St. Clair College of Applied Arts and Technology

Consolidated Financial Statements
March 31, 2011

PRICEWATERHOUSECOOPERS

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June 28, 2011

Independent Auditor's Report

To the Governors of
St. Clair College of Applied Arts and Technology

We have audited the accompanying consolidated financial statements of St. Clair College of Applied Arts and Technology and its subsidiary, which comprise the consolidated financial position as at March 31, 2011 and the consolidated statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of St. Clair College of Applied Arts and Technology and its subsidiary as at March 31, 2011 and the results of their operations and their 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

Index of Consolidated Financial Statements and Schedules

As at March 31, 2011

Consolidated Financial Statements

Consolidated Statement of Financial Position	1-2
Consolidated Statement of Revenues and Expenses	3
Consolidated Statement of Changes in Net Assets	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6-24
Additional Comments of Auditors	25
Supplementary Consolidated Information	
Consolidated Schedule of Revenues	26
Consolidated Schedule of Academic Expense	27
Consolidated Schedule of Student Services Expense	28
Consolidated Schedule of Administration Expense	29
Consolidated Schedule of Plant and Property Expense	30
Consolidated Schedule of Supplementary Expense	31
Consolidated Schedule of Ancillary Operations	32

St. Clair College of Applied Arts and Technology

Consolidated Statement of Financial Position

As at March 31, 2011

	2011 $	2010 $
Assets		
Current assets		
Cash and cash equivalents	28,098,079	19,504,271
Grants receivable	6,804,362	5,265,240
Accounts receivable	5,483,732	3,214,874
Current portion of contribution receivable (note 5)	224,725	215,174
Prepaid and other assets	559,378	515,274
	41,170,276	28,714,833
Long-term grants receivable	684,000	-
Long-term investments (note 4)	7,205,547	6,849,872
Contribution receivable (note 5)	390,916	615,700
Capital assets (notes 2, 3 and 6)	154,000,964	109,472,776
	203,451,703	145,653,181

On behalf of the Board

Charles Janisse

Dr. John Strasser, President

St. Clair College of Applied Arts and Technology
Consolidated Statement of Financial Position
As at March 31, 2011

	2011 $	2010 $
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	28,230,604	16,623,121
Deferred revenues and contributions (note 8)	16,608,902	18,076,732
Current portion of long-term debt (note 11)	2,198,050	2,892,507
	47,037,556	37,592,360
Long-term liabilities		
Accrued employee future benefits (note 9)	984,000	1,066,000
Accrued vested sick leave benefit	1,738,461	1,853,636
Deferred capital contributions (note 10)	113,630,105	70,075,494
Long-term debt (note 11)	18,600,461	20,798,571
	134,953,027	93,793,701
	181,990,583	131,386,061
Commitments and contingent liabilities (notes 14 and 15)		
Net assets		
Unrestricted, before undernoted accruals:	2,260,523	(1,111,629)
Vacation pay	(5,466,080)	(5,023,862)
Employee future benefits	(984,000)	(1,066,000)
Vested sick leave benefit	(1,738,461)	(1,853,636)
	(5,928,018)	(9,055,127)
Restricted for endowment	7,201,149	6,785,169
Invested in capital assets (note 12)	20,187,989	16,537,078
	21,461,120	14,267,120
	203,451,703	145,653,181

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, 2011

	2011 $	2010 $
Revenues		
Government operating grants	49,559,183	48,054,166
Government capital support grants	475,369	583,592
Contract income	15,685,310	13,851,266
Student tuition	26,920,428	26,939,103
Ancillary operations	7,225,884	7,170,481
Donations	969,211	1,168,935
Foundation	239,720	232,080
Other	5,142,975	4,276,123
	106,218,080	102,275,746
Expenses		
Academic	54,307,164	52,608,794
Student services	9,394,128	8,552,649
Administration	12,982,226	12,583,558
Plant and property	10,306,862	9,251,459
Supplementary	2,172,731	2,521,724
Other expenditures out of capital support grants	484,175	597,846
Ancillary operations	7,029,404	6,598,645
Foundation	239,720	232,080
Vacation pay	442,217	(54,403)
Employee future benefits	(82,000)	(28,000)
Sick leave benefit	(115,175)	(163,074)
Bursaries	971,044	1,183,963
Unrealized gain on long-term investments – Foundation	(76,184)	(304,898)
	98,056,312	93,580,343
Excess of revenues over expenses before the undernoted	8,161,768	8,695,403
Other (expenses) income		
Amortization of capital assets	(5,629,594)	(5,364,036)
Amortization of deferred capital contributions	4,245,846	3,867,142
	(1,383,748)	(1,496,894)
Net revenues	6,778,020	7,198,509

