The St. Clair College of Applied Arts and Technology

Consolidated Financial Statements
March 31, 2014

June 3, 2014

Independent Auditor's Report

To the Board of 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 wholly owned entity, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, 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 public sector accounting standards, 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.

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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of St. Clair College of Applied Arts and Technology and its wholly controlled entity as at March 31, 2014 and the results of their operations, their remeasurement gains and losses, and their cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

The St. Clair College of Applied Arts and Technology
Consolidated Statement of Financial Position

	March 31, 2014	March 31, 2013
ASSETS		
CURRENT ASSETS		
Cash	$ 14,656,815	$ 1,237,412
Accounts receivable (Note 18)	8,531,108	8,339,426
Temporary investments (Note 2)	6,704,709	29,811,445
Prepaid expenses	1,315,619	714,289
	31,208,251	40,102,572
LONG-TERM INVESTMENTS (Note 2)	8,012,022	7,775,912
LONG-TERM RECEIVABLE (Note 5)	171,000	342,000
CONSTRUCTION IN PROGRESS (Note 6)	23,222,594	5,272,299
CAPITAL ASSETS (Note 7)	145,815,082	149,880,202
	$ 208,428,949	$ 203,372,985
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 12,289,861	$ 9,695,978
Deferred revenue (Note 8)	9,500,696	8,431,219
Vacation pay	5,531,142	5,568,832
Current portion of long-term debt (Note 9)	630,387	2,242,658
	27,952,086	25,938,687
LONG-TERM DEBT (Note 9)	13,420,240	14,050,627
POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 10)	4,382,000	4,686,000
DEFERRED CONTRIBUTIONS (Note 11)	663,732	528,537
DEFERRED CAPITAL CONTRIBUTIONS (Note 12)	111,622,861	115,193,946
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO CONSTRUCTION IN PROGRESS (Note 13)	9,330,000	4,660,700
	167,370,919	165,058,497
NET ASSETS		
Unrestricted		
Operating	8,831,306	21,431,023
Post-employment benefits and compensated absences	(4,382,000)	(4,686,000)
Vacation pay	(5,531,142)	(5,568,832)
	(1,081,836)	11,176,191
INVESTED IN CAPITAL ASSETS (Note 14)	34,034,188	19,160,837
EXTERNALLY RESTRICTED (Note 15)	8,105,678	7,977,460
	41,058,030	38,314,488
	$ 208,428,949	$ 203,372,985

Approved by the Board of Governors

Director

Director

The accompanying notes are an integral part of these financial statements

The St. Clair College of Applied Arts and Technology
Consolidated Statement of Operations

For the years ended		March 31, 2014		March 31, 2013
REVENUE				
Grants and reimbursements	$	**50,377,114**	$	50,672,713
Capital support grants		**376,707**		409,240
Tuition revenue		**32,560,809**		31,019,694
Contract training		**15,569,424**		12,602,602
Amortization of deferred capital contributions		**5,947,185**		6,222,335
Other income		**5,598,491**		7,824,910
Donations		**364,564**		397,027
Foundation		**511,285**		364,033
Ancillary operations		**9,813,079**		8,914,912
Gain on disposal of capital assets		**-**		4,958,102
		121,118,658		123,385,568
EXPENSES				
Academic		**59,330,954**		57,777,679
Student services		**10,302,228**		9,042,648
Administration		**15,739,532**		13,894,140
Property and plant		**13,055,534**		12,392,398
Supplementary		**1,946,457**		1,720,593
Ancillary operations		**8,759,117**		7,640,162
Foundation		**511,285**		364,033
Vacation pay		**(37,690)**		(46,080)
Post employment and compensated absences		**(304,000)**		(366,000)
Bursaries and scholarships		**364,564**		397,027
Amortization of capital assets		**8,305,171**		8,584,019
Other expenditures out of capital support grants		**530,182**		413,153
Unrealized loss on long-term investments		**-**		-
		118,503,334		111,813,772
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	$	**2,615,324**	$	11,571,796

The accompanying notes are an integral part of these financial statements

St. Clair College of Applied Arts and Technology
Consolidated Statement of Changes in Net Assets

	March 31, 2014			
	Unrestricted	Capital (Note 14)	Externally Restricted (Note 15)	Total
BALANCE, BEGINNING OF YEAR	**$ 11,176,191**	**$ 19,160,837**	**$ 7,977,460**	**$ 38,314,488**
ENDOWMENTS RECEIVED DURING THE YEAR	**-**	**-**	**128,218**	**128,218**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**4,973,310**	**(2,357,986)**	**-**	**2,615,324**
INVESTMENT IN CAPITAL ASSETS	**(17,231,337)**	**17,231,337**	**-**	**-**
BALANCE, END OF YEAR	**$ (1,081,836)**	**$ 34,034,188**	**$ 8,105,678**	**$ 41,058,030**

	March 31, 2013			
	Unrestricted	Capital (Note 14)	Externally Restricted (Note 15)	Total
BALANCE, BEGINNING OF YEAR	$ 913,273	$ 17,711,958	$ 7,862,364	$ 26,487,595
ENDOWMENTS RECEIVED DURING THE YEAR	-	-	115,096	115,096
INVESTMENT IN LAND (NOTE 4)	-	140,000	$ -	140,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	13,933,481	(2,361,684)	-	11,571,796
INVESTMENT IN CAPITAL ASSETS	(3,670,563)	3,670,563	-	-
BALANCE, END OF YEAR	$ 11,176,191	$ 19,160,837	$ 7,977,460	$ 38,314,488

The St. Clair College of Applied Arts and Technology
Consolidated Statement of Cash Flows

		March 31, 2014		March 31, 2013
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Excess of revenue over expenditure	$	2,615,324		11,571,796
Items not involving cash:				
Amortization of capