Consolidated Financial Statements of

ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2007

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AUDITORS' REPORT

To the Governors of

St. Clair College of Applied Arts and Technology

We have audited the consolidated statement of financial position of St. Clair College of Applied Arts and Technology as at March 31, 2007 and the consolidated statements of revenues and expenses, 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 consolidated 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.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Windsor, Canada

May 18, 2007

ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Financial Statements

Year ended March 31, 2007

ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2007, with comparative figures for 2006

	2007	2006
Assets		
Current assets:		
Cash	$ 381,732	$ 106,945
Deposit receipts	8,658,583	9,334,642
Grants receivable	4,565,466	4,456,435
Accounts receivable	2,617,618	3,586,690
Current portion of contributions receivable	796,189	191,136
Prepaid and other assets	503,488	344,610
	17,523,076	18,020,458
Long-term investments (note 3)	5,482,317	4,884,609
Contribution receivable (note 4)	788,505	170,818
Interest in property (note 5)	1,346,379	1,346,379
Capital assets (notes 2 and 6)	165,154,070	121,201,679
Less accumulated amortization	63,477,425	57,225,650
	101,676,645	63,976,029
	$ 126,816,922	$ 88,398,293

		2007		2006

Liabilities and Net Assets (Liabilities)

Current liabilities:				
Accounts payable and accrued liabilities (note 7)	$	11,266,376	$	10,783,388
Deferred revenues and contributions (note 8)		10,633,458		9,928,122
Current portion of long-term debt		4,047,440		2,811,489
		25,947,274		23,522,999
Long-term:				
Accrued employee future benefits (note 9)		1,127,000		1,314,000
Accrued vested sick-leave benefit		3,489,622		4,281,390
Deferred capital contributions (note 10)		66,146,307		28,942,433
Long-term debt (note 11)		29,014,426		31,141,565
		99,777,355		65,679,388
Net assets (liabilities):				
Unrestricted, before undernoted accruals:		1,006,272		2,883,732
Vacation pay accrual		(4,373,289)		(4,338,768)
Employee future benefits		(1,127,000)		(1,314,000)
Vested sick-leave benefit		(3,489,622)		(4,281,390)
Net unrestricted assets (liabilities)		(7,983,639)		(7,050,426)
Restricted for endowment		5,022,766		4,803,836
Invested in capital assets (note 12)		4,053,166		1,442,496
		1,092,293		(804,094)
Commitments and contingent liabilities (notes 14 and 15)				
	$	126,816,922	$	88,398,293

See accompanying notes to consolidated financial statements.

Oh behalf of the Board:

Brian Cutler, Treasurer

Dr. John Strasser, President

ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Revenues and Expenses

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

	2007	2006
Revenue:		
Government operating grants	$ 39,867,221	$ 37,996,011
Government capital support grants	3,035,825	1,695,906
Contract income	13,298,525	12,972,934
Student tuition	20,041,740	19,143,375
Ancillary operations	4,240,651	4,113,308
Donations	1,061,408	778,130
Foundation	70,381	45,865
Other	4,849,636	4,067,544
	86,465,387	80,813,073
Expenses:		
Academic	48,663,655	43,624,351
Student services	8,900,892	7,479,252
Administration	13,258,124	12,253,467
Plant and property	8,103,874	7,287,845
Supplementary	2,049,010	2,132,543
Other expenditures out of capital support grants	597,880	1,213,361
Ancillary operations	3,629,354	3,446,695
Foundation	70,381	45,865
Vacation pay	34,521	36,194
Future employee benefits	(187,000)	(1,306,000)
Sick leave	(791,768)	164,196
Bursaries	1,007,858	753,321
	85,336,781	77,131,090
Excess of revenues over expenses before the undernoted	1,128,606	3,681,983
Other income (expenses):		
Gain on disposition of capital assets	-	1,064,507
Amortization of capital assets	(6,251,775)	(6,058,826)
Amortization of deferred capital contributions	4,475,626	4,096,527
	(1,776,149)	(897,792)
Excess of (expenses over revenues) revenues over expenses	$ (647,543)	$ 2,784,191

See accompanying notes to consolidated financial statements.

ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

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

	Unrestricted	Restricted for Endowment	Invested in Capital Assets	2007 Total	2006 Total
Balance, beginning of year:	$ (7,050,426)	$ 4,803,836	$ 1,442,496	$ (804,094)	$ (4,544,457)
Excess of revenue over expenses (expenses over revenues)	1,128,606	-	(1,776,149)	(647,543)	2,784,191
Invested in capital assets (note 12)	(2,061,819)	-	2,061,819	-	-
Invested in land (note 2)	-	-	2,325,000	2,325,000	-
Endowment Contributions	-	218,930	-	218,930	956,172
Balance, end of year	$ (7,983,639)	$ 5,022,766	4,053,166	$ 1,092,293	$ (804,094)

See accompanying notes to consolidated financial statements.

ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

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

	2007	2006
Cash provided by (used in):		
Operations (note 13)	$ 2,039,325	$ (170,400)
Financing and investments:		
Decrease in deposit receipts	676,059	387,739
(Increase) decrease in contribution receivable	(1,222,740)	179,653
Increase in long-term investments	(597,708)	(910,100)
Decrease in bankers' acceptances	-	(99,326)
Repayment of capital lease obligations	-	(18,378)
Deferred capital contributions, net	41,679,500	2,571,047
(Decrease) in long-term debt, net	(891,188)	(2,719,905)
Proceeds on sale of capital assets	-	2,011,568
Purchase of capital assets	(43,952,391)	(2,383,848)
Donation of land (note 2)	2,325,000	-
Endowment contributions	218,930	956,172
	(1,764,538)	(25,378)
Net increase (decrease) in cash	274,787	(195,778)
Cash, beginning of year	106,945	302,723
Cash, end of year	$ 381,732	$ 106,945

See accompanying notes to consolidated financial statements.

St. Clair College of Applied Arts and Technology (the “College”) was incorporated in 1965 under the laws of the Province of Ontario. The College is dedicated to providing post-secondary education.

The College is a registered charity and therefore is, under Section 149 of the Income Tax Act, exempt from payment of income tax.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of the St. Clair College Foundation. All significant inter- organization balances and transactions have been eliminated in consolidation.

(b) Revenue recognition:

The College follows the deferral method of accounting for contributions which include donations and government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recorded. 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. 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.

Donated assets are recorded at fair value when a fair value can be reasonably estimated. Pledges receivable totalling $107,092 (2006 - $346,464) are not recorded as an asset in the accompanying financial statements.

Revenue from student fees and from the sale of services and products is recognized at the time the products are delivered or the services provided.

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

(c) Long-term investments:

Long-term investments are recorded at the lower of cost and market value.

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are stated at cost, or at fair market value on the date of acquisition for donated assets. Amortization is provided on a straight-line basis using the following rates:

Buildings	40 years
Site improvements	10 years
Equipment	5 years

(e) Student organizations:

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

(f) Cost allocation:

Expense is reported as required by the Ministry of Training, Colleges and Universities' “College Financial Information System" (CFIS). As well, the College has followed the cost allocation plan approved by the Committee of Finance Officers and the Committee of Presidents of the Colleges of Applied Arts and Technology and endorsed by the Ministry of Training, Colleges and Universities.

Accordingly, direct costs are charged to programs and courses on an actual basis wherever possible and elsewhere allocated on the basis of full-time equivalent students.

(g) Employee future benefits:

The College participates in the contributory retirement pension plans administered by the Colleges of Applied Arts and Technology Plan and the Ontario Teachers' Superannuation Fund. The College also participates in a group plan with other Colleges in Ontario, which effectively provides post-retirement benefits and other post-employment benefits, and has adopted the following policies:

1. Significant accounting policies (continued):

(g) Employee future benefits (continued):

i) The cost of the accrued benefit obligations for post-retirement and other post-employment benefits earned by employees is actuarially determined using the projected benefit method prorated on service and administration's best estimate of expected plan investment performance, salary escalation, retirement ages and expected health care costs.

(ii) For the purpose of calculating expected return on plan assets, those assets are valued at fair value.

