$ 2,306,573

The fixed income investments mature in August, 2007 and currently earn interest at 3.93%.

3. Advances to First Nations Technical Institute and demand bank loan:

	2007	2006
Balance, beginning of year	$ 712,485	$ 718,421
Advances during the year	340,608	183,004
Repayment of advances from operating grants	(277,461)	(188,940)
Balance, end of year	$ 775,632	$ 712,485

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:

			2007	2006
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 745,393	$ –	$ 745,393	$ 745,393
Buildings	105,489,366	31,265,909	74,223,457	75,452,801
Construction in progress	75,071	–	75,071	56,700
Site improvements	2,327,338	1,736,220	591,118	408,657
Equipment	43,070,638	37,092,936	5,977,702	7,520,154
	$ 151,707,806	$ 70,095,065	$ 81,612,741	$ 84,183,705

Cost and accumulated amortization at March 31, 2006 amounted to $148,660,698 and $64,476,993 respectively.

5. Trust funds for student enhancement fees:

The College holds student enhancement fees in trust for the student associations. Representatives of the student associations determine the disbursement of the funds.

	2007	2006
Balance, beginning of year	$ 504,656	$ 421,471
Student enhancement fees	243,858	412,700
	748,514	834,171
Portion of student enhancement fees utilized for additions to capital assets (note 8(c))	(124,173)	(71,506)
Enhancement fees paid to student associations	(174,688)	(42,540)
Enhancement fees utilized for student approved activities and recognized as revenue	(100,880)	(215,469)
	(399,741)	(329,515)
Balance, end of year	$ 348,773	$ 504,656

6. Employment–related obligations:

	2007	2006
Post-retirement and post-employment benefits	$ 807,000	$ 951,000
Other non-pension benefits	174,940	160,481
	$ 981,940	$ 1,111,481

Extended health care, vision and hearing care, dental and life insurance benefits are available to early retirees (ages 50 to 65) for which the premiums are paid by the early retirees. Prior to September 1, 2005 the claims experience for early retirees was included with active employees. This practice impacted the benefits premium rates for active employees, for which the College pays all of the premiums, and resulted in the College subsidizing the premiums paid by early retirees for their benefits. In a similar fashion a subsidy is provided by the College for the continuation of benefits for employees on long-term disability leaves since the average medical cost for an employee on long-term disability leave is higher than the average medical cost for an active employee.

Effective September 1, 2005 the premiums paid by early retirees for their benefits are no longer subsidized by the College as a result of the separation of the early retirees' benefits premium rates from the active employees' benefits premium rates. Two exceptions to this change were as follows:

(a) early retirees who had retired on or before August 31, 2005 will continue to be experience rated with active employees and will pay subsidized premium rates for all benefits until age 65; and

(b) academic early and normal retirees will continue to pay the same premium rate as active employees for basic life insurance benefits until age 75.

In addition to the above, the amount of basic life insurance coverage provided through the retirees' group plan is limited to a maximum of $10,000 for employees retiring after August 31, 2005.

To the extent that the changes described above eliminated the post-retirement and post-employment benefits being earned by active employees, a curtailment arose under Section 3461 of the CICA Handbook. The College realized a gain of $1,067,000 in the 2006 fiscal year as a result of this curtailment being the reduction in the post-retirement and post-employment benefits accrued benefits obligation as at September 1, 2005, the effective date of the changes.