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, 2011

	Unrestricted $	Restricted for Endowment $	Invested in Capital Assets $	Total $
Balance – April 1, 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 12)	(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
Net revenues (expenses)	8,161,768	-	(1,383,748)	6,778,020
Invested in capital assets (note 12)	(5,034,659)	-	5,034,659	-
Endowment contributions	-	415,980	-	415,980
Balance – March 31, 2011	(5,928,018)	7,201,149	20,187,989	21,461,120

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, 2011

	2011 $	2010 $
Cash provided by operating activities		
Net revenues	6,778,020	7,198,509
Items not involving cash		
Amortization of capital assets	5,629,594	5,364,036
Amortization of deferred capital contributions	(4,245,846)	(3,867,142)
Unrealized (gain) loss on long-term investments	(76,184)	(304,898)
	8,085,584	8,390,505
Changes in non-cash net working capital balances (note 13)	5,406,394	8,399,847
	13,491,978	16,790,352
Cash (used in) investing activities		
Decrease in contribution receivable	215,233	205,743
Increase in long-term investments	(279,491)	(153,759)
Purchase of capital assets	(50,157,782)	(19,220,976)
	(50,222,040)	(19,168,992)
Cash provided by (used in) financing activities		
Deferred capital contributions, net	47,800,457	14,191,825
Decrease in long-term debt	(2,892,567)	(2,763,675)
Endowment contributions	415,980	132,767
	45,323,870	11,560,917
Net increase in cash and cash equivalents	8,593,808	9,182,277
Cash and cash equivalents – Beginning of year	19,504,271	10,321,994
Cash and cash equivalents – End of year	28,098,079	19,504,271
Supplementary cash flow information		
Interest paid	1,332,248	1,460,848

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 $7,687,485 (2010 – $17,744,845), 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 4). 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
Leasehold improvements	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 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.

Another significant feature of this agreement is 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.

3 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 at an agreed upon amount of $917,500 to approximate fair value. No amount has been attributable to the building acquired.

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.

4 Long-term investments

	2011 $	2010 $
Fair value		
Term deposits	2,313,615	2,230,123
Corporate and government bonds	3,231,374	3,072,561
Shares in public companies	1,660,558	1,547,188
	7,205,547	6,849,872
Cost		
Term deposits	2,313,615	2,230,123
Corporate and government bonds	3,290,479	3,106,278
Shares in public companies	1,477,551	1,465,742
	7,081,645	6,802,143

5 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 11.

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.

6 Capital assets

		2011	
	Cost $	Accumulated amortization $	Net $
Land	4,069,876	-	4,069,876
Buildings	125,900,081	36,080,194	89,819,887
Site improvements	4,087,514	3,822,284	265,230
Equipment	57,534,454	48,551,692	8,982,762
Leasehold improvements	667,363	60,853	606,510
Construction in progress	50,256,699	-	50,256,699
	242,515,987	88,515,023	154,000,964

	Cost $	2010 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

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

7 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2011 $	2010 $
Trade accounts payable and accrued liabilities	19,369,904	8,514,093
Accrued vacation pay	5,466,080	5,023,862
Security deposits	391,883	545,529
Due to student associations	3,002,737	2,539,637
	28,230,604	16,623,121

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

8 Deferred revenues and contributions

Deferred revenues and contributions are comprised of the following:

	2011 $	2010 $
Unearned tuition fees	5,291,938	3,972,084
Unearned grants	5,905,662	10,412,450
Other deferred contributions	4,997,860	3,294,112
Unearned rent	183,006	170,649
Funds available for awards	230,436	227,437
	16,608,902	18,076,732

