St. Clair College of Applied Arts and Technology

Consolidated Financial Statements
March 31, 2012

June 26, 2012

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, 2012 and the consolidated statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated 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.

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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, 2012 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, 2012

St. Clair College of Applied Arts and Technology
Consolidated Statement of Financial Position
As at March 31, 2012

	2012 $	2011 $
Assets		
Current assets		
Cash and cash equivalents	18,375,416	28,098,079
Grants receivable	5,079,222	6,804,362
Accounts receivable	3,130,227	5,483,732
Current portion of contribution receivable (note 6)	234,742	224,725
Prepaid and other assets	740,468	559,378
	27,560,075	41,170,276
Long-term grants receivable	513,000	684,000
Long-term investments (note 5)	7,491,386	7,205,547
Contribution receivable (note 6)	156,193	390,916
Capital assets (notes 3, 4 and 7)	155,176,805	154,000,964
	190,897,459	203,451,703

On behalf of ~~the~~ Board

Charles Jansse

Dr. John Strasser, President

St. Clair College of Applied Arts and Technology

Consolidated Statement of Financial Position

As at March 31, 2012

	2012 $	2011 $
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	13,839,093	28,230,604
Deferred revenues and contributions (note 9)	13,068,880	16,608,902
Current portion of long-term debt (note 12)	2,307,287	2,198,050
	29,215,260	47,037,556
Long-term liabilities		
Accrued employee future benefits (note 10)	964,000	984,000
Accrued vested sick leave benefit	1,565,699	1,738,461
Deferred capital contributions (note 11)	113,849,392	113,630,105
Long-term debt (note 12)	16,293,212	18,600,461
	132,672,303	134,953,027
	161,887,563	181,990,583
Commitments and contingent liabilities (notes 15 and 16)		
Net assets		
Unrestricted, before undernoted accruals	6,174,292	2,260,523
Vacation pay	(5,614,910)	(5,466,080)
Employee future benefits	(964,000)	(984,000)
Vested sick leave benefit	(1,565,699)	(1,738,461)
	(1,970,317)	(5,928,018)
Restricted for endowment	7,862,364	7,201,149
Invested in capital assets (note 13)	23,117,849	20,187,989
	29,009,896	21,461,120
	190,897,459	203,451,703

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, 2012

	2012 $	2011 $
Revenues		
Government operating grants	48,472,606	49,559,183
Government capital support grants	71,081	475,369
Contract income	12,677,204	15,685,310
Student tuition	28,862,372	26,920,428
Ancillary operations	7,742,251	7,225,884
Donations	806,039	969,211
Foundation	354,403	239,720
Other	5,664,504	5,645,870
	104,650,460	106,720,975
Expenses		
Academic	55,186,377	54,307,164
Student services	9,767,125	9,897,023
Administration	12,817,488	12,982,226
Plant and property	11,761,791	10,306,862
Supplementary	2,178,813	2,172,731
Other expenditures out of capital support grants	102,606	484,175
Ancillary operations	6,816,323	7,029,404
Foundation	354,403	239,720
Vacation pay	148,832	442,217
Employee future benefits	(20,000)	(82,000)
Sick leave benefit	(172,762)	(115,175)
Bursaries	808,295	971,044
Gain on disposal of capital assets	(598,000)	-
Unrealized loss (gain) on long-term investments - Foundation	1,909	(76,184)
	99,153,200	98,559,207
Excess of revenues over expenses before the undernoted	5,497,260	8,161,768
Other (expenses) income		
Amortization of capital assets	(7,181,629)	(5,629,594)
Amortization of deferred capital contributions	5,387,429	4,245,846
	(1,794,200)	(1,383,748)
Net revenues	3,703,060	6,778,020

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, 2012

	Unrestricted $	Restricted for endowment $	Invested in capital assets $	Total $
Balance - April 1, 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 13)	(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
Net revenues (expenses)	5,497,260	-	(1,794,200)	3,703,060
Invested in capital assets (note 13)	(1,539,559)	-	1,539,559	-
Invested in land (note 4)	-	-	3,184,501	3,184,501
Endowment contributions	-	661,215	-	661,215
Balance - March 31, 2012	(1,970,317)	7,862,364	23,117,849	29,009,896

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, 2012

	2012 $	2011 $
Cash flows provided by (used in)		
Operating activities		
Net revenues	3,703,060	6,778,020
Items not involving cash		
Amortization of capital assets	7,181,629	5,629,594
Amortization of deferred capital contributions	(5,387,429)	(4,245,846)
Unrealized loss (gain) on long-term investments	1,909	(76,184)
Gain on disposal of capital assets	(598,000)	-
	4,901,169	8,085,584
Changes in non-cash net working capital balances (note 14)	(14,055,740)	5,406,394
	(9,154,571)	13,491,978
Investing activities		
Decrease in contribution receivable	224,706	215,233
Increase in long-term investments	(287,748)	(279,491)
Purchase of capital assets, net of contribution of land of $3,184,501 (2011 - $Nil)	(5,172,969)	(50,157,782)
Proceeds from disposal of capital assets	598,000	-
	(4,638,011)	(50,222,040)
Financing activities		
Deferred capital contributions	5,606,716	47,800,457
Repayment of long-term debt	(2,198,012)	(2,892,567)
Endowment contributions	661,215	415,980
	4,069,919	45,323,870
Net (decrease) increase in cash and cash equivalents	(9,722,663)	8,593,808
Cash and cash equivalents - Beginning of year	28,098,079	19,504,271
Cash and cash equivalents - End of year	18,375,416	28,098,079
Supplementary cash flow information		
Interest paid	1,211,778	1,332,248

See accompanying notes to consolidated financial statements.

The 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 $6,251,494 (2011 - $7,687,485), 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
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 Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for grants receivable and accounts receivable; and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

m) Comparative figures

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

2 Change in accounting policies

Public Sector Accounting Board ("PSAB") accounting standards for Government Not-for-Profit organizations

The Government Not-for-Profit financial reporting framework will transition to the accounting standards under the PSAB framework effective for years commencing after January 1, 2012. The College will adopt the PSAB 4200 series of accounting standards. Significant changes anticipated in the transition include Financial Statement presentation and disclosures, Employee Future Benefits and Financial Instruments.

The College is currently evaluating the impact of adoption of the new accounting framework on the consolidated financial statements.

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.

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.

4 Contributed land and building

275 Victoria Avenue

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.

3860 Lauzon Road

On September 13, 2011, the College entered into an agreement with a private donor to acquire the land and residential building of 3860 Lauzon Road. The property was donated to the College at $Nil consideration and, in accordance with Canadian generally accepted accounting principles, the College has recorded land at its fair value of $1,817,000. Fair value was determined based upon an appraisal completed by an independent, certified appraiser. The gift is subject to conditions regarding the usage of the property as a learning environment.

305 Victoria Avenue

On February 16, 2012, the College entered into an agreement with the Toronto Dominion Bank to acquire the land and building at 305 Victoria Avenue. Although the agreement provided that nominal consideration of $2 be exchanged for the land and building acquired, in accordance with Canadian generally accepted accounting principles, the College has recorded land at an agreed upon amount of $450,000 to approximate fair value. Fair value was determined based upon an appraisal completed by an independent, certified appraiser. No amount has been attributable to the building acquired.

The agreement also contains a restrictive covenant in favour of The Toronto Dominion Bank for a period of five years following the closing date prohibiting the College to lease, license, transfer or convey any portion of the property to persons or firms carrying on the business or acting in the capacity of a bank, a trust or loan company, credit union or firms offering financial services.

5 Long-term investments

	2012 $	2011 $
Fair value		
Term deposits	2,404,217	2,313,615
Corporate and government bonds	3,473,531	3,231,374
Shares in public companies	1,613,638	1,660,558
	7,491,386	7,205,547
Cost		
Term deposits	2,404,217	2,313,615
Corporate and government bonds	3,493,505	3,290,479
Shares in public companies	1,471,671	1,477,551
	7,369,393	7,081,645

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

			2012
	Cost $	Accumulated amortization $	Net $
Land	6,336,875	-	6,336,875
Buildings	171,499,613	39,560,403	131,939,210
Site improvements	5,335,082	4,073,672	1,261,410
Equipment	65,619,405	51,868,252	13,751,153
Leasehold improvements	1,208,713	194,326	1,014,387
Construction in progress	873,770	-	873,770
	250,873,458	95,696,653	155,176,805