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

	2007	2006
Accrued benefits obligation	$ 756,000	$ 903,000
Fair value of plan assets	113,000	122,000
Funded status - plan deficit	643,000	781,000
Unamortized net actuarial gain	164,000	170,000
Post-retirement and post-employment benefits liability	$ 807,000	$ 951,000

6. Employment–related obligations (continued):

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

Discount rate	4.85% per annum (2006 – 5%)
Dental cost increases	4% per annum
Medical cost increases	Drugs – 9% per annum in 2004 decreasing to 5% by 2010 Hospital and other medical – 5% per annum Vision and hearing care – 0% per annum

7. Long-term debt:

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

	2007	2006
Capital lease obligations (note 7(b))	$ 1,125,260	$ 2,359,759
Bankers acceptance loans (note 7(c)):		
5.997%, repayable approximately $133,000 quarterly including interest, maturing September 10, 2021	5,275,300	5,489,345
6.01%, repayable approximately $28,000 monthly including interest, maturing July 4, 2028	4,088,808	4,180,570
6.02%, repayable approximately $21,000 monthly including interest, maturing August 1, 2028	3,072,808	3,141,203
6.06%, repayable approximately $13,000 monthly including interest, maturing September 1, 2028	1,866,589	1,907,628
Fixed rate term loans (note 7(d)):		
4.83%, repayable $13,448 monthly including interest, maturing October 31, 2011	670,460	785,946
5.12%, repayable $9,466 monthly including interest, maturing February 1, 2030	1,530,534	1,564,801
5.29%, repayable $15,522 monthly including interest, maturing November 1, 2030	2,511,391	2,563,298
5.35%, repayable $67,895 monthly including interest, maturing March 1, 2031	10,999,509	11,219,355
Variable rate bank loan facility 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 (note 7(e))	797,311	1,009,557
	31,937,970	34,221,462
Current portion	(2,292,352)	(2,324,823)
	$ 29,645,618	$ 31,896,639

7. Long-term debt (continued):

(b) Future minimum lease payments, by year and in aggregate, under the capital lease obligations as at March 31, 2007 are as follows:

2008	$ 1,180,285
2009	9,655
Total minimum lease payments	1,189,940
Less amount representing interest (at rates from 4.8% to 5.9%)	64,680
Present value of net minimum lease payments	1,125,260
Current portion of capital lease obligations	1,115,738
	$ 9,522

Interest of $94,395 (2006 - $147,290) 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 fees.

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

2008	$ 441,819
2009	470,104
2010	500,200
2011	532,224
2012	566,301

Loan interest and stamping fees totalling $906,437 (2006 - $962,246) have been recorded as an expense in the statement of operations.

7. Long-term debt (continued):

(d) The 4.83% fixed rate term loan provided financing of $1,000,000 for the installation of an electrical substation on the Kingston campus. The 5.12% fixed rate term loan was used to finance the construction of the Cornwall student residence, the 5.29% loan was used to finance the construction of the Brockville student residence and the 5.35% loan was used to finance the construction of an addition to the Kingston student residence. The College incurs a monthly bank stamping fee of .25% on the outstanding principal balance of the student residence loans which have been hedged through interest rate swaps to the fixed interest rates noted above. 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 residences, including the principal and interest payments on the related loans, will be financed from operational revenue generated by the residences 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 loans in each of the next five years is as follows:

2008	$ 465,795
2009	479,209
2010	504,600
2011	531,337
2012	488,491

Loan interest and stamping fees totalling $880,258 (2006 - $411,983) have been recorded as an expense in the statement of operations.

(e) The variable rate bank loan facility provided financing 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 three years is approximately as follows:

2008	269,000
2009	261,000
2010	267,000

Loan interest totalling $46,916 (2006 - $43,983) has been recorded as an expense in the statement of operations.

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.

	2007	2006
Donations	$ 948,433	$ 1,267,848
Restricted investment income	19,728	13,539
	968,161	1,281,387
Amount recognized as revenue in the year	(149,680)	(103,925)
	818,481	1,177,462
Donations utilized for additions to capital assets	(839,774)	(892,446)
Net increase (decrease)	(21,293)	285,016
Balance, beginning of year	811,109	526,093
Balance, end of year	$ 789,816	$ 811,109
Represented by:		
Foundation fund for bursaries and capital assets	$ 467,719	$ 482,207
Funds for bursaries	322,097	268,972
Funds for student assistance	–	59,930
	$ 789,816	$ 811,109

(b) Expenses of future periods:

Deferred contributions related to expenses of future periods include unspent grants and reimbursements, the employment stability funds maintained pursuant to the collective union agreements and the unspent investment income earned on the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support (see note 10).