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:

	2011 **$**	**2010** **$**
Balance – Beginning of year	18,076,732	14,052,897
Amount recognized as revenue in the year	(15,290,182)	(7,421,858)
Amount received related to subsequent years	13,833,911	16,838,210
Other expenses	(14,558)	(5,328,479)
Investment income (expenses), net	242,719	168,042
Bursaries awarded	(239,720)	(232,080)
Balance – End of year	16,608,902	18,076,732

9 Pensions and other post-employment benefits

Employees of the College are members of the Colleges of Applied Arts and Technology Pension Plan ("the Plan"), which is a multi-employer jointly-sponsored defined benefit plan for eligible employees of the Colleges of Applied Arts and Technology in Ontario.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with the pension regulators at January 1, 2011 indicated an actuarial surplus of approximately $88 million.

Contribution rates are set by the Plan's governors to ensure the long-term viability of the Plan. Under this arrangement, the College makes contributions to these plans equal to those of the employees. Employer contributions made to the plan during 2011 by the College amounted to $4,822,051 (2010 – $4,370,888). 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, 2011 is $2,572,715 (2010 – $2,446,980).

Accrued employee future benefits are comprised of the following:

	2011 $	**2010** $
Accrued benefit obligation	1,042,000	1,176,000
Fair value of plan assets	(149,000)	(187,000)
Funded status-deficit	893,000	989,000
Unamortized gain	91,000	77,000
Accrued employee future benefits	984,000	1,066,000

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, 2011, of the future benefits was determined using a discount rate of 4.75% (2010 – 4.75%).

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.

10 Deferred capital contributions

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

Changes in deferred capital contributions are as follows:

	2011 $	2010 $
Balance – Beginning of year	70,075,494	59,750,811
Contributions received for future capital expansion and other capital purposes	47,800,457	14,191,825
Amortization of deferred capital contributions	(4,245,846)	(3,867,142)
Balance – End of year	113,630,105	70,075,494

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.

vi) The Centre for Applied Health Sciences. This Centre, located in Windsor, Ontario, was jointly funded by the Federal and Provincial Knowledge Infrastructure Program. This Centre will open in 2011.

vii) The Technology and Trades building. This building, located in Chatham, Ontario, was jointly funded by the Federal and Provincial Knowledge Infrastructure Program. This building will open in 2011.

viii) The Chatham Health Plex Centre. This Centre was funded by the Federal Community Access Fund and will open in 2011.

ix) The St. Clair College Media Plex. The Media Plex was funded by the Federal Community Access Fund and was opened in June, 2010.

11 Long-term debt

	2011 $	2010 $
4.328% bank loan, payable $9,924 monthly including interest, due June 26, 2013	254,873	360,437
6.63% bank loan, payable $128,585 monthly including interest, due March 28, 2028	15,709,953	16,193,846
3.81% bank loan, payable $67,908 monthly including interest due, March 30, 2011	-	798,320
4.30% bank loan, payable $125,097 monthly including interest, due March 30, 2014	4,218,044	5,507,601
4.36% bank loan, payable $20,591 monthly including interest, due September 20, 2016	615,641	830,874
	20,798,511	23,691,078
Current portion of long-term debt	(2,198,050)	(2,892,507)
	18,600,461	20,798,571

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

	$
2012	2,198,050
2013	2,307,287
2014	2,242,545
2015	630,387
2016	673,474
Thereafter	12,746,768
	20,798,511

Interest expense on long-term debt included in the statement of revenues and expenses is $1,332,248 (2010 – $1,460,848).

