St. Clair College of Applied Arts and Technology

Consolidated Financial Statements
March 31, 2009

PRICEWATERHOUSECOOPERS

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June 15, 2009

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, 2009 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

St. Clair College of Applied Arts and Technology

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March 31, 2009

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St. Clair College of Applied Arts and Technology

Consolidated Statement of Financial Position

As at March 31, 2009

	2009 $	Restated (Note 2) 2008 $
Assets		
Current assets		
Cash and cash equivalents	10,321,994	11,427,085
Grants receivable	6,010,931	4,038,355
Accounts receivable	2,772,615	2,798,977
Current portion of contribution receivable (note 6)	206,011	197,237
Prepaid and other assets	485,066	588,917
	19,796,617	19,050,571
Long-term investments (note 5)	6,391,215	6,068,162
Contribution receivable (note 6)	830,606	1,036,554
Capital assets (notes 4 and 8)	95,615,836	99,612,692
	122,634,274	125,767,979

On behalf of the Board

Peter Choma

Dr. John Strasser, President

St. Clair College of Applied Arts and Technology

Consolidated Statement of Financial Position

As at March 31, 2009

	2009 $	Restated (Note 2) 2008 $
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	12,329,259	11,851,286
Bank loan (note 13)	-	534,547
Deferred revenues and contributions (note 10)	14,052,897	11,186,569
Current portion of long-term debt (note 13)	2,763,944	2,965,618
	29,146,100	26,538,020
Long-term liabilities		
Accrued employee future benefits (note 11)	1,094,000	1,136,000
Accrued vested sick leave benefit (note 2)	2,016,710	2,113,310
Deferred capital contributions (note 12)	59,750,811	64,483,750
Long-term debt (note 13)	23,690,809	25,993,154
	86,552,330	93,726,214
	115,698,430	120,264,234
Commitments and contingent liabilities (notes 16 and 17)		
Net assets		
Unrestricted, before undernoted accruals:	(1,974,472)	24,363
Vacation pay	(5,078,265)	(4,670,291)
Employee future benefits	(1,094,000)	(1,136,000)
Vested sick leave benefit (note 2)	(2,016,710)	(2,113,310)
	(10,163,447)	(7,895,238)
Restricted for endowment	6,652,402	6,529,569
Invested in capital assets (note 14)	10,446,889	6,869,414
	6,935,844	5,503,745
	122,634,274	125,767,979

See accompanying notes to consolidated financial statements.

St. Clair College of Applied Arts and Technology

Consolidated Statement of Revenues and Expenses

For the year ended March 31, 2009

	2009 $	Restated (Note 2) 2008 $
Revenues		
Government operating grants	44,006,425	41,980,839
Government capital support grants	199,707	2,460,082
Contract income	13,918,371	14,223,363
Student tuition	23,010,957	20,938,722
Ancillary operations	7,844,824	7,204,620
Donations	1,056,243	1,223,610
Foundation	336,709	214,164
Other	3,934,567	4,166,913
	94,307,803	92,412,313
Expenses		
Academic	50,135,013	48,247,517
Student services	8,263,207	8,673,098
Administration	12,771,047	13,888,878
Plant and property	9,049,813	9,066,147
Supplementary	1,850,867	1,990,888
Other expenditures out of capital support grants	-	283,718
Ancillary operations	7,624,758	7,582,747
Foundation	336,709	214,164
Vacation pay	407,974	297,002
Employee future benefits	(42,000)	9,000
Sick leave benefit	(96,600)	36,023
Bursaries	1,036,407	1,223,610
Gain on disposition of interest in property (note 7)	-	(1,423,065)
Unrealized loss on long-term investments – Foundation	304,340	185,995
	91,641,535	90,275,722
Excess of revenues over expenses before the undernoted	2,666,268	2,136,591
Other (expenses) income		
Loss on disposition of capital assets	-	(16,000)
Amortization of capital assets	(6,793,709)	(7,250,260)
Amortization of deferred capital contributions	5,436,707	6,388,824
	(1,357,002)	(877,436)
Net revenues (expenses)	1,309,266	1,259,155

See accompanying notes to consolidated financial statements.

St. Clair College of Applied Arts and Technology

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2009

	Unrestricted $	Restricted for Endowment $	Invested in Capital Assets $	Total $
Balance – April 1, 2007	(7,983,639)	5,022,766	4,053,166	1,092,293
Adjustment for prior period error (note 2)	1,412,335	-	-	1,412,335
Balance – April 1, 2007 (restated)	(6,571,304)	5,022,766	4,053,166	2,504,628
Net revenues (expenses) (restated)	2,136,591	-	(877,436)	1,259,155
Invested in capital assets (note 14)	(3,693,684)	-	3,693,684	-
Endowment contributions	-	1,506,803	-	1,506,803
Effect of change in accounting policies	233,159	-	-	233,159
Balance – March 31, 2008 (restated)	(7,895,238)	6,529,569	6,869,414	5,503,745
Net revenues (expenses)	2,666,268	-	(1,357,002)	1,309,266
Invested in capital assets (note 14)	(4,934,477)	-	4,934,477	-
Endowment contributions	-	122,833	-	122,833
Balance – March 31, 2009	(10,163,447)	6,652,402	10,446,889	6,935,844

See accompanying notes to consolidated financial statements.

St. Clair College of Applied Arts and Technology
Consolidated Statement of Cash Flows
For the year ended March 31, 2009

	2009 $	Restated (Note 2) 2008 $
Cash provided by (used in) operating activities (note 15)	4,333,946	2,342,888
Cash provided by (used in) financing and investing activities		
Decrease in contribution receivable	197,174	350,903
Purchase of long-term investments	(627,393)	(538,681)
Deferred capital contributions, net	703,768	4,726,267
(Decrease) increase in bank loan	(534,547)	534,547
Decrease in long-term debt, net	(2,504,019)	(4,103,094)
Proceeds on sale of capital assets	-	80,000
Proceeds on sale of interest in property	-	2,769,444
Purchase of capital assets	(2,796,853)	(5,282,307)
Endowment contributions	122,833	1,506,803
	(5,439,037)	43,882
Net (decrease) increase in cash and cash equivalents	(1,105,091)	2,386,770
Cash and cash equivalents – Beginning of year	11,427,085	9,040,315
Cash and cash equivalents – End of year	10,321,994	11,427,085
Supplementary cash flow information		
Interest paid	1,535,907	1,736,200

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

The consolidated financial statements of the College have been prepared in accordance with Canadian generally accepted accounting principles.

a) Basis of presentation

The consolidated financial statements include the accounts of the College and its wholly controlled entity, St. Clair College Foundation. All significant inter-organization balances and transactions have been eliminated on consolidation.

b) Revenue recognition

The College follows the deferral method of accounting for contributions which include donations and government grants. Externally restricted contributions, other than endowment 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 are recorded as revenue when management can make a reasonable estimate of the amount and collection is reasonably assured. The college received pledges in the amount of $10,561,014 (2008 – $48,242), which have not been 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, having externally imposed restrictions requiring that the principal be maintained intact, are recognized as direct increases to restricted for endowment net assets.

c) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with maturities of 30 days or less when purchased.

d) Long-term investments

Long-term investments are recorded at fair value (see note 5). Subsequent changes in the fair value of long-term investments are adjusted through the statement of revenues and expenses.

e) Financial instruments

The fair value of the College's cash and cash equivalents, grants receivable, accounts receivable, contribution receivable, accounts payable and accrued liabilities and 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.

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the College's designation of such instruments. Settlement date accounting is used.

Classification

Cash and cash equivalents	Held for trading
Grants receivable	Loans and receivables
Accounts receivable	Loans and receivables
Contribution receivable	Loans and receivables
Long-term investments	Held for trading
Accounts payable and accrued liabilities	Other liabilities
Bank loan	Other liabilities
Long-term debt	Other liabilities

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in the gain/loss on disposal of assets and unrealized gain/loss on long-term investments.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities.

Transactions costs

Transaction costs related to held for trading financial assets and other liabilities are expensed as incurred.

Effective interest method

The College uses the effective interest method to recognize interest income or expense which includes transaction costs or fees for financial instruments.

f) Capital assets

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

Buildings	40 years
Site improvements	10 years
Equipment	5 years

g) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever indicators of impairment exist. An impairment loss is recognized when an asset's carrying value exceeds the total undiscounted cash flows expected from an asset's use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of an asset over its fair value.

h) Student organizations

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

i) 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.

j) 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:

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.

k) Sick leave benefit

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 the employee's current daily rate of compensation.

l) Use of estimates

The preparation of the financial statements in conformity with 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.

m) Comparative figures

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

2 Prior year error

In measuring the liability for vested sick leave benefits for 2008 and earlier fiscal years, certain sick days for ineligible employees were incorrectly included in the liability. The financial statements for 2008 have been restated to correct this error. The effect of the restatement on the financial statements is summarized below. There is no effect in 2009.

	Effect in 2008 $
Increase in sick leave expense	145,601
Decrease in net revenues	(145,601)
Decrease in accrual for vested sick leave benefit	(1,266,734)
Increase in net assets	1,266,734

3 Change in accounting policies

The College adopted the following recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

Section 1535, *Capital Disclosures*. This Section requires the disclosure of an entity's objectives, policies and processes for the management of capital, information about what the entity regards as capital, whether the entity has complied with any capital requirements and the consequences of not complying with capital requirements. Note 18 to the financial statements contains the required disclosures.

Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation*. Section 3862 requires the disclosure of information about: a) the significance of financial instruments for the College's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the College is exposed during the period and at the balance sheet date, and how those risks are managed. Section 3863 contains standards for presentation of financial instruments and non-financial derivatives. The College, as a not-for-profit organization, as permitted under Canadian generally accepted accounting principles, has chosen to apply Section 3861, *Financial Instruments – Disclosure and Presentation* in place of these sections. Section 3861 was implemented in conjunction with the 2008 consolidated financial statements.

Future accounting changes

Section 4400, *Financial Statement Presentation by Not-for-profit Organizations*. This section has been amended to require that certain gains and losses should be recorded initially as direct entries to the Statement of Changes in Net Assets for the period, rather than in the Statement of Operations for the period. This section has also been amended to provide additional disclosure for restrictions in deferred contributions, endowments and net assets. Additionally, the amended section requires that all revenues and expenses be presented on a gross basis and that the statement of cash flows be prepared in accordance with Section 1540, *Cash Flow*

Statements. This section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2009.

Section 4460, *Disclosure of Related Party Transactions by Not-for-profit Organizations*. This section establishes disclosure standards for related party transactions in the financial statements of not-for-profit organizations. The section has been amended to be consistent with the disclosure requirements of Section 3840, *Related Party Transactions.*

Section 4470, *Disclosure of Allocated Expenses by Not-for-profit Organizations*. This new section establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. Organizations which allocate fundraising and general support expenses to other functions within the organization require disclosure of the policies for allocation of expenses, nature of the expenses being allocated and the basis on which the allocations have been made. Additionally, the amounts allocated and the functions to which they have been allocated must also be disclosed. This section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2009.

Section 1540, *Cash Flow Statements*. This standard requires the disclosure of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement that classifies cash flows during the period arising from operating, investing and financing activities. The standard has been amended to require that interim and annual financial statements of not-for-profit organizations be prepared in accordance with the requirements of this section effective with fiscal years beginning on or after January 1, 2009.

The College is currently evaluating the impact of the adoption of these new or amended sections on the consolidated financial statements.

4 Acquisition of Cleary International Centre

During 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. 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 the 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.

   Reimbursement of wages and benefits received from the City of Windsor for the year ended March 31, 2009 amounted to $822,199 (March 31, 2008 – $1,185,575) and is reflected as a recovery against wages and benefits.