	2007	2006
Balance, beginning of year	$ 2,751,156	$ 2,922,775
Amount recognized as revenue in the year	(2,217,061)	(2,752,805)
Amount received related to future years	2,257,522	2,535,545
Restricted investment income (note 10)	113,153	73,831
Investment income used to pay bursaries (note 10)	(36,419)	(28,190)
Balance, end of year	$ 2,868,351	$ 2,751,156

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.

	2007	2006
Balance, beginning of year	$ 40,821,380	$ 37,533,910
Amounts used for capital purposes:		
Contributions from Ministry of Training, Colleges and Universities	833,167	4,494,475
Donations	844,574	913,154
Other contributions	764,125	295,559
Enhancement fees (note 5)	124,173	71,506
Less amortization of deferred capital contributions	(2,682,297)	(2,487,224)
Balance, end of year	$ 40,705,122	$ 40,821,380

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

	2007	2006
Unamortized capital contributions	$ 40,705,122	$ 40,821,380
Unspent capital contributions	3,699,865	451,179
	$ 44,404,987	$ 41,272,559

9. Invested in capital assets:

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

	2007	2006
Capital assets	$ 81,612,741	$ 84,183,705
Less amounts financed by:		
Capital lease obligations	(1,125,260)	(2,359,759)
Bankers acceptance loans	(14,294,305)	(14,709,546)
Fixed rate term bank loans	(15,711,894)	(16,133,400)
Variable rate bank loan	(797,311)	(1,009,557)
Deferred capital contributions	(40,705,122)	(40,821,380)
	$ 8,978,849	$ 9,150,063

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

	2007	2006
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$ 2,682,297	$ 2,487,224
Amortization of capital assets	(5,624,194)	(5,295,033)
	$ (2,941,897)	$ (2,807,809)
Net change in investment in capital assets:		
Additions to capital assets	$ 3,053,230	$ 11,562,369
Amount funded by:		
Variable rate and fixed rate term bank loans	–	(6,992,175)
Deferred capital contributions	(2,566,039)	(5,774,694)
Recovery of building development charges	–	(219,312)
Repayment of:		
Capital lease obligations	1,234,499	439,182
Bankers acceptance loans	415,241	390,258
Variable rate and fixed rate term bank loans	633,752	435,898
Carrying value of assets sold and written off	–	(11,235)
	$ 2,770,683	$ (169,709)

10. Net assets restricted for endowments:

	2007	2006
Ontario Student Opportunity Trust Fund (OSOTF):		
Phase 1	$ 943,751	$ 943,751
Phase 2	1,103,095	1,103,095
Ontario Trust for Student Support (OTSS)	1,766,679	1,041,775
	$ 3,813,525	$ 3,088,621

The OSOTF program was established by the Government of Ontario whereby all eligible donations made to the College's OSOTF were matched by the Government of Ontario on a dollar for dollar basis. The OTSS program was also established by the Government of Ontario whereby all eligible donations made to the College's OTSS are matched by the Government of Ontario on a dollar for dollar basis up to a prescribed limit. Once that limit is exceeded, there is a 3:1 matching basis by the Government of Ontario.

Investment income earned on the OSOTF and OTSS 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 are included in the College's deferred contributions for expenses of future periods.