(h) Sick leave benefits:

Sick leave benefits are accrued as the employees otherwise eligible to receive such benefits, render the services necessary to earn these benefits. Only those employees who were employed by the College as at March 31, 1991 are eligible to accrue sick leave benefits. The accrual per employee is limited to a maximum of 261 days and is calculated as the number of accrued days at 50% of employee's current daily rate of compensation.

(i) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for grants receivable and accounts receivable; and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

(j) Comparative figures:

Certain comparative figures have been reclassified to conform with the current year's presentation.

2. Acquisition of Cleary International Centre:

On March 9, 2007, the College entered into an agreement with the City of Windsor to acquire the majority of the property and assets related to the operation of the Cleary International Centre, whose principal business has been to serve the City as a convention and performing arts centre. Although the agreement provided that nominal consideration of $1 be exchanged for the property and assets acquired, in accordance with Canadian generally accepted accounting principles, the College has recorded the land and building at fair value. In the case of the land, its fair value of $2,325,000 was determined based upon an appraisal completed by an independent, certified appraiser. The building has been recorded at $37,376,400, its current replacement value as estimated by the College's independent insurance broker. In accordance with the College's policy for accounting for contributed capital contributions, the donation of the building is being deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate of the College's other buildings, being 40 years. The fair value of certain other equipment acquired by the College has been recorded at a nominal amount of $1.

Significant other features of this agreement include:

i) An obligation on part of the City of Windsor to reimburse the College for 50% of the wages and benefits earned by former employees of the Cleary International Centre transferred to the College's payroll, for a period of two years subsequent to the closing date, to a maximum of $2,600,000.

ii) Capital improvement payments of $423,250 to be paid by the City to the College on each of the closing date and the third anniversary of the closing date.

iii) An undertaking by the College to fulfill certain specified contracts and assume the licences and permits associated with the ongoing operating activities of the Cleary International Centre.

The agreement also provides the College the right to re-convey the acquired property and assets to the City of Windsor at any time on or before the twenty-fifth anniversary of the closing date of the transaction for the nominal consideration of $1.

It is the intention of the College to utilize this facility primarily as a learning centre for performing arts, and accordingly has renamed the facility the St. Clair Centre for the Arts.

3. Long-term investments:

	2007	2006
Term deposits	$ 1,527,157	$ 1,444,216
Corporate and government bonds	2,632,288	2,064,181
Shares in public companies	1,322,872	1,376,212
	$ 5,482,317	$ 4,884,609

The market value of long-term investments at March 31, 2007 was $5,715,473 (2006 - $5,103,266).

4. Contribution receivable:

The St. Clair Student Representative Council Incorporated (“SRC”) has entered into an agreement with the College to provide funding totaling $2,133,033 representing its commitment towards the total cost of $4,031,010 for construction of the South Campus Student Centre. The SRC is raising these funds by way of an annual Student Centre Levy which is expected to be sufficient to satisfy the annual principal and interest due under the terms of the 6.10% bank loan described in note 11.

During the year, another agreement was entered into with the SRC to provide funding totaling $2,000,000 representing its commitment towards the total cost of the expansion to the South Campus Student Centre. The SRC is raising these funds by another annual Student Centre Levy which is expected to be sufficient to satisfy the annual principal and interest due under the terms of the 4.36% bank loan described in note 11.

The contribution receivable, which also bears interest at 6.10% per annum and 4.36% respectively per annum, represents the Student Centre levy funds to be collected in the future by the SRC.

5. Interest in property:

During 2004, the College entered into various agreements with the City of Windsor with the combined purpose of redeveloping the City’s Huron Lodge Municipal Home for the Aged and establishing a long-term care education and training facility. This new multi-purpose facility is being built on certain lands previously owned by the College, which title has been now transferred to the City. In exchange for this property, the College received total consideration of $1,670,000, comprised of cash in the amount of $336,500 and interest in the property currently occupied by the existing Huron Lodge Municipal Home for the Aged, which has been independently appraised at a value of $1,333,500.

5. Interest in property (continued):

In the event the College decides not to develop its interest in the property acquired from the City, and is unable to sell or lease this property prior to December 31, 2008, the City is obligated to re-purchase the property from the College for the appraised value of $1,333,500.

6. Capital assets:

			2007	2006
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 3,248,375	$ –	$ 3,248,375	$ 923,375
Buildings	107,497,522	24,589,047	82,908,475	47,084,811
Site improvements	3,495,938	3,022,776	473,162	472,410
Equipment	47,375,481	35,865,602	11,509,879	14,435,103
Construction in progress	3,536,754	–	3,536,754	1,060,330
	$ 165,154,070	$ 63,477,425	$ 101,676,645	$ 63,976,029

7. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities are comprised of the following:

	2007	2006
Trade accounts payable and accrued liabilities	$ 4,719,918	$ 4,173,109
Accrued vacation pay	4,373,289	4,338,768
Security deposits	231,105	120,583
Due to student associations	1,942,064	2,150,928
	$ 11,266,376	$ 10,783,388

8. Deferred revenues and contributions:

Deferred revenues and contributions are comprised of the following:

	2007	2006
Unearned tuition fees	$ 2,458,201	$ 2,371,456
Unearned grants	6,805,471	6,123,393
Other deferred contributions	767,688	906,682
Unearned rent	204,536	207,930
Funds available for awards	397,562	318,661
	$ 10,633,458	$ 9,928,122

8. Deferred revenues and contributions (continued):

Unearned tuition fees and grants represent funds received related to services and/or projects yet to be delivered and/or to be completed in subsequent fiscal years. Other deferred contributions represent unspent externally restricted resources. Unearned rent represents prepayment of student residence fees.

Changes in these balances are as follows:

	2007	2006
Balance, beginning of year	$ 9,928,122	$ 13,004,084
Amount recognized as revenue in the year	(9,344,959)	(9,359,647)
Amount received related to subsequent years	10,207,569	6,229,580
Investment (expense) income, net	(309)	185,338
Bursaries awarded	(156,965)	(131,233)
Balance, end of year	$ 10,633,458	$ 9,928,122

9. Pensions and other post-employment benefits:

Employees are participants in the contributory retirement pension plans administered by the Colleges of Applied Arts and Technology Plan and the Ontario Teachers' Superannuation Fund. Under this arrangement, the College makes contributions to these plans equal to those of the employees. Employer contributions made to the plan during 2007 by the College amounted to $3,126,504 (2006 - $2,897,993). These amounts have been included in the statement of revenue and expenses.

The College also participates in a group plan with other Colleges in Ontario, which effectively provides post-retirement benefits and other post-employment benefits. These benefits are provided to current retired employees and future early retirees, as well as claimants on long-term disability. The expense for the College’s group benefit plans for the year ended March 31, 2007 is $2,483,583 (2006 - $2,357,782).

9. Pensions and other post-employment benefits (continued):

The College's portion of the total other post-employment benefit plan for Ontario Colleges at March 31 is as follows:

	2007	2006
Accrued benefit obligation	$ 974,000	$ 1,169,000
Fair value of plan assets	(154,000)	(166,000)
Plan deficit	$ 820,000	$ 1,003,000
Accrued benefit liability, net of valuation allowance	$ 1,127,000	$ 1,314,000

The discount rate used to value the accrued benefit obligation was 4.85% (2006 – 5.00%).

Assumed health care cost trend rates at March 31:

	2007	2006
Initial health care cost trend rate	9.0%	9.0%
Cost trend rate declines to	5.0%	5.0%
Year that the rate reaches the rate it is assumed to remain at	2010	2010

Effective September 1, 2005, the costs of the early retiree benefits is no longer subsidized by the College as a result of the separation of the early retirees' benefit premium rate from the active employees' benefit premium rate. The change in this benefit policy decreased the accrued benefit obligation by approximately $1,200,000 in 2006.

10. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for capital assets.

Changes in deferred capital contributions are as follows:

	2007	2006
Balance, beginning of year	$ 28,942,433	$ 30,467,913
Contributions received for future capital expansion and other capital purposes	41,679,500	2,571,047
Amortization of deferred capital contributions	(4,475,626)	(4,096,527)
Balance, end of year	$ 66,146,307	$ 28,942,433

The majority of these contributions have been, or will be expended, for the following projects:

(i) The Ford Centre for Excellence in Manufacturing. Primarily funded by grants from the Province of Ontario's Superbuild Growth Fund, this project was opened in September, 2004.