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.

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.

5 Long-term investments

	2009 $	2008 $
Fair value		
Term deposits	2,144,183	1,614,980
Corporate and government bonds	2,982,652	2,858,044
Shares in public companies	1,264,380	1,595,138
	6,391,215	6,068,162
Cost		
Term deposits	2,144,183	1,614,980
Corporate and government bonds	2,916,661	2,813,786
Shares in public companies	1,587,540	1,592,236
	6,648,384	6,021,002

6 Contribution receivable

The St. Clair Student Representative Council Incorporated ("SRC") has entered into an agreement with the College to provide funding totalling $2,000,000 representing its commitment towards the total cost of construction of an expansion to 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 4.36% bank loan described in note 13.

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

7 Interest in property

During 2004, the College entered into various agreements with the City of Windsor (the "City") 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.

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 repurchase the property from the College for the appraised value of $1,333,500.

On March 28, 2008, the College disposed of its interest in the property for $2,778,192.

8 Capital assets

		2009	
	Cost $	Accumulated amortization $	Net $
Land	3,152,375	-	3,152,375
Buildings	114,831,311	30,273,455	84,557,856
Site improvements	3,522,907	3,420,396	102,511
Equipment	50,849,252	43,827,543	7,021,709
Construction in progress	781,385	-	781,385
	173,137,230	77,521,394	95,615,836

		2008	
	Cost	Accumulated amortization	Net
	$	$	$
Land	3,152,375	-	3,152,375
Buildings	114,080,836	27,408,150	86,672,686
Site improvements	3,495,938	3,228,543	267,395
Equipment	49,591,073	40,090,992	9,500,081
Construction in progress	20,155	-	20,155
	170,340,377	70,727,685	99,612,692

The College has determined that no indicators of impairment exist that would require an impairment evaluation of long-lived assets.

9 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2009	2008
	$	$
Trade accounts payable and accrued liabilities	4,707,437	4,788,362
Accrued vacation pay	5,078,265	4,670,291
Security deposits	532,725	433,660
Due to student associations	2,010,832	1,958,973
	12,329,259	11,851,286

10 Deferred revenues and contributions

Deferred revenues and contributions are comprised of the following:

	2009	2008
	$	$
Unearned tuition fees	3,539,774	2,899,319
Unearned grants	8,085,527	7,067,602
Other deferred contributions	1,941,724	569,141
Unearned rent	194,397	185,671
Funds available for awards	291,475	464,836
	14,052,897	11,186,569

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:

	2009 $	2008 $
Balance – Beginning of year	11,186,569	10,633,458
Amount recognized as revenue in the year	(5,602,761)	(5,560,989)
Amount received related to subsequent years	8,712,198	6,046,825
Other expenses	(69,747)	-
Investment income (expense), net	112,682	287,789
Bursaries awarded	(286,044)	(220,514)
Balance – End of year	14,052,897	11,186,569

11 Pensions and other post-employment benefits

Employees are participants in the contributory retirement pension plans administered by the Colleges of Applied Arts and Technology (CAAT) 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 2009 by the College amounted to $3,852,541 (2008 – $3,258,444). 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 group benefit plans for the year ended March 31, 2009 is $2,660,152 (2008 – $2,619,705).

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

	2009 $	2008 $
Accrued benefit obligation	1,196,000	1,356,000
Fair value of plan assets	(151,000)	(150,000)
Funded status-deficit	1,045,000	1,206,000
Unamortized gain (loss)	49,000	(70,000)
Accrued employee future benefits	1,094,000	1,136,000

The discount rate used to value the accrued benefit obligation was 5.50% (2008 – 4.85%).

Assumed health care trend rates at March 31:

	2009 $	2008 $
Initial health care cost trend rate	10.5%	10.5%
Cost trend rate declines to	4.5%	5.5%
Year that the rate reaches the rate it is assumed to remain at	2020	2018

12 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:

	2009 $	2008 $
Balance – Beginning of year	64,483,750	66,146,307
Contributions received for future capital expansion and other capital purposes	703,768	4,726,267
Amortization of deferred capital contributions	(5,436,707)	(6,388,824)
Balance – End of year	59,750,811	64,483,750

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 13) and is recovering the principal and interest payments from the Students Representative Council through a Student Centre levy.

13 Long-term debt

	2009 $	2008 $
3.39% bank loan, payable $26,034 monthly including interest, due March 30, 2009	-	306,752
3.39% bank loan, payable $9,706 monthly including interest, due March 30, 2009	-	114,364
4.328% bank loan, payable $9,924 monthly including interest, due June 26, 2013	461,537	-
6.63% bank loan, payable $128,585 monthly including interest, due March 28, 2028	16,646,779	17,070,735
3.81% bank loan, payable $67,908 monthly including interest due, March 30, 2011	1,566,843	2,306,680
4.30% bank loan, payable $125,097 monthly including interest, due March 30, 2014	6,742,977	7,926,449
4.36% bank loan, payable $20,591 monthly including interest, due September 20, 2016	1,036,617	1,233,792
	26,454,753	28,958,772
Current portion of long-term debt	(2,763,944)	(2,965,618)
	23,690,809	25,993,154

Principal repayments over the next five fiscal years and thereafter are as follows:

	$
2010	2,763,944
2011	2,892,508
2012	2,198,051
2013	2,307,288
2014	2,242,336
Thereafter	14,050,626
	26,454,753

During the year, the demand loan facility bearing interest at prime less 0.25% per annum was converted to a 4.328% bank loan through the Ontario Financing Authority, repayable in monthly instalments over a five year term.

Interest expense on long-term debt included in the statement of revenues and expenses is $1,535,907 (2008 – $1,730,855).

14 Invested in capital assets

Invested in capital assets is composed of the following:

	2009 $	2008 $
Capital assets, net	95,615,836	99,612,692
Contribution receivable	1,036,617	1,233,791
	96,652,453	100,846,483
Amount financed by		
Deferred capital contributions	(59,750,811)	(64,483,750)
Long-term debt	(26,454,753)	(28,958,772)
Bank loan	-	(534,547)
	10,446,889	6,869,414

Change in net assets invested in capital assets is calculated as follows:

	2009 $	2008 $
Excess of revenue over expenses		
Amortization of deferred contributions related to capital assets	5,436,707	6,388,824
Amortization of capital assets	(6,793,709)	(7,250,260)
Loss on disposition of capital assets	-	(16,000)
	(1,357,002)	(877,436)
Invested in capital assets		
Purchase and contribution of capital assets	2,796,853	5,282,307
Repayment of bank loan and long-term debt, net	3,038,566	3,568,547
	5,835,419	8,850,854
Amount funded by		
Deferred capital contributions	(703,768)	(4,726,267)
Change in contribution receivable	(197,174)	(350,903)
Proceeds on sale of capital assets	-	(80,000)
	(900,942)	(5,157,170)
Increase in net assets invested in capital assets	3,577,475	2,816,248
Balance – Beginning of year	6,869,414	4,053,166
Balance – End of year	10,446,889	6,869,414

15 Cash provided from (used in) operations

	2009 $	Restated (Note 2) 2008 $
Net revenues (expenses)	1,309,266	1,259,155
Items not involving cash		
Amortization of capital assets	6,793,709	7,250,260
Amortization of deferred capital contributions	(5,436,707)	(6,388,824)
(Decrease) increase in accrued employee future benefits	(42,000)	9,000
Unrealized loss on long-term investments	304,340	185,995
Loss on disposition of capital assets	-	16,000
Gain on disposition of interest in property	-	(1,423,065)
	2,928,608	908,521
(Increase) decrease in grants receivable	(1,972,576)	527,111
Decrease (increase) in accounts receivable	26,362	(181,359)
Decrease (increase) in prepaid and other assets	103,851	(85,429)
Increase in accounts payable and accrued liabilities	477,973	584,910
Increase in deferred revenues and contributions	2,866,328	553,111
(Decrease) increase in vested sick leave benefit	(96,600)	36,023
	4,333,946	2,342,888