			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

On August 10, 2010, the Ministry of Transportation ("MTO") expropriated 3.7375 acres of land by Certificate of Approval under the Expropriations Act. In exchange for the expropriated land, the College received an initial payment of $598,000 representing $160,000 per acre during the year. The College has determined that the original cost of the expropriated land to be negligible and has reflected the initial payment as a gain on disposal of the asset in its entirety. Negotiations regarding the final settlement for the expropriated lands are ongoing and the final settlement amount cannot be reasonably determined at this time. The settlement will be accounted for in the period in which the final settlement, if any, is determined.

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:

	2012	**2011**
	$	**$**
Trade accounts payable and accrued liabilities	4,715,726	19,369,904
Accrued vacation pay	5,614,910	5,466,080
Security deposits	392,515	391,883
Due to student associations	3,115,942	3,002,737
	13,839,093	28,230,604

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:

	2012 $	2011 $
Unearned tuition fees	5,689,102	5,291,938
Unearned grants	1,528,671	5,905,662
Other deferred contributions	5,353,791	4,997,860
Unearned rent	220,802	183,006
Funds available for awards	276,514	230,436
	13,068,880	16,608,902

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:

	2012 $	2011 $
Balance - Beginning of year	16,608,902	18,076,732
Amount recognized as revenue in the year	(12,043,569)	(15,290,182)
Amount received related to subsequent years	9,688,566	13,833,911
Other transfers/expenses	(1,226,897)	(14,558)
Investment income (expenses), net	300,788	242,719
Bursaries awarded	(258,910)	(239,720)
Balance - End of year	13,068,880	16,608,902

10 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, 2012 indicated an actuarial surplus of $154 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 2012 by the College amounted to $4,877,093 (2011 - $4,822,051). 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, 2012 is $2,495,944 (2011 - $2,572,715).

Accrued employee future benefits are comprised of the following:

	2012 $	2011 $
Accrued benefit obligation	1,032,000	1,042,000
Fair value of plan assets	(141,000)	(149,000)
Funded status-deficit	891,000	893,000
Unamortized gain	73,000	91,000
Accrued employee future benefits	964,000	984,000

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, 2012, of the future benefits was determined using a discount rate of 4.20% (2011 - 4.75%).

b) Drugs and hospital

Drug costs were assumed to increase at a rate of 10.50% per annum in 2011, grading down to 4.50% in 2026. 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 7.50% per annum in 2011, grading down to 4.50% in 2026.

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:

	2012 $	2011 $
Balance - Beginning of year	113,630,105	70,075,494
Contributions received for future capital expansion and other capital purposes	5,606,716	47,800,457
Amortization of deferred capital contributions	(5,387,429)	(4,245,846)
Balance - End of year	113,849,392	113,630,105

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 building was opened in September 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 was opened in September 2011.

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

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

12 Long-term debt

	2012 $	2011 $
4.328% bank loan, payable $9,924 monthly including interest, due June 26, 2013	144,649	254,873
6.63% bank loan, payable $128,585 monthly including interest, due March 28, 2028	15,192,985	15,709,953
4.30% bank loan, payable $125,097 monthly including interest, due March 30, 2014	2,871,930	4,218,044
4.36% bank loan, payable $20,591 monthly including interest, due November 20, 2013	390,935	615,641
	18,600,499	20,798,511
Current portion of long-term debt	(2,307,287)	(2,198,050)
	16,293,212	18,600,461

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

	$
2013	2,307,287
2014	2,242,585
2015	630,387
2016	673,474
2017	719,510
Thereafter	12,027,256
	18,600,499

Interest expense on long-term debt included in the statement of revenues and expenses is $1,211,778 (2011 - $1,332,248).