12 Invested in capital assets

Invested in capital assets is composed of the following:

	2011 $	2010 $
Capital assets, net	154,000,964	109,472,776
Contribution receivable	615,641	830,874
	154,616,605	110,303,650
Amount financed by		
Deferred capital contributions	(113,630,105)	(70,075,494)
Long-term debt	(20,798,511)	(23,691,078)
	20,187,989	16,537,078

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

	2011 $	2010 $
Excess of revenue over expenses		
Amortization of deferred contributions related to capital assets	4,245,846	3,867,142
Amortization of capital assets	(5,629,594)	(5,364,036)
	(1,383,748)	(1,496,894)
Invested in capital assets		
Purchase and contribution of capital assets	50,157,782	19,220,976
Repayment of bank loan and long-term debt, net	2,892,567	2,763,675
	53,050,349	21,984,651
Amount funded by		
Deferred capital contributions	(47,800,457)	(14,191,825)
Change in contribution receivable	(215,233)	(205,743)
	(48,015,690)	(14,397,568)
Increase in net assets invested in capital assets	3,650,911	6,090,189
Balance – Beginning of year	16,537,078	10,446,889
Balance – End of year	20,187,989	16,537,078

13 Changes in non-cash net working capital balances

	2011 $	2010 $
(Increase) decrease in grants receivable	(2,223,122)	745,691
Increase in accounts receivable	(2,268,858)	(442,259)
Increase in prepaid and other assets	(44,104)	(30,208)
Increase in accounts payable and accrued liabilities	11,607,483	4,293,862
(Decrease) increase in deferred revenues and contributions	(1,467,830)	4,023,835
Decrease in accrued employee future benefits	(82,000)	(28,000)
Decrease in accrued vested sick leave benefits	(115,175)	(163,074)
	5,406,394	8,399,847

14 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:

	$
2012	1,209,468
2013	552,063
2014	231,329
2015	131,172
2016	64,009
Thereafter	2,188,042

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 $7,663,485 (2010 – $17,708,845) are accounted for in accordance with the accounting policy in note 1.

The College is committed to capital expenditures in the amount of approximately $1,574,000 (2010 – $35,029,000).

15 Contingent liabilities

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

16 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:

	2011 $	2010 $
Building repairs and maintenance	34,868	30,234
Contracted cleaning	91,559	86,844
Equipment and maintenance	9,608	31,674
Janitorial maintenance and supplies	8,715	12,614
Municipal taxes	28,788	30,004
Utilities and services	100,338	88,068
	273,876	279,438

17 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.

18 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.

19 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 $156,670 (2010 – $180,682), including $94,850 of in-kind donations (2010 – $123,432), 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 OTSS program 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) 2010-2011 Year End Report for Phase One of the OSOTF

	2011 $	2010 $
Schedule of Changes in Endowment Fund Balance		
Balance – Beginning of year	1,871,454	1,871,454
Cash donations received	-	-
Expenditure of endowment principal	-	-
Preservation of capital	-	-
Balance – End of year	1,871,454	1,871,454
Schedule of Changes in Expendable Funds Available for Awards		
Balance – Beginning of year	113,010	130,077
Realized investment income, net of direct investment related expenses and preservation of capital contributions	66,946	47,273
Bursaries awarded (2011 – 139; 2010 – 143)	(62,910)	(64,340)
Balance – End of year	117,046	113,010
Book value of endowment – End of year	1,988,500	1,984,464
Market value of endowment – End of year	1,908,531	1,937,157

b) 2010-2011 Year End Report for Phase Two of the OSOTF

	2011 $	2010 $
Schedule of Changes in Endowment Fund Balance		
Balance – Beginning of year	992,630	992,630
Cash donations received	-	-
Expenditure of endowment principal	-	-
Preservation of capital	-	-
Balance – End of year	992,630	992,630
Schedule of Changes in Expendable Funds Available for Awards		
Balance – Beginning of year	23,511	35,147
Realized investment income, net of direct investment related expenses and preservation of capital contributions	35,508	25,074
Bursaries awarded (2011 – 62; 2010 – 63)	(38,765)	(36,710)
Balance – End of year	20,254	23,511
Book value of endowment – End of year	1,012,884	1,016,141
Market value of endowment – End of year	1,012,296	1,027,479

c) 2010-2011 Year End Report for the OTSS

Schedule of donations received between April 1 and March 31 of each fiscal year.