16 Commitments

Lease commitments

The College has operating leases on various equipment and rental premises. The aggregate minimum annual lease payments over the next five fiscal years and thereafter are as follows:

	$
2010	1,791,947
2011	1,104,985
2012	517,480
2013	72,330
2014	52,000
Thereafter	-

Other

The College has initiated a ten year fundraising campaign to build two health and wellness facilities at its Windsor and Chatham campuses. Fundraising has been pledged across a number of groups including College employees, alumni and members of the community. Further, a student levy was approved and implemented in the current year. Pledges receivable of $10,525,014 (2008 – $Nil) are accounted for in accordance with the accounting policy in note 1.

17 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 these financial statements. The amount will be accounted for in the period when and if such losses are determined.

18 Capital management

The College manages its capital on a College-wide basis. The College's objectives include continued compliance with the Ministry of Training, Colleges and Universities ("MTCU") requirements and ensuring the College is able to meet its obligations to its students, third party vendors and the College's own employees.

The College is regulated by the MTCU through the Financial Administration Act ("FAA"). Section 28 of the FAA states that colleges as crown agencies shall not enter into any financial arrangements that would increase the indebtedness or contingent liabilities of the Province of Ontario ("Province") without prior approval from the Minister of Finance. Further, Section 28 indicates any arrangements entered into without prior approval are considered non binding, unless specifically exempted by the Minister of Finance.

Responsibility for the ongoing monitoring of the College capital management rests with College administration and the Board of Governors ("Board") is responsible for the review and approval of the annual budget and financial statements. The Chair of the Board is also responsible for requesting all Section 28 approvals from the Minister of Finance in writing.

19 Financial instruments

a) Foreign exchange risk

Foreign exchange risk arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The College conducts business primarily in Canadian dollars and, as such, has limited exposure to foreign exchange risk.

b) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The College, in the normal course of business, is exposed to credit risk from its non-governmental customers. The accounts receivable are subject to normal credit risks.

c) Interest rate risk

Interest rate risk arises from fluctuations in interest rates and the degree of volatility of these rates. The College is not exposed to interest rate risk on its long-term debt as the related rates are fixed to maturity.

20 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 $256,590 (2008 – $274,627), including $112,612 of in-kind donations (2008 – $57,625), 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 include 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.

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

a) OSOTF – Phase I

	2009 $	2008 $
Endowment Fund		
Balance – Beginning of year	1,871,454	1,871,454
Cash donations received	-	-
Preservation of capital	-	-
Balance – End of year	1,871,454	1,871,454
Expendable Funds Available for Awards		
Balance – Beginning of year	161,920	152,331
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	42,732	91,728
Bursaries awarded (2009 – 148; 2008 – 159)	(74,575)	(82,139)
Balance – End of year	130,077	161,920
Total book value – End of year	2,001,531	2,033,374
Total market value – End of year	1,841,989	1,883,277

b) OSOTF – Phase II

	2009 $	2008 $
Endowment Fund		
Balance – Beginning of year	992,630	992,630
Cash donations received	-	-
Preservation of capital	-	-
Balance – End of year	992,630	992,630
Expendable Funds Available for Awards		
Balance – Beginning of year	53,367	41,454
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	22,665	48,653
Bursaries awarded (2009 – 59; 2008 – 51)	(40,885)	(36,740)
Balance – End of year	35,147	53,367
Total book value – End of year	1,027,777	1,045,997
Total market value – End of year	977,001	998,901

c) **OTSS**

Schedule of donations received for the year ended March 31, 2009:

	2009 $	2008 $
Cash donations matched during the year	54,934	530,094

	2009 $	2008 $
Endowment Fund Balance		
Balance – Beginning of year	2,589,692	1,115,328
Eligible cash donations received in fiscal year	124,171	559,281
Matching funds received from MTCU in fiscal year	49,325	589,751
Matching funds receivable from MTCU in fiscal year	-	325,332
Balance – End of year	2,763,188	2,589,692
Expendable Funds Available for Awards		
Balance – Beginning of year	36,156	29,999
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	59,132	54,667
Bursaries awarded (2009 – 180; 2008 – 76)	(115,300)	(48,510)
Balance – End of year	(20,012)	36,156
Total book value – End of year	2,743,176	2,625,848
Total market value – End of year	2,719,683	2,284,562

d) Total Funds Restricted for Endowment

	2009 $	2008 $
Total Endowment funds		
Balance – Beginning of year	5,453,776	3,979,412
Cash donations received	124,171	559,281
Matching funds	49,325	915,083
Balance – End of year	5,627,272	5,453,776
Total Expendable Funds Available for Awards		
Balance – Beginning of year	251,443	223,784
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	124,528	195,048
Bursaries awarded (2009 – 364; 2008 – 286)	(230,760)	(167,389)
Balance – End of year	145,211	251,443
Total book value – End of year	5,772,483	5,705,219
Total market value – End of year	5,538,673	5,166,740

Report of OTSS Awards issued for the fiscal year ended March 31, 2009:

	OSAP Recipients		Non OSAP Recipients		Total	
	Number	Amount $	Number	Amount $	Number	Amount $
Full-Time	109	73,420	71	41,880	180	115,300
Part-Time	-	-	-	-	-	-
	109	73,420	71	41,880	180	115,300

PRICEWATERHOUSECOOPERS

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June 15, 2009

Additional Comments of Auditors

The accompanying schedules are presented as supplementary information only. In this respect, they do not form part of the consolidated financial statements of **St. Clair College of Applied Arts and Technology** for the year ended March 31, 2009 and hence are excluded from the opinion expressed in our report dated June 15, 2009 to the Governors on such financial statements. The information in these schedules has been subject to audit procedures only to the extent necessary to express an opinion on the consolidated financial statements of the College and, in our opinion, is fairly presented in all respects material to these financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

St. Clair College of Applied Arts and Technology
Consolidated Schedule of Revenues
(Unaudited)
For the year ended March 31, 2009

	2009 $	2008 $
Revenues		
Government operating grants		
Basic operating	42,790,582	40,626,286
Municipal taxes	481,350	459,975
Other	734,493	894,578
	44,006,425	41,980,839
Government capital support grants	199,707	2,460,082
Contract income		
Self-employment assistance	388,832	361,987
Apprenticeship training	2,611,147	2,483,455
Job connect	2,801,054	3,032,835
Summer and part-time employment experience program	608,334	612,126
Literacy basic skills	1,272,147	990,285
Contract training	1,893,089	1,761,685
Other	4,343,768	4,980,990
	13,918,371	14,223,363
Student tuition		
Full-time students	18,505,697	16,343,970
Part-time students	4,009,013	4,165,631
Tuition short students	496,247	429,121
	23,010,957	20,938,722
Ancillary operations	7,844,824	7,204,620
Donations	1,056,243	1,223,610
Foundation	336,709	214,164
Other		
Interest earned	191,426	248,037
Other	3,743,141	3,918,876
	3,934,567	4,166,913
	94,307,803	92,412,313

St. Clair College of Applied Arts and Technology

Consolidated Statement of Academic Expense
(Unaudited)
For the year ended March 31, 2009

	2009 $	2008 $
Salaries		
Instructional officers and staff	2,024,353	2,124,383
Full-time teaching	22,485,570	21,430,352
Part-time teaching	6,993,750	6,127,206
Support staff	6,522,633	6,876,904
	38,026,306	36,558,845
Employment benefits	6,927,377	6,370,085
Travel and conferences	215,238	292,441
Instructional supplies	2,708,411	2,574,943
Instructional equipment rental	207,388	241,919
Professional development	21,048	18,451
Field work	71,187	106,508
Office and supplies	196,247	210,502
Contract services	198,990	256,005
Professional fees	16,994	29,505
Staff employment	2,447	25,915
Contract clinical	1,054,024	1,060,006
Advertising and promotion	147,916	226,812
Telephone	44,305	39,435
Memberships and dues	29,141	37,816
Other equipment rental	11,671	13,704
Equipment maintenance	143,128	109,984
Equipment	113,195	74,641
	50,135,013	48,247,517