	2007	2006
Expendable funds available for bursaries, beginning of year	$ 89,760	$ 44,119
Investment income earned on endowment funds	113,153	73,831
Bursaries awarded	(36,419)	(28,190)
Expendable funds available for bursaries, end of year	$ 166,494	$ 89,760

11. Net assets internally restricted:

	Funds for Student Assistance	College Residences	Pay Parking	2007 Total	2006 Total
Balance, beginning of year	$ 9,911	$ 1,576,576	$ 37,929	$ 1,624,416	$ 1,304,444
Transfer from (to) unrestricted net assets	–	(108,903)	238,020	129,117	319,972
Balance, end of year	$ 9,911	$ 1,467,673	$ 275,949	$ 1,753,533	$ 1,624,416

12. Unrestricted net assets deficiency:

	2007	2006
Unrestricted net assets deficiency:		
Operating	$ 7,331,784	$ 7,022,527
Vacation pay accrued liability	3,486,733	3,202,474
Employment-related obligations	981,940	1,111,481
	$ 11,800,457	$ 11,336,482

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, 2007 are as follows:

2008	$ 873,906
2009	294,493
2010	127,926
2011	4,200
	$ 1,300,525

(b) The College has entered into a contract for the design, implementation and monitoring of energy efficiency improvements to all of its facilities. The total cost of the contract is approximately $6,570,000 which is being financed by:

(i) a $3,500,000 energy efficiency program grant received in the fiscal year ended March 31, 2007 from the Ministry of Training, Colleges and Universities through the provincial government's ReNew Ontario program; and

(ii) a $3,070,000 grant expected to be collected in the fiscal year ending March 31, 2008 through the Ministry's College Facilities Investment Program.

(c) The College has entered into a contract for the construction of an art gallery on the Brockville campus. The total cost of the contract is $407,000 which is anticipated to be financed from donations. As at March 31, 2007 donations collected and pledged totalled $275,000.

14. Contingent liabilities:

(a) The College has been named as a defendant in legal claims totalling approximately $434,000. The College has filed their statements of defense. College management has concluded that the outcome of these claims cannot be reasonably determined at this time and, consequently, no provision pertaining to these claims has been recorded in the financial statements. Losses in excess of the College's insurance coverage, if any, arising from settlement of these claims will be accounted for in the year in which they are determined.

14. Contingent liabilities (continued):

(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"), which is a multi-employer defined benefit pension plan. The plan specifies the amount of the retirement benefit to be received by eligible employees based on the length of service and the average of annualized earnings during the highest five consecutive years prior to retirement, termination or death. Under this plan, the College makes contributions equal to the employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any unfunded liability would be financed equally by the contributing members. The last actuarial valuation of the plan that was filed with the Financial Services Commission of Ontario was as at January 1, 2005 which indicated a plan surplus on a going-concern basis and on a solvency basis. Contributions to the plan made during the year by the College on behalf of its full-time employees amounted to $2,095,987 (2006 - $2,022,281) and are included as an expense in the statement of operations.

16. Financial instruments:

The carrying values of cash, 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. The fair value of investments is disclosed in note 2.

The College has reduced its interest rate risk by entering into interest rate swap agreements for the bankers acceptance loans and the 5.12%, 5.29% and 5.35% fixed rate term loans included in long-term debt. The fair values of the interest rate swap agreements are based on amounts quoted by the College's banks to realize favourable contracts or settle unfavourable contracts, taking into account interest rates at March 31, 2007. As at March 31, 2007 the interest rate swap agreements were in a net unfavourable position, representing an unrecognized liability of $2,463,410 (2006 - $2,368,881).

The carrying values of the capital lease obligations and the 4.83% fixed rate term loan included in long-term debt approximate their fair values since the interest rates for these debts are similar to rates currently available to the College. The carrying value of the variable rate bank loan facility approximates its fair value as the interest rate for this loan facility is prime less 0.75%.

The College has an authorized line of credit of $3,500,000 available for working capital financing which was unused as at March 31, 2007. Borrowings on this line of credit bear interest at Canadian Imperial Bank of Commerce prime rate less 0.25%.

It is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from these financial instruments.