	2011 $	2010 $
Cash donations matched between April 1 and March 31 of each fiscal year	198,480	58,704
Unmatched cash donations	-	-
Total cash donations	198,480	58,704
Schedule of Changes in Endowment Fund Balance		
Balance – Beginning of year	2,895,955	2,763,188
Eligible cash donations received in fiscal year	208,420	63,229
Matching funds received from MTCU in fiscal year	198,480	64,313
Matching funds receivable from MTCU in fiscal year	9,080	5,225
Expenditure of endowment principal	-	-
Preservation of capital	-	-
Balance – End of year	3,311,935	2,895,955
Schedule of Changes in Expendable Funds Available for Awards		
Balance – Beginning of year	(45,248)	(20,012)
Realized investment income, net of direct investment related expenses and preservation of capital contributions	103,594	69,799
Bursaries awarded (2011 – 179; 2010 – 157)	(105,390)	(95,035)
Balance – End of year	(47,044)	(45,248)
Book value of endowment – End of year	3,264,891	2,850,707
Market value of endowment – End of year	3,377,551	2,997,625

d) Total Funds Restricted for Endowment

	2011 $	2010 $
Total Endowment Funds		
Balance – Beginning of year	5,760,039	5,627,272
Cash donations received	208,420	63,229
Matching funds	207,560	69,538
Preservation of capital	-	-
Balance – End of year	6,176,019	5,760,039
Total Expendable Funds Available for Awards		
Balance – Beginning of year	91,273	145,212
Realized investment income, net of direct investment related expenses and preservation of capital contributions	206,048	142,146
Bursaries awarded (2011 – 380; 2010 – 363)	(207,065)	(196,085)
Balance – End of year	90,256	91,273
Total book value – End of year	6,266,275	5,851,312
Total market value – End of year	6,298,378	5,962,261

Report of OTSS Awards issued for the fiscal year ended March 31, 2011:

	OSAP Recipients		Non OSAP Recipients		Total	
	Number	Amount $	Number	Amount $	Number	Amount $
Full-Time	86	55,220	93	50,170	179	105,390
Part-Time	-	-	-	-	-	-
	86	55,220	93	50,170	179	105,390

PRICEWATERHOUSECOOPERS

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June 28, 2011

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, 2011 and hence are excluded from the opinion expressed in our report dated June 28, 2011 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

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Revenues

(Unaudited)

For the year ended March 31, 2011

	2011 $	2010 $
Revenues		
Government operating grants		
Basic operating	48,107,702	46,675,559
Municipal taxes	602,400	545,925
Other	849,081	832,682
	49,559,183	48,054,166
Government capital support grants	475,369	583,592
Contract income		
Self-employment assistance	349,214	346,632
Apprenticeship training	4,607,203	2,535,725
Job connect	1,022,116	3,061,630
Summer and part-time employment experience program	1,320,485	1,057,583
Literacy basic skills	1,248,024	1,355,166
Employment Ontario	1,864,252	-
Contract training	768,036	1,232,675
Other	4,505,980	4,261,855
	15,685,310	13,851,266
Student tuition		
Full-time students	23,130,017	22,801,431
Part-time students	3,283,770	3,524,899
Tuition short students	506,641	612,773
	26,920,428	26,939,103
Ancillary operations	7,225,884	7,170,481
Donations	969,211	1,168,935
Foundation	239,720	232,080
Other		
Interest earned	262,685	120,628
Other	4,880,290	4,155,495
	5,142,975	4,276,123
	106,218,080	102,275,746

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Academic Expense
(Unaudited)
For the year ended March 31, 2011

	2011 $	2010 $
Salaries		
Instructional officers and staff	1,996,075	2,111,237
Full-time teaching	23,525,315	23,434,985
Part-time teaching	7,605,481	7,324,165
Support staff	6,654,016	6,310,277
	39,780,887	39,180,664
Employment benefits	7,655,442	7,272,783
Travel and conferences	330,047	178,748
Instructional supplies	2,500,841	3,593,936
Instructional equipment rental	12,471	27,530
Professional development	33,344	27,242
Field work	24,396	32,103
Office and supplies	235,507	391,408
Contract services	531,809	195,082
Professional fees	55,819	80,013
Staff employment	1,550	2,764
Contract clinical	1,990,352	730,416
Advertising and promotion	402,408	415,523
Telephone	69,197	83,931
Memberships and dues	41,676	22,630
Other equipment rental	343,356	207,180
Equipment maintenance	89,683	105,630
Equipment	208,379	61,211
	54,307,164	52,608,794