13 Net assets invested in capital assets

Net assets invested in capital assets is composed of the following:

	2012 $	2011 $
Capital assets, net	155,176,805	154,000,964
Contribution receivable	390,935	615,641
	155,567,740	154,616,605
Amount financed by		
Deferred capital contributions	(113,849,392)	(113,630,105)
Long-term debt	(18,600,499)	(20,798,511)
	23,117,849	20,187,989

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

	2012 $	2011 $
Excess of revenue over expenses		
Amortization of deferred capital contributions	5,387,429	4,245,846
Amortization of capital assets	(7,181,629)	(5,629,594)
Gain on disposal of capital assets	598,000	-
	(1,196,200)	(1,383,748)
Invested in capital assets		
Purchase and contribution of capital assets	8,357,470	50,157,782
Repayment of long-term debt	2,198,012	2,892,567
	10,555,482	53,050,349
Amount funded by		
Deferred capital contributions	(5,606,716)	(47,800,457)
Change in contribution receivable	(224,706)	(215,233)
Proceeds on disposal of capital assets	(598,000)	-
	(6,429,422)	(48,015,690)
Increase in net assets invested in capital assets	2,929,860	3,650,911
Balance - Beginning of year	20,187,989	16,537,078
Balance - End of year	23,117,849	20,187,989

14 Changes in non-cash net working capital balances

	2012 $	2011 $
Decrease (increase) in grants receivable	1,896,140	(2,223,122)
Decrease (increase) in accounts receivable	2,353,505	(2,268,858)
Increase in prepaid and other assets	(181,090)	(44,104)
Decrease (increase) in accounts payable and accrued liabilities	(14,391,511)	11,607,483
Decrease in deferred revenues and contributions	(3,540,022)	(1,467,830)
Decrease in accrued employee future benefits	(20,000)	(82,000)
Decrease in accrued vested sick leave benefits	(172,762)	(115,175)
	(14,055,740)	5,406,394

15 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:

	$
2013	1,380,573
2014	1,064,652
2015	601,605
2016	171,550
2017	97,896
Thereafter	4,948,476
	8,264,752

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. The health and wellness facility at the Chatham campus was built in 2011. Pledges receivable of $6,227,494 (2011 - $7,663,485) are accounted for in accordance with the accounting policy in note 1.

The College is committed to capital expenditures in the amount of approximately $290,000 (2011 - $1,574,000).

16 Contingent liabilities

Access Copyright

The College is a member of the Association of Canadian Community Colleges ("ACCC"). The ACCC's copyright license agreement with Access Copyright expired in September 2010. The College was a participant under this agreement.

Access Copyright has filed an application with the Copyright Board of Canada to significantly increase tariffs for each Full-time equivalent student. The ACCC has engaged legal counsel to challenge the application by Access Copyright.

On May 29, 2012, the ACCC announced they had reached a negotiated model licence agreement with Access Copyright. The tariff under the model license agreement would increase and if signed by July 31, 2012, would not result in retroactive payment. Alternative options are available to the College, however, the financial impact to the College of these alternative options are less certain and could result in retroactive payment to January 1, 2011 of a negotiated tariff rate.

Administration has not made a decision on which alternative they will accept. Accordingly, no provision has been made in the financial statements. The amount will be accounted for in the period when and if such amounts are known.

Other

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:

	2012 $	2011 $
Building repairs and maintenance	-	4,609
Contracted cleaning	113,833	91,559
Equipment and maintenance	7,225	9,608
Janitorial maintenance and supplies	11,524	8,715
Municipal taxes	10,561	28,788
Utilities and services	85,633	100,338
	228,776	243,617

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 $97,749 (2011 - $156,670), including $47,549 of in-kind donations (2011 - $94,850), 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.

On January 5, 2012, the Ministry announced that the OTSS program will be discontinued.

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) 2011-2012 Year End Report for Phase One of the OSOTF

	2012 $	2011 $
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	117,046	113,010
Realized investment income, net of direct investment related expenses and preservation of capital contributions	78,170	66,946
Bursaries awarded (2012 - 145; 2011 - 139)	(64,020)	(62,910)
Balance - End of year	131,196	117,046
Book value of endowment - End of year	2,002,650	1,988,500
Market value of endowment - End of year	1,818,553	1,908,531

b) 2011-2012 Year End Report for Phase Two of the OSOTF

	2012 $	2011 $
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	20,254	23,511
Realized investment income, net of direct investment related expenses and preservation of capital contributions	41,462	35,508
Bursaries awarded (2012 - 71; 2011 - 62)	(44,690)	(38,765)
Balance - End of year	17,026	20,254
Book value of endowment - End of year	1,009,656	1,012,884
Market value of endowment - End of year	964,571	1,012,296