(ii) The Integrated Engineering and Technology Learning Program. This program, which was also primarily funded by the Province's Superbuild Growth Fund, is to be jointly administered by the College and the University of Windsor.

(iii) The James Burgess Metal Trades Training Centre. This Centre, located in Wallaceburg, Ontario was funded primarily by the Province's Strategic Skills Investments Program, and was opened in September, 2003.

(iv) The St. Clair Centre for the Arts. This Centre was donated by the City of Windsor in exchange for $1, and was transferred to the College in March, 2007.

(v) The expanded St. Clair College Student Centre. The expanded Centre was financed by the College through long-term debt (Note 11) and is recovering the principal and interest payments from the Students Representative Council through a Student Centre levy.

11. Long-term debt:

	2007	2006
6.10% bank loan, payable $17,289 monthly including interest, due January 9, 2008	$ 167,989	$ 358,811
6.15% bank loan, payable $10,226 monthly including interest, due January 9, 2008	600,014	682,614
6.63% bank loan, payable $128,585 monthly including interest, due March 28, 2028	17,467,567	17,839,010
3.39% bank loan, payable $26,034 monthly including interest, due March 30, 2009	603,294	889,966
3.81% bank loan, payable $67,908 monthly including interest, due March 30, 2011	3,018,903	3,704,542
3.39% bank loan, payable $9,706 monthly including interest, due March 30, 2009	224,922	331,799
4.30% bank loan, payable $125,097 monthly including interest, due March 30, 2014	9,060,198	10,146,312
4.36% bank loan, payable $20,591 monthly including interest, due May 20, 2015	1,918,979	–
	33,061,866	33,953,054
Current portion of long-term debt	(4,047,440)	(2,811,489)
	$ 29,014,426	$ 31,141,565

Principal due within each of the next five years on long-term debt is approximately:

2008	$ 4,047,440
2009	2,901,941
2010	2,603,265
2011	2,732,315
2012	2,039,100

Interest expense on long-term debt included in the statement of revenue and expenditure is $1,845,169 (2006 - $1,921,628).

12. Invested in capital assets:

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

	2007	2006
Capital assets, net	$ 101,676,645	$ 63,976,029
Contribution receivable	1,584,694	361,954
	103,261,339	64,337,983
Amount financed by:		
Deferred capital contributions	(66,146,307)	(28,942,433)
Long-term debt	(33,061,866)	(33,953,054)
	$ 4,053,166	$ 1,442,496

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

	2007	2006
Excess of revenue over expenses:		
Amortization of deferred contributions related to capital assets	$ 4,475,626	$ 4,096,527
Amortization of capital assets	(6,251,775)	(6,058,826)
Gain on disposition of assets	–	1,064,507
	(1,776,149)	(897,792)
Invested in capital assets:		
Purchase and contribution of capital assets	43,952,391	2,383,848
Repayment of long-term debt	891,188	2,719,905
Repayment of bankers' acceptances	–	99,326
Reduction of capital lease obligations	–	18,378
	44,843,579	5,221,457
Amount funded by:		
Deferred capital contributions	(41,679,500)	(2,571,047)
Change in contribution receivable	1,222,740	(179,653)
Proceeds on sale of assets	–	(2,011,568)
	(40,456,760)	(4,762,268)
Net increase (decrease) in invested in capital assets	$ 2,610,670	$ (438,603)

13. Cash provided from (used in) operations:

	2007	2006
Excess of revenues over expenses (expenses over revenues)	$ (647,543)	$ 2,784,191
Items not involving cash:		
Amortization of capital assets	6,251,775	6,058,826
Amortization of deferred capital contributions	(4,475,626)	(4,096,527)
(Decrease) in accrued future employee benefits	(187,000)	(1,306,000)
Gain on disposition of capital assets	–	(1,064,507)
	941,606	2,375,983
Decrease (increase) in grants receivable	(109,031)	3,834,616
Decrease (increase) in accounts receivable	969,072	(1,907,481)
Decrease (increase) in prepaid and other assets	(158,878)	191,069
Increase (decrease) in accounts payable and accrued liabilities	482,988	(1,752,821)
Increase (decrease) in deferred revenues and contributions	705,336	(3,075,962)
Increase (decrease)in vested sick leave benefits	(791,768)	164,196
Cash provided from (used in) operations	$ 2,039,325	$ (170,400)

14. Commitments:

Lease commitments:

The College is obligated to make the following future minimum payments under various operating leases for equipment and rental premises:

2008	$ 1,796,271
2009	1,062,566
2010	313,965

15. Contingent liabilities:

The College has been named as a defendant or co-defendant in several actions for damages. The outcome and the amount of the losses, if any, are not determinable at this time and accordingly, no provision for losses has been made in the financial statements. The amount will be accounted for in the period when and if such losses are determined.