17. Fundraising campaigns:

The College conducted Expanding Opportunities fundraising campaigns in Kingston and Brockville to raise funds to finance capital asset acquisitions and program development for these two campuses. As at March 31, 2007 pledges receivable arising from these campaigns less amounts doubtful of collection amounted to $914,000 which will be reported in the College's financial statements when collected.

18. Comparative figures:

Certain 2006 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, 2007 with comparative figures for 2006

	2007	2006
Grants and reimbursement:		
Ministry of Training, Colleges and Universities:		
Operating and supplemental grants	$ 34,250,928	$ 33,852,172
Job Connect and Summer Jobs Service programs	3,330,214	3,918,522
Literacy and Basic Skills program	897,819	752,840
Apprentice Training grants:		
Per diem rates	1,581,545	1,451,619
Premise rentals add-ons	–	17,243
Administrative support	45,706	41,644
Enhancement	1,252	11,380
Co-op diploma	1,221,485	469,900
Contract educational services	237,419	446,140
Federal training	914,046	839,869
Early Childhood Centre program	224,195	210,213
Other government grants	163,774	238,292
	$ 42,868,383	$ 42,249,834

	2007	2006
Ancillary operations:		
Residences	$ 3,538,329	$ 3,164,516
Bookstores commission	279,351	273,404
Parking lots	705,859	649,187
Facilities rent	346,086	357,083
Food services contract	328,995	265,822
Other ancillary sales	285,120	233,786
Licensed premises	15,188	18,677
	$ 5,498,928	$ 4,962,475

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Salaries, Wages and Benefits Expenses

Schedule 2

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Salaries:		
Academic:		
Full-time	$ 14,643,458	$ 13,602,528
Partial load and part-time	5,054,593	4,168,854
Coordinators' allowance	146,049	161,093
Excluded/sessional	605,017	486,623
Bonus/overtime	148,841	82,286
Administrative	3,913,653	3,519,881
Support:		
Full-time	8,018,760	7,837,110
Part-time	2,230,291	1,751,308
Bonus/overtime	39,795	56,243
Professional development leave	166,704	64,107
Fringe benefits:		
Academic	3,533,787	2,928,957
Administrative	725,728	716,164
Support	2,286,772	2,029,708
Participant wages and benefits	1,275,202	2,302,206
Special support allowances	62,204	66,357
	$ 42,850,854	$ 39,773,425

THE ST. LAWRENCE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Non-Payroll Expenses

Schedule 3

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Instructional supplies	$ 1,877,153	$ 1,889,148
Field work	48,956	41,547
Professional development	135,830	124,472
Travel	612,419	587,373
Promotion/public relations	845,816	808,853
Equipment maintenance	455,614	435,788
Other supplies	1,580,532	1,699,620
Professional fees	603,086	555,088
Contract teaching services	850,206	899,513
Other contract services	2,482,681	1,768,338
Equipment rental	1,383,629	1,299,010
Interest on long-term debt	1,928,006	1,565,502
Telecommunications	519,900	520,868
Insurance	239,332	238,785
Approved premises rent	15,000	17,243
Unapproved premises rent	132,307	131,485
Staff employment	8,795	12,572
Membership fees and dues	56,288	52,739
Other interest and bank charges	254,817	261,804
Vehicles	30,980	34,212
Bad debts	58,907	79,866
Scholarships, bursaries and student assistance	2,412,394	2,075,724
Maintenance:		
Building	564,106	517,421
Building equipment	670,734	550,334
Ground	260,368	239,007
Contracted security services	470,078	444,672
Contracted cleaning services	1,131,918	1,075,174
Electricity	1,257,000	1,439,113
Natural gas	609,174	866,981
Water	106,587	89,727
Refuse removal	121,224	90,490
Tax, college property	26,056	76,017
Cost of sales	14,842	3,337
Management fees	969,986	854,846
Taxes per capita	349,200	345,300
	$ 23,083,921	$ 21,691,969