c) 2011-2012 Year End Report for the OTSS

	2012 $	2011 $
Cash donations matched between April 1 and March 31 of each fiscal year	461,926	198,480
Unmatched cash donations	-	-
Total cash donations	461,926	198,480
Schedule of Changes in Endowment Fund Balance		
Balance - Beginning of year	3,311,935	2,895,955
Eligible cash donations received in fiscal year	197,033	208,420
Matching funds received from MTCU in fiscal year	461,926	198,480
Matching funds receivable from MTCU in fiscal year	2,256	9,080
Expenditure of endowment principal	-	-
Preservation of capital	-	-
Balance - End of year	3,973,150	3,311,935
Schedule of Changes in Expendable Funds Available for Awards		
Balance - Beginning of year	(47,044)	(45,248)
Realized investment income, net of direct investment related expenses and preservation of capital contributions	138,338	103,594
Bursaries awarded (2012 - 179; 2011 - 179)	(108,000)	(105,390)
Balance - End of year	(16,706)	(47,044)
Book value of endowment - End of year	3,956,444	3,264,891
Market value of endowment - End of year	3,860,838	3,377,551

d) Total Funds Restricted for Endowment

	2012 $	2011 $
Total Endowment Funds		
Balance - Beginning of year	6,176,019	5,760,039
Cash donations received	197,033	208,420
Matching funds	464,182	207,560
Preservation of capital	-	-
Balance - End of year	6,837,234	6,176,019
Total Expendable Funds Available for Awards		
Balance - Beginning of year	90,256	91,273
Realized investment income, net of direct investment related expenses and preservation of capital contributions	257,970	206,048
Bursaries awarded (2012 - 395; 2011 - 380)	(216,710)	(207,065)
Balance - End of year	131,516	90,256
Total book value - End of year	6,968,750	6,266,275
Total market value - End of year	6,643,962	6,298,378

Report of OTSS Awards issued for the fiscal year ended March 31, 2012:

	OSAP Recipients		Non OSAP Recipients		Total	
	Number	Amount $	Number	Amount $	Number	Amount $
Full-Time	87	55,065	92	52,935	179	108,000
Part-Time	-	-	-	-	-	-
	87	55,065	92	52,935	179	108,000

June 26, 2012

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, 2012 and hence are excluded from the opinion expressed in our report dated June 26, 2012 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.

Chartered Accountants, Licensed Public Accountants

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Revenues

(Unaudited)

For the year ended March 31, 2012

	2012 $	2011 $
Revenues		
Government operating grants		
Basic operating	46,953,919	48,107,702
Municipal taxes	669,450	602,400
Other	849,237	849,081
	48,472,606	49,559,183
Government capital support grants	71,081	475,369
Contract income		
Self-employment assistance	308,087	349,214
Apprenticeship training	2,434,983	4,607,203
Job Connect	-	1,022,116
Summer and part-time employment experience program	1,329,365	1,320,485
Literacy basic skills	1,040,077	1,248,024
Employment Ontario	2,895,603	1,864,252
Contract training	715,317	768,036
Other	3,953,772	4,505,980
	12,677,204	15,685,310
Student tuition		
Full-time students	25,308,274	23,130,017
Part-time students	3,031,473	3,283,770
Tuition short students	522,625	506,641
	28,862,372	26,920,428
Ancillary operations	7,742,251	7,225,884
Donations	806,039	969,211
Foundation	354,403	239,720
Other		
Interest earned	244,935	262,685
Other	5,419,569	5,383,185
	5,664,504	5,645,870
	104,650,460	106,720,975

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Academic Expense
(Unaudited)
For the year ended March 31, 2012

	2012 $	2011 $
Salaries		
Instructional officers and staff	2,447,615	1,996,075
Full-time teaching	24,353,392	23,525,315
Part-time teaching	7,554,568	7,605,481
Support staff	7,208,212	6,654,016
	41,563,787	39,780,887
Employment benefits	8,029,246	7,655,442
Travel and conferences	329,804	330,047
Instructional supplies	2,815,784	2,500,841
Instructional equipment rental	2,545	12,471
Professional development	8,868	33,344
Field work	39,651	24,396
Office and supplies	207,791	235,507
Contract services	450,690	531,809
Professional fees	51,688	55,819
Staff employment	6,939	1,550
Contract clinical	553,749	1,990,352
Advertising and promotion	449,583	402,408
Telephone	43,977	69,197
Memberships and dues	52,751	41,676
Other equipment rental	354,753	343,356
Equipment maintenance	142,666	89,683
Equipment	82,105	208,379
	55,186,377	54,307,164

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Student Services Expense

(Unaudited)

For the year ended March 31, 2012

	2012 $	2011 $
Salaries	4,970,569	5,203,223
Employment benefits	1,081,118	1,168,346
Advertising and recruitment	113,511	138,180
Travel and conferences	123,769	119,920
Professional development	1,611	4,549
Office and supplies	118,913	147,632
Professional fees	10,211	13,588
Contract services	541,251	630,722
Equipment maintenance	23,086	21,465
Equipment	10,851	89,018
Staff employment	75	75
Telephone	2,548	2,515
Instructional supplies	396,173	410,776
Memberships and dues	4,700	3,749
Student assistance – Tuition fee bursary	2,368,739	1,943,265
	9,767,125	9,897,023

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Administration Expense

(Unaudited)

For the year ended March 31, 2012

	2012 $	2011 $
Salaries	4,595,100	5,203,055
Employment benefits	1,152,252	1,455,160
Staff employment and recruitment	53,981	58,042
Advertising and promotion	1,474,729	807,000
Office and supplies	806,447	845,155
Termination gratuities	305,600	270,200
Travel and conferences	312,067	260,647
Telephone	233,035	277,201
Professional fees	314,776	314,817
Equipment maintenance	691,419	726,998
Professional development	65,151	175,938
Insurance	460,638	367,618
Contract services	184,161	153,030
Equipment rental (net of chargebacks)	840,358	817,645
Memberships and dues	361,613	288,620
Interest	897,847	916,485
Equipment	68,314	44,615
	12,817,488	12,982,226

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Plant and Property Expense

(Unaudited)

For the year ended March 31, 2012

	2012 $	2011 $
Salaries	2,311,727	2,345,124
Employment benefits	544,870	546,538
Travel and conferences	25,119	14,598
Janitorial	1,053,114	773,310
Grounds maintenance	343,076	369,266
Utilities and services	3,318,360	2,872,427
Vehicle	21,316	14,830
Premise rental	360,098	365,028
Professional fees	27,744	91,808
Professional development	4,947	1,568
Contracted services	3,568,461	2,646,684
Advertising and promotion	3,407	1,141
Equipment rental	9,547	8,775
Office and supplies	26,795	28,854
Equipment maintenance	134,905	210,892
Telephone	1,925	2,921
Memberships and dues	6,380	1,969
Equipment	-	11,129
	11,761,791	10,306,862

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Supplementary Expense

(Unaudited)

For the year ended March 31, 2012

	2012 $	2011 $
Programs stipends and allowances	1,487,698	1,551,510
Municipal taxes	691,115	621,221
	2,178,813	2,172,731

St. Clair College of Applied Arts and Technology

Consolidated Schedule of Ancillary Operations

(Unaudited)

For the year ended March 31, 2012

	2012 $	2011 $
Revenues		
Bookstore	404,325	488,897
St. Clair Centre for the Arts	3,241,392	2,653,560
Snack bars/recreation facility	71,189	119,654
Parking lots	725,533	736,827
Varsity athletics	636,415	585,895
Cafeterias	115,341	122,178
Student lockers	33,752	37,089
Print shop	39,077	40,440
Residence	2,301,711	2,234,656
Special events	173,516	206,688
	7,742,251	7,225,884
Expenses		
Bookstore	41	83
St. Clair Centre for the Arts	3,172,776	3,003,020
Snack bars/recreation facility	48,831	80,429
Parking lots	492,072	690,300
Varsity athletics	636,415	585,895
Student lockers	17,500	19,638
Residence	2,178,326	2,235,762
Special events	82,111	176,112
Work study	188,251	238,165
	6,816,323	7,029,404
Net revenues	925,928	196,480