16. St. Clair College Foundation:

The St. Clair College Foundation (the "Foundation") was established to raise funds for the use of the College. The Foundation is a registered charity and is classified as a public Foundation under the Income Tax Act and as such, is exempt from tax. Resources of the Foundation are for the benefit of the College and are, to be used for purposes agreed upon by the College and the Foundation. During the year, an amount of $574,267 (2006 - $899,628), including $81,957 of in-kind donations (2006 - $100,261), was received from the Foundation.

The College administers the receipt and disbursement of funds on behalf of the St. Clair College Foundation at no charge. All other related party transactions and balances are disclosed elsewhere in these financial statements.

The Foundation's net assets restricted for endowments includes the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust for Student Support (OTSS). The OSOTF program was established by the Government of Ontario whereby all eligible donations made prior to April 1, 2000 to the College's OSOTF were matched by the Government of Ontario on a dollar for dollar basis. Subsequently, in July, 2003 phase two of the OSOTF was established and is known as OSOTF II, and provided for similar matching of donations by the Government.

In November, 2005, the Government of Ontario established the Ontario Trust for Student Support ("OTSS") to further assist Ontario's college and university students with financial need. The Government intends to provide up to $50 million annually to match eligible cash donations raised by colleges and universities for student financial assistance.

Only investment income, not permanently endowed cash donations or provincial match funding, may be used to fund awards to assist academically qualified individuals who for financial reasons would not otherwise be able to attend college.

16. St. Clair College Foundation (continued):

A summary of the activities of these trust funds is as follows:

OSOTF - Phase I

Schedule of Changes in Endowment Fund Balance for the year ended March 31

	2007	2006
Balance, beginning of year	$ 1,871,454	$ 1,871,454
Cash donations received	–	–
Preservation of capital	–	–
Balance, end of year	$ 1,871,454	$ 1,817,454

Schedule of Changes in Expendable Funds Available for Awards for the year ended March 31

	2007	2006
Balance, beginning of year	$ 115,557	$ 123,830
Realized investment income, net of direct investment-related expenses and preservations of capital constributions	116,819	77,553
Bursaries awarded (2007 – 160; 2006 – 137)	(80,045)	(85,826)
Balance, end of year	$ 152,331	$ 115,557
Endowment total based on book value	$ 2,023,785	$ 1,987,011
Market value of this endowment as at March 31	$ 2,199,612	$ 2,539,353

16. St. Clair College Foundation (continued):

OSOTF – Phase II

Schedule of Changes in Endowment Fund Balance for the year ended March 31

	2007	2006
Balance, beginning of year	$ 992,630	$ 992,230
Cash donations received	–	–
Audited unmatched cash donations, transferred to OTSS in 2005-06	–	–
Preservation of capital	–	400
Balance, end of year	$ 992,630	$ 992,630

Schedule of Changes in Expendable Funds Available for Awards for the year ended March 31

	2007	2006
Balance, beginning of year	$ 29,018	$ 33,395
Realized investment income, net of direct investment-related expenses and preservations of capital contributions	59,876	41,030
Bursaries awarded (2007 – 69; 2006 – 73)	(47,440)	(45,407)
Balance, end of year	$ 41,454	$ 29,018
Endowment total based on book value	$ 1,034,084	$ 1,021,648
Market value of this endowment as at March 31	$ 1,166,687	$ 1,346,887

OTSS

Schedule of donations received for the year ended March 31

	2007	2006
Cash donations matched during the year	$ 109,259	$ 342,153
Total cash donations	$ 109,259	$ 342,153

