St. Clair College of Applied Arts and Technology

Consolidated Financial Statements

March 31, 2010

PRICEWATERHOUSECOOPERS

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June 15, 2010

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, 2010 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, 2010 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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As at March 31, 2010

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St. Clair College of Applied Arts and Technology

Consolidated Statement of Financial Position

As at March 31, 2010

	2010 $	2009 $
Assets		
Current assets		
Cash and cash equivalents	19,504,271	10,321,994
Grants receivable	5,265,240	6,010,931
Accounts receivable	3,214,874	2,772,615
Current portion of contribution receivable (note 6)	215,174	206,011
Prepaid and other assets	515,274	485,066
	28,714,833	19,796,617
Long-term investments (note 5)	6,849,872	6,391,215
Contribution receivable (note 6)	615,700	830,606
Capital assets (notes 3, 4 and 7)	109,472,776	95,615,836
	145,653,181	122,634,274

On behalf of the Board

Deborah Livneh

Dr. John Strasser, President

St. Clair College of Applied Arts and Technology
Consolidated Statement of Financial Position
As at March 31, 2010

	2010 $	2009 $
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	16,623,121	12,329,259
Deferred revenues and contributions (note 9)	18,076,732	14,052,897
Current portion of long-term debt (note 12)	2,892,507	2,763,944
	37,592,360	29,146,100
Long-term liabilities		
Accrued employee future benefits (note 10)	1,066,000	1,094,000
Accrued vested sick leave benefit	1,853,636	2,016,710
Deferred capital contributions (note 11)	70,075,494	59,750,811
Long-term debt (note 12)	20,798,571	23,690,809
	93,793,701	86,552,330
	131,386,061	115,698,430
Commitments and contingent liabilities (notes 15 and 16)		
Net assets		
Unrestricted, before undernoted accruals:	(1,111,629)	(1,974,472)
Vacation pay	(5,023,862)	(5,078,265)
Employee future benefits	(1,066,000)	(1,094,000)
Vested sick leave benefit	(1,853,636)	(2,016,710)
	(9,055,127)	(10,163,447)
Restricted for endowment	6,785,169	6,652,402
Invested in capital assets (note 13)	16,537,078	10,446,889
	14,267,120	6,935,844
	145,653,181	122,634,274

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, 2010

	2010 $	2009 $
Revenues		
Government operating grants	48,054,166	44,006,425
Government capital support grants	583,592	199,707
Contract income	13,851,266	13,918,371
Student tuition	26,939,103	23,010,957
Ancillary operations	7,170,481	7,844,824
Donations	1,168,935	1,056,243
Foundation	232,080	336,709
Other	4,276,123	3,934,567
	102,275,746	94,307,803
Expenses		
Academic	52,608,794	50,135,013
Student services	8,552,649	8,263,207
Administration	12,583,558	12,771,047
Plant and property	9,251,459	9,049,813
Supplementary	2,521,724	1,850,867
Other expenditures out of capital support grants	597,846	-
Ancillary operations	6,598,645	7,624,758
Foundation	232,080	336,709
Vacation pay	(54,403)	407,974
Employee future benefits	(28,000)	(42,000)
Sick leave benefit	(163,074)	(96,600)
Bursaries	1,183,963	1,036,407
Unrealized (gain) loss on long-term investments – Foundation	(304,898)	304,340
	93,580,343	91,641,535
Excess of revenues over expenses before the undernoted	8,695,403	2,666,268
Other (expenses) income		
Amortization of capital assets	(5,364,036)	(6,793,709)
Amortization of deferred capital contributions	3,867,142	5,436,707
	(1,496,894)	(1,357,002)
Net revenues	7,198,509	1,309,266

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, 2010

	Unrestricted $	Restricted for Endowment $	Invested in Capital Assets $	Total $
Balance – April 1, 2008	(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 13)	(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
Net revenues (expenses)	8,695,403	-	(1,496,894)	7,198,509
Invested in capital assets (note 13)	(7,587,083)	-	7,587,083	-
Endowment contributions	-	132,767	-	132,767
Balance – March 31, 2010	(9,055,127)	6,785,169	16,537,078	14,267,120

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, 2010

	2010 $	2009 $
Cash provided by operating activities		
Net revenues	7,198,509	1,309,266
Items not involving cash		
Amortization of capital assets	5,364,036	6,793,709
Amortization of deferred capital contributions	(3,867,142)	(5,436,707)
Unrealized (gain) loss on long-term investments	(304,898)	304,340
	8,390,505	2,970,608
Changes in non-cash net working capital balances (note 14)	8,399,847	1,363,338
	16,790,352	4,333,946
Cash (used in) investing activities		
Decrease in contribution receivable	205,743	197,174
Increase in long-term investments	(153,759)	(627,393)
Purchase of capital assets	(19,220,976)	(2,796,853)
	(19,168,992)	(3,227,072)
Cash provided by (used in) financing activities		
Deferred capital contributions, net	14,191,825	703,768
Decrease in bank loan	-	(534,547)
Decrease in long-term debt	(2,763,675)	(2,504,019)
Endowment contributions	132,767	122,833
	11,560,917	(2,211,965)
Net increase (decrease) in cash and cash equivalents	9,182,277	(1,105,091)
Cash and cash equivalents – Beginning of year	10,321,994	11,427,085
Cash and cash equivalents – End of year	19,504,271	10,321,994
Supplementary cash flow information		
Interest paid	1,460,848	1,535,907

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 $17,744,845 (2009 – $10,561,014), which have not been recorded 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) Allocation of expenses

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.

Expenses are charged to specific departments which are assigned to the functions reported in the Statement of Revenues and Expenses. General support expenses such as Human Resources and Financial Services are charged, in their entirety, to a specific function.

There are no material allocations of expenses between functions except for operating expenses associated with the ancillary operations of the St. Clair Centre for the Arts facility. This facility is used for both ancillary and academic purposes. The operating expenses for this facility are allocated towards the ancillary activities based on the usage of the facility for such activities. The allocation rate is 25% of all operating related expenses.

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 Change in accounting policies

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

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 disclosures for restriction in deferred contributions, endowments and net assets. Additionally, the amended section requests 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*.

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*. Note 20 to the financial statements contain the required disclosures.

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 expense relates. 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. Note 1 to the financial statements contain the required disclosures.

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 the cash flows during the period arising from operating, investing and financing activities. The standards have been amended to require that interim and annual financial statement of not-for-profit organizations be prepared in accordance with the requirements of this section. The Statement of Cash Flows contains the required disclosures.

3 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 to 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, 2010 amounted to $Nil (2009 – $822,199) 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.

4 Contributed land and building

On December 10, 2009, the College entered into an agreement with the City of Windsor to acquire the land and building located at 275 Victoria Avenue. Although the agreement provided that nominal consideration of $1 to be exchanged for the land and building acquired, in accordance with Canadian generally accepted accounting principles, the College has recorded the land and building at an agreed upon amount of $917,500 to approximate fair value. In accordance with the College's policy for accounting for the contributed capital contributions, the donation of the property is being deferred and will be amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the College's other buildings, being 40 years, once the asset is put into service.

The agreement also provides the College the right to re-convey the acquired property to the City of Windsor at any time on or before the fifteenth anniversary of the closing date of the transaction for an amount equal to the market value of the property, reduced by approximately $61,167 per annum on each anniversary of the closing date. Upon the fifteenth anniversary of the closing date, no further amounts would be payable upon re-conveyance of the property.

5 Long-term investments

	2010 $	2009 $
Fair value		
Term deposits	2,230,123	2,144,183
Corporate and government bonds	3,072,561	2,982,652
Shares in public companies	1,547,188	1,264,380
	6,849,872	6,391,215
Cost		
Term deposits	2,230,123	2,144,183
Corporate and government bonds	3,106,278	2,916,661
Shares in public companies	1,465,742	1,587,540
	6,802,143	6,648,384

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 12.

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 Capital assets

		2010	
	Cost $	Accumulated amortization $	Net $
Land	3,152,375	-	3,152,375
Buildings	120,689,324	33,188,493	87,500,831
Site improvements	4,087,514	3,602,853	484,661
Equipment	53,469,538	46,094,084	7,375,454
Construction in progress	10,959,455	-	10,959,455
	192,358,206	82,885,430	109,472,776

		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

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

8 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2010 $	2009 $
Trade accounts payable and accrued liabilities	8,514,093	4,707,437
Accrued vacation pay	5,023,862	5,078,265
Security deposits	545,529	532,725
Due to student associations	2,539,637	2,010,832
	16,623,121	12,329,259

The amounts due to student associations are non-interest bearing, unsecured and due on demand.

9 Deferred revenues and contributions

Deferred revenues and contributions are comprised of the following:

	2010 $	2009 $
Unearned tuition fees	3,972,084	3,539,774
Unearned grants	10,412,450	8,085,527
Other deferred contributions	3,294,112	1,941,724
Unearned rent	170,649	194,397
Funds available for awards	227,437	291,475
	18,076,732	14,052,897

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:

	2010 $	2009 $
Balance – Beginning of year	14,052,897	11,186,569
Amount recognized as revenue in the year	(7,421,858)	(5,602,761)
Amount received related to subsequent years	16,838,210	8,712,198
Other expenses	(5,328,479)	(69,747)
Investment income (expenses), net	168,042	112,682
Bursaries awarded	(232,080)	(286,044)
Balance – End of year	18,076,732	14,052,897

10 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 2010 by the College amounted to $ 4,370,888 (2009 – $3,852,541). 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 including health, dental and life insurance 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, 2010 is $2,446,980 (2009 – $2,660,152).

The College's portion of the total other post-employment benefits, calculated as a percentage of the total amounts for the group plan was determined by an actuarial valuation as at March 31, 2008 that has been extrapolated to March 31, 2010. Accrued employee future benefits are comprised of the following:

	2010 $	2009 $
Accrued benefit obligation	1,176,000	1,196,000
Fair value of plan assets	(187,000)	(151,000)
Funded status-deficit	989,000	1,045,000
Unamortized gain	77,000	49,000
Accrued employee future benefits	1,066,000	1,094,000

The significant actuarial assumptions used in the extrapolation of the valuation for the purposes of determining the accrued liability and related expenses are as follows:

a) Interest (discount) rate

The present value as at March 31, 2010, of the future benefits was determined using a discount rate of 4.75% (2009 – 5.5%).

b) Drugs and hospital

Drug costs were assumed to increase at a rate of 10.5% per annum in 2008, grading down to 4.50% in 2023. Health costs and other medical costs were assumed to increase by 4.50% per annum.

c) Dental

Dental costs were assumed to increase at a rate of 7.5% per annum in 2008, grading down to 4.5% in 2023.

11 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:

	2010 $	2009 $
Balance – Beginning of year	59,750,811	64,483,750
Contributions received for future capital expansion and other capital purposes	14,191,825	703,768
Amortization of deferred capital contributions	(3,867,142)	(5,436,707)
Balance – End of year	70,075,494	59,750,811

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

12 Long-term debt

	2010 $	2009 $
4.328% bank loan, payable $9,924 monthly including interest, due June 26, 2013	360,437	461,537
6.63% bank loan, payable $128,585 monthly including interest, due March 28, 2028	16,193,846	16,646,779
3.81% bank loan, payable $67,908 monthly including interest, due March 30, 2011	798,320	1,566,843
4.30% bank loan, payable $125,097 monthly including interest, due March 30, 2014	5,507,601	6,742,977
4.36% bank loan, payable $20,591 monthly including interest, due September 20, 2016	830,874	1,036,617
	23,691,078	26,454,753
Current portion of long-term debt	(2,892,507)	(2,763,944)
	20,798,571	23,690,809

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

	$
2011	2,892,507
2012	2,198,050
2013	2,307,287
2014	2,242,605
2015	630,387
Thereafter	13,420,242
	23,691,078

Interest expense on long-term debt included in the statement of revenues and expenses is $1,460,848 (2009 – $1,535,907).

13 Invested in capital assets

Invested in capital assets is composed of the following:

	2010 $	2009 $
Capital assets, net	109,472,776	95,615,836
Contribution receivable	830,874	1,036,617
	110,303,650	96,652,453
Amount financed by		
Deferred capital contributions	(70,075,494)	(59,750,811)
Long-term debt	(23,691,078)	(26,454,753)
	16,537,078	10,446,889

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

	2010 $	2009 $
Excess of revenue over expenses		
Amortization of deferred contributions related to capital assets	3,867,142	5,436,707
Amortization of capital assets	(5,364,036)	(6,793,709)
	(1,496,894)	(1,357,002)
Invested in capital assets		
Purchase and contribution of capital assets	19,220,976	2,796,853
Repayment of bank loan and long-term debt, net	2,763,675	3,038,566
	21,984,651	5,835,419
Amount funded by		
Deferred capital contributions	(14,191,825)	(703,768)
Change in contribution receivable	(205,743)	(197,174)
	(14,397,568)	(900,942)
Increase in net assets invested in capital assets	6,090,189	3,577,475
Balance – Beginning of year	10,446,889	6,869,414
Balance – End of year	16,537,078	10,446,889

14 Changes in non-cash net working capital balances

	2010 $	2009 $
Decrease (increase) in grants receivable	745,691	(1,972,576)
(Increase) decrease in accounts receivable	(442,259)	26,362
(Increase) decrease in prepaid and other assets	(30,208)	103,851
Increase in accounts payable and accrued liabilities	4,293,862	477,973
Increase in deferred revenues and contributions	4,023,835	2,866,328
Decrease in accrued employee future benefits	(28,000)	(42,000)
Decrease in accrued vested sick leave benefits	(163,074)	(96,600)
	8,399,847	1,363,338

15 Commitments

Lease commitments

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

	$
2011	1,512,901
2012	925,396
2013	52,000
2014	52,000

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 $17,708,845 (2009 – $10,525,014) are accounted for in accordance with the accounting policy in note 1.

The College is committed to capital expenditures in the amount of approximately $35,029,000.

16 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.

17 Allocation of expenses

Expenses relating to St. Clair Centre for the Arts, as reported in the consolidated schedule of ancillary operations include amounts that have been allocated from plant and property expenses as follows:

	2010 $	2009 $
Building repairs and maintenance	30,234	44,570
Contracted cleaning	86,844	68,323
Equipment and maintenance	31,674	15,392
Janitorial maintenance and supplies	12,614	13,949
Municipal taxes	30,004	15,898
Utilities and services	88,068	97,161
	279,438	255,293

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. 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 $180,682 (2009 – $236,753), including $123,432 of in-kind donations (2009 – $112,612), 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) 2009-2010 Year End Report for Phase One of the OSOTF

	2010 $	2009 $
Schedule of Changes in Endowment Fund Balance		
Fund balance at beginning of year	1,871,454	1,871,454
Cash donations received	-	-
Expenditure of endowment principal	-	-
Preservation of capital	-	-
Fund balance at end of year	1,871,454	1,871,454
Schedule of Changes in Expendable Funds Available for Awards		
Balance, beginning of year	130,077	161,920
Realized investment income, net of direct investment related expenses and preservation of capital contributions	47,273	42,732
Bursaries awarded (2010 – 143; 2009 – 148)	(64,340)	(74,575)
Balance, end of year	113,010	130,077
Endowment total based on book value	1,984,464	2,001,531
Market value of the endowment at end of fiscal year	1,937,157	1,841,989

b) 2009-2010 Year End Report for Phase Two of the OSOTF

	2010 $	2009 $
Schedule of Changes in Endowment Fund Balance		
Fund balance at beginning of year	992,630	992,630
Cash donations received	-	-
Expenditure of endowment principal	-	-
Preservation of capital	-	-
Fund balance at end of year	992,630	992,630
Schedule of Changes in Expendable Funds Available for Awards		
Balance, beginning of year	35,147	53,367
Realized investment income, net of direct investment related expenses and preservation of capital contributions	25,074	22,665
Bursaries awarded (2010 – 63; 2009 – 59)	(36,710)	(40,885)
Balance, end of year	23,511	35,147
Endowment total based on book value	1,016,141	1,027,777
Market value of the endowment at end of fiscal year	1,027,479	977,001

c) **2009-2010 Year End Report for the OTSS**

Schedule of donations received between April 1, 2009 and March 31, 2010:

	2010 **$**	**2009** **$**
Cash donations matched between April 1, 2009 and March 31, 2010	58,704	53,934
Unmatched cash donations	-	-
Total cash donations	58,704	53,934
Schedule of Changes in Endowment Fund Balance		
Balance, beginning of year	2,763,188	2,589,692
Eligible cash donations received in fiscal year	63,229	124,171
Matching funds received from MTCU in fiscal year	64,313	49,325
Matching funds receivable from MTCU in fiscal year	5,225	-
Expenditure of endowment principal	-	-
Preservation of capital	-	-
Fund balance, end of year	2,895,955	2,763,188
Schedule of Changes in Expendable Funds Available for Awards		
Balance, beginning of year	(20,012)	36,156
Realized investment income, net of direct investment related expenses and preservation of capital contributions	69,799	59,132
Bursaries awarded (2010 – 157; 2009 – 180)	(95,035)	(115,300)
Balance, end of year	(45,248)	(20,012)
Book value schedule at end of year	2,850,707	2,743,176
Market value schedule at end of year	2,997,625	2,719,683

d) Total Funds Restricted for Endowment

	2010 $	2009 $
Total Endowment Funds		
Balance – Beginning of year	5,627,272	5,453,776
Cash donations received	63,229	124,171
Matching funds	69,538	49,325
Preservation of capital	-	-
Balance – End of year	5,760,039	5,627,272
Total Expendable Funds Available for Awards		
Balance – Beginning of year	145,212	251,443
Realized investment income, net of direct investment related expenses and preservation of capital contributions	142,146	124,528
Bursaries awarded (2010 – 363; 2009 – 364)	(196,085)	(230,760)
Balance – End of year	91,273	145,211
Total book value – End of year	5,851,312	5,772,483
Total market value – End of year	5,962,261	5,538,673

Report of OTSS Awards issued for the fiscal year ended March 31, 2010:

	OSAP Recipients		Non OSAP Recipients		Total	
	Number	Amount $	Number	Amount $	Number	Amount $
Full-Time	82	50,800	75	44,235	157	95,035
Part-Time	-	-	-	-	-	-
	82	50,800	75	44,235	157	95,035

PRICEWATERHOUSECOOPERS

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June 15, 2010

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, 2010 and hence are excluded from the opinion expressed in our report dated June 15, 2010 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, 2010

	2010 $	2009 $
Revenues		
Government operating grants		
Basic operating	46,675,559	42,790,582
Municipal taxes	545,925	481,350
Other	832,682	734,493
	48,054,166	44,006,425
Government capital support grants	583,592	199,707
Contract income		
Self-employment assistance	346,632	388,832
Apprenticeship training	2,535,725	2,611,147
Job connect	3,061,630	2,801,054
Summer and part-time employment experience program	1,057,583	608,334
Literacy basic skills	1,355,166	1,272,147
Contract training	1,232,675	1,893,089
Other	4,261,855	4,343,768
	13,851,266	13,918,371
Student tuition		
Full-time students	22,801,431	18,505,697
Part-time students	3,524,899	4,009,013
Tuition short students	612,773	496,247
	26,939,103	23,010,957
Ancillary operations	7,170,481	7,844,824
Donations	1,168,935	1,056,243
Foundation	232,080	336,709
Other		
Interest earned	120,628	191,426
Other	4,155,495	3,743,141
	4,276,123	3,934,567
	102,275,746	94,307,803

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Academic Expense

(Unaudited)

For the year ended March 31, 2010

	2010 $	2009 $
Salaries		
Instructional officers and staff	2,111,237	2,024,353
Full-time teaching	23,434,985	22,485,570
Part-time teaching	7,324,165	6,993,750
Support staff	6,310,277	6,522,633
	39,180,664	38,026,306
Employment benefits	7,272,783	6,927,377
Travel and conferences	178,748	215,238
Instructional supplies	3,593,936	2,708,411
Instructional equipment rental	27,530	207,388
Professional development	27,242	21,048
Field work	32,103	71,187
Office and supplies	391,408	196,247
Contract services	195,082	198,990
Professional fees	80,013	16,994
Staff employment	2,764	2,447
Contract clinical	730,416	1,054,024
Advertising and promotion	415,523	147,916
Telephone	83,931	44,305
Memberships and dues	22,630	29,141
Other equipment rental	207,180	11,671
Equipment maintenance	105,630	143,128
Equipment	61,211	113,195
	52,608,794	50,135,013

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Student Services Expense

(Unaudited)

For the year ended March 31, 2010

	2010 $	2009 $
Salaries	5,102,394	4,996,142
Employment benefits	1,158,884	1,110,623
Advertising and recruitment	98,827	56,780
Travel and conferences	108,246	43,782
Professional development	1,638	-
Office and supplies	88,630	108,726
Professional fees	1,853	13,555
Contract services	84,815	88,475
Equipment maintenance	30,979	76,711
Equipment	22,179	20,831
Staff employment	1,646	-
Telephone	4,576	3,170
Instructional supplies	406,622	316,535
Memberships and dues	3,650	3,306
Student assistance – Tuition fee bursary	1,437,710	1,424,571
	8,552,649	8,263,207

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Administration Expense
(Unaudited)
For the year ended March 31, 2010

	2010 $	2009 $
Salaries	4,792,385	4,968,397
Employment benefits	1,324,727	1,452,408
Staff employment and recruitment	10,757	39,381
Advertising and promotion	569,009	700,882
Office and supplies	897,005	1,023,349
Termination gratuities	270,200	340,560
Travel and conferences	230,226	299,994
Telephone	225,304	255,197
Professional fees	207,812	180,386
Equipment maintenance	692,936	757,119
Professional development	112,725	185,898
Insurance	498,045	431,375
Contract services	134,995	123,266
Equipment rental (net of chargebacks)	1,506,666	964,081
Memberships and dues	260,396	245,764
Interest	818,869	657,407
Equipment	31,501	145,583
	12,583,558	12,771,047

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Plant and Property Expense
(Unaudited)
For the year ended March 31, 2010

	2010 $	2009 $
Salaries	2,325,232	2,096,654
Employment benefits	507,700	475,765
Travel and conferences	14,085	9,783
Janitorial	702,372	959,844
Grounds maintenance	254,847	346,812
Utilities and services	2,505,942	2,672,199
Vehicle	14,120	24,744
Premise rental	405,160	368,285
Professional fees	33,420	72,776
Professional development	43	1,735
Contracted services	2,208,475	1,678,831
Advertising and promotion	44	489
Equipment rental	8,936	1,974
Office and supplies	35,251	24,673
Equipment maintenance	212,806	300,951
Telephone	2,738	2,069
Memberships and dues	3,334	1,166
Equipment	16,057	11,063
Staff employment	897	-
	9,251,459	9,049,813

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Supplementary Expense
(Unaudited)
For the year ended March 31, 2010

	2010 $	2009 $
Programs stipends and allowances	1,933,118	1,345,574
Municipal taxes	588,606	505,293
	2,521,724	1,850,867

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Ancillary Operations
(Unaudited)
For the year ended March 31, 2010

	2010 $	2009 $
Revenues		
Bookstore	538,644	464,040
St. Clair Centre for the Arts	2,985,663	3,486,244
Snack bars/recreation facility	110,769	118,976
Parking lots	693,146	587,802
Varsity athletics	546,163	514,709
Cafeterias	73,697	183,402
Student lockers	37,978	25,555
Print shop	46,288	47,932
Residence	2,138,133	2,416,164
	7,170,481	7,844,824
Expenses		
Bookstore	653	197
St. Clair Centre for the Arts	3,067,697	4,090,976
Snack bars/recreation facility	91,849	106,988
Parking lots	418,660	580,120
Varsity athletics	591,276	519,093
Cafeterias	3,282	3,861
Student lockers	21,975	26,937
Residence	2,225,526	2,263,663
Work study	177,727	32,923
	6,598,645	7,624,758
Net revenues	571,836	220,066