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Student Services Expense
(Unaudited)
For the year ended March 31, 2011

	2011 $	2010 $
Salaries	5,203,223	5,102,394
Employment benefits	1,168,346	1,158,884
Advertising and recruitment	138,180	98,827
Travel and conferences	119,920	108,246
Professional development	4,549	1,638
Office and supplies	147,632	88,630
Professional fees	13,588	1,853
Contract services	127,827	84,815
Equipment maintenance	21,465	30,979
Equipment	89,018	22,179
Staff employment	75	1,646
Telephone	2,515	4,576
Instructional supplies	410,776	406,622
Memberships and dues	3,749	3,650
Student assistance – Tuition fee bursary	1,943,265	1,437,710
	9,394,128	8,552,649

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Administration Expense
(Unaudited)
For the year ended March 31, 2011

	2011 $	2010 $
Salaries	5,203,055	4,792,385
Employment benefits	1,455,160	1,324,727
Staff employment and recruitment	58,042	10,757
Advertising and promotion	807,000	569,009
Office and supplies	845,155	897,005
Termination gratuities	270,200	270,200
Travel and conferences	260,647	230,226
Telephone	277,201	225,304
Professional fees	314,817	207,812
Equipment maintenance	726,998	692,936
Professional development	175,938	112,725
Insurance	367,618	498,045
Contract services	153,030	134,995
Equipment rental (net of chargebacks)	817,645	1,506,666
Memberships and dues	288,620	260,396
Interest	916,485	818,869
Equipment	44,615	31,501
	12,982,226	12,583,558

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Plant and Property Expense
(Unaudited)
For the year ended March 31, 2011

	2011 $	2010 $
Salaries	2,345,124	2,325,232
Employment benefits	546,538	507,700
Travel and conferences	14,598	14,085
Janitorial	773,310	702,372
Grounds maintenance	369,266	254,847
Utilities and services	2,872,427	2,505,942
Vehicle	14,830	14,120
Premise rental	365,028	405,160
Professional fees	91,808	33,420
Professional development	1,568	43
Contracted services	2,646,684	2,208,475
Advertising and promotion	1,141	44
Equipment rental	8,775	8,936
Office and supplies	28,854	35,251
Equipment maintenance	210,892	212,806
Telephone	2,921	2,738
Memberships and dues	1,969	3,334
Equipment	11,129	16,057
Staff employment	-	897
	10,306,862	9,251,459

St. Clair College of Applied Arts and Technology
Consolidated Schedule of Supplementary Expense
(Unaudited)
For the year ended March 31, 2011

	2011 $	2010 $
Programs stipends and allowances	1,551,510	1,933,118
Municipal taxes	621,221	588,606
	2,172,731	2,521,724

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Ancillary Operations
(Unaudited)
For the year ended March 31, 2011

	2011 $	2010 $
Revenues		
Bookstore	488,897	538,644
St. Clair Centre for the Arts	2,653,560	2,985,663
Snack bars/recreation facility	119,654	110,769
Parking lots	736,827	693,146
Varsity athletics	585,895	546,163
Cafeterias	122,178	73,697
Student lockers	37,089	37,978
Print shop	40,440	46,288
Residence	2,234,656	2,138,133
Special events	206,688	-
	7,225,884	7,170,481
Expenses		
Bookstore	83	653
St. Clair Centre for the Arts	2,953,877	3,067,697
Snack bars/recreation facility	129,572	91,849
Parking lots	690,300	418,660
Varsity athletics	585,895	591,276
Cafeterias	-	3,282
Student lockers	19,638	21,975
Residence	2,235,762	2,225,526
Special events	176,112	-
Work study	238,165	177,727
	7,029,404	6,598,645
Net revenues	196,480	571,836