Schedule of Changes in Endowment Fund Balance for the year ended March 31

	2007	2006
Balance, beginning of year	$ 896,810	$ –
Eligible cash donations received during fiscal year	109,259	342,153
Matching funds received / receivable from MTCU during the year	109,259	554,657
Balance, end of year	$ 1,115,328	$ 896,810

16. St. Clair College Foundation (continued):

Schedule of Changes in Expendable Funds Available for the year ended March 31

	2007	2006
Balance, beginning of year	$ –	$ –
Realized investment income, net of direct investment-related expenses and preservations of capital contributions	59,479	–
Bursaries awarded (2007 – 61; 2006 – nil)	(29,480)	–
Balance, end of year	$ 29,999	$ –
Endowment total based on book value	$ 1,145,327	$ 896,810
Market value of this endowment as at March 31	$ 1,310,900	$ 896,810

Total Funds Restricted for Endowment:

	2007	2006
Fund balance at beginning of year	$ 3,760,894	$ 2,863,684
Cash donations received	109,259	342,153
Matching funds	109,259	554,657
Preservation of capital	–	400
Fund balance at end of year	$ 3,979,412	$ 3,760,894

Total Schedule of Changes in Expendable funds Available for Awards:

	2007	2006
Balance, beginning of year	$ 144,575	$ 157,225
Realized investment income, net of direct investment-related expenses and preservations of capital contributions	236,174	118,583
Bursaries awarded (2007 – 190; 2006 – 210)	(156,965)	(131,233)
Balance, end of year	$ 223,784	$ 144,575
Endowment total based on book value	$ 4,203,196	$ 3,905,469
Market value of total endowments as at March 31	$ 4,677,199	$ 4,783,050

16. St. Clair College Foundation (continued):

Report of OTSS Awards issued for the fiscal year ended March 31, 2007:

	OSAP Recipients		Non OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full- Time	32	$ 17,970	29	$ 11,510	61	$ 29,480
Part time	–	–	–	–	–	–
	32	$ 17,970	29	$ 11,510	61	$ 29,480

17. Fair value of financial assets and financial liabilities:

The fair value of the College's cash, deposit receipts, accounts and grants receivable, contribution receivable, accounts payable and accrued liabilities, unearned tuition fees and grants, long-term debt approximate their carrying amounts due to the short-term maturity of these financial instruments and/or they bear interest rates which approximate current market rates.

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AUDITORS' REPORT ON SUPPLEMENTARY CONSOLIDATED INFORMATION

The Governors

St. Clair College of Applied Arts and Technology

We have audited and reported herein on the consolidated financial statements of St. Clair College of Applied Arts and Technology as at and for the year ended March 31, 2007.

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

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Windsor, Canada

May 18, 2007

ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Schedule - Revenue

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

	2007	2006
Revenue:		
Government operating grants:		
Basic operating	$ 38,785,169	$ 36,450,421
Municipal taxes	463,425	463,875
Other	618,627	1,081,715
	39,867,221	37,996,011
Government capital support grants	3,035,825	1,695,906
Contract income:		
Federal government	380,599	531,972
Apprenticeship training	2,478,287	2,878,586
Job Connect	2,961,161	3,014,997
Summer and part-time employment experience program	611,750	611,922
Literacy basic skills	1,087,617	1,022,255
Contract training	1,419,081	895,173
Other	4,360,030	4,018,029
	13,298,525	12,972,934
Student tuition:		
Full-time students	15,615,429	14,718,928
Part-time students	4,038,917	3,783,634
Tuition short students	387,394	640,813
	20,041,740	19,143,375
Ancillary operations	4,240,651	4,113,308
Donations	1,061,408	778,130
Foundation	70,381	45,865
Other:		
Interest earned	400,221	444,759
Other	4,449,415	3,622,785
	4,849,636	4,067,544
	$ 86,465,387	$ 80,813,073

ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Schedule - Academic Expense

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

	2007	2006
Salaries:		
Instructional officers and staff	$ 2,245,234	$ 2,079,401
Full-time teaching	21,591,580	18,856,702
Part-time teaching	5,965,457	5,083,751
Support staff	7,152,161	6,947,653
	36,954,432	32,967,507
Employment benefits	6,753,299	5,583,335
Travel and conferences	309,159	377,770
Instructional supplies	2,624,269	2,625,669
Instructional equipment rental	230,026	346,324
Professional development	33,234	43,077
Field work	82,767	90,213
Office and supplies	238,257	248,143
Contract services	177,353	178,866
Professional fees	35,082	8,085
Staff employment	19,872	14,297
Contract clinical	737,937	527,484
Advertising and promotion	66,587	158,163
Telephone	30,695	90,184
Memberships and dues	41,607	51,949
Other equipment rental	69,630	3,461
Equipment maintenance	137,228	168,104
Equipment	122,221	141,720
	$ 48,663,655	$ 43,624,351

ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Schedule - Student Services Expense

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

	2007	2006
Salaries	$ 4,490,799	$ 3,940,057
Employment benefits	943,296	800,484
Advertising and recruitment	56,773	46,011
Travel and conferences	246,815	210,345
Professional development	1,856	1,643
Office and supplies	179,139	163,518
Professional fees	12,721	3,947
Contract services	136,865	163,887
Equipment maintenance	26,041	34,922
Equipment	6,639	12,450
Staff employment	3,111	1,180
Telephone	9,480	15,184
Instructional supplies	373,771	360,958
Memberships and dues	28,040	22,261
Student assistance - tuition fee bursary	2,385,546	1,702,405
	$ 8,900,892	$ 7,479,252

Consolidated schedule - Administration Expense

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

	2007	2006
Salaries	$ 5,091,275	$ 4,995,169
Emloyment benefits	1,154,866	1,179,839
Staff employment and recruitment	47,432	17,899
Advertising and promotion	1,176,154	769,119
Office and supplies	1,401,595	890,116
Termination gratuities	350,240	394,940
Travel and conferences	229,265	210,994
Telephone	198,617	223,451
Professional fees	163,473	164,553
Equipment maintenance	744,748	727,782
Professional development	197,601	104,686
Insurance	369,403	305,821
Contract services	228,855	194,848
Equipment rental (net of chargebacks)	904,196	949,999
Memberships and dues	98,209	190,805
Interest	747,981	888,463
Equipment	154,214	44,983
	$ 13,258,124	$ 12,253,467

ST. CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Schedule - Plant and Property Expense

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

	2007	2006
Salaries	$ 1,923,382	$ 1,859,860
Employment benefits	418,377	389,169
Travel and conferences	7,820	15,968
Janitorial	461,126	450,972
Grounds maintenance	361,530	221,013
Utilities and services	2,112,065	1,969,603
Vehicle	46,179	21,589
Premise rental	516,317	468,775
Professional fees	43,386	42,750
Professional development	11,188	6,628
Contracted services	1,113,245	1,423,061
Advertising and promotion	165	447
Office and supplies	28,015	28,103
Equipment maintenance	165,319	78,828
Maintenance of buildings	850,383	289,695
Telephone	3,562	3,763
Memberships and dues	2,324	1,920
Equipment	39,491	13,388
Staff employment	-	2,313
	$ 8,103,874	$ 7,287,845

Consolidated schedule - Supplementary Expense

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

	2007	2006
Program stipends and allowances	$ 1,572,324	$ 1,654,667
Municipal taxes	476,686	477,876
	$ 2,049,010	$ 2,132,543

ST.CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Schedule - Ancillary Operations

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

	2007	2006
Revenue:		
Bookstore	$ 431,710	$ 399,764
St. Clair Centre for the Arts	109,720	-
Snack bars/recreation facility	153,660	160,983
Parking lots	572,846	591,005
Varsity athletics	355,999	366,230
Cafeterias	55,175	53,957
Student lockers	27,043	25,374
Print shop	44,162	42,295
Residence	2,490,336	2,473,700
	4,240,651	4,113,308
Expense:		
Bookstore	2,701	-
St. Clair Centre for the Arts	154,049	-
Snack bars/recreation facility	177,747	157,452
Parking lots	627,423	588,337
Varsity athletics	355,999	366,230
Cafeterias	2,760	23,116
Student lockers	25,047	14,589
Residence	2,283,628	2,296,971
	3,629,354	3,446,695
Net revenue	$ 611,297	$ 666,613