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Student Services Expense
(Unaudited)
For the year ended March 31, 2009

	2009 $	2008 $
Salaries	4,996,142	4,857,944
Employment benefits	1,110,623	1,019,383
Advertising and recruitment	56,780	101,451
Travel and conferences	43,782	63,763
Professional development	-	1,133
Office and supplies	108,726	133,567
Professional fees	13,555	3,143
Contract services	88,475	34,574
Equipment maintenance	76,711	29,326
Equipment	20,831	3,330
Staff employment	-	3,083
Telephone	3,170	4,653
Instructional supplies	316,535	316,064
Memberships and dues	3,306	15,034
Student assistance – Tuition fee bursary	1,424,571	2,086,650
	8,263,207	8,673,098

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Administration Expense
(Unaudited)
For the year ended March 31, 2009

	2009 $	2008 $
Salaries	4,968,397	4,943,072
Employment benefits	1,452,408	1,391,875
Staff employment and recruitment	39,381	23,841
Advertising and promotion	700,882	1,163,656
Office and supplies	1,023,349	1,090,236
Termination gratuities	340,560	344,080
Travel and conferences	299,994	370,511
Telephone	255,197	289,834
Professional fees	180,386	252,655
Equipment maintenance	757,119	632,054
Professional development	185,898	233,515
Insurance	431,375	432,668
Contract services	123,266	348,388
Equipment rental (net of chargebacks)	964,081	1,125,947
Memberships and dues	245,764	222,985
Interest	657,407	819,720
Equipment	145,583	203,841
	12,771,047	13,888,878

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Plant and Property Expense
(Unaudited)
For the year ended March 31, 2009

	2009 $	2008 $
Salaries	2,096,654	2,040,347
Employment benefits	475,765	435,520
Travel and conferences	9,783	8,723
Janitorial	959,844	794,885
Grounds maintenance	346,812	510,295
Utilities and services	2,672,199	2,890,703
Vehicle	24,744	33,299
Premise rental	368,285	429,608
Professional fees	72,776	98,218
Professional development	1,735	8,425
Contracted services	1,678,831	1,413,193
Advertising and promotion	489	438
Equipment rental	1,974	6,620
Office and supplies	24,673	44,156
Equipment maintenance	300,951	340,123
Telephone	2,069	3,446
Memberships and dues	1,166	2,026
Equipment	11,063	2,937
Staff employment	-	3,185
	9,049,813	9,066,147

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Supplementary Expense
(Unaudited)
For the year ended March 31, 2009

	2009 $	2008 $
Programs stipends and allowances	1,345,574	1,511,588
Municipal taxes	505,293	479,300
	1,850,867	1,990,888

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Ancillary Operations
(Unaudited)
For the year ended March 31, 2009

	2009 $	2008 $
Revenues		
Bookstore	464,040	428,727
St. Clair Centre for the Arts	3,486,244	3,059,975
Snack bars/recreation facility	118,976	151,838
Parking lots	587,802	591,382
Varsity athletics	514,709	487,272
Cafeterias	183,402	28,155
Student lockers	25,555	24,319
Print shop	47,932	46,707
Residence	2,416,164	2,386,245
	7,844,824	7,204,620
Expenses		
Bookstore	197	70
St. Clair Centre for the Arts	4,090,976	3,599,672
Snack bars/recreation facility	139,911	150,340
Parking lots	580,120	1,020,719
Varsity athletics	519,093	488,176
Cafeterias	3,861	8,296
Student lockers	26,937	26,530
Residence	2,263,663	2,288,944
	7,624,758	7,582,747
Net revenues (expenses)	220,066	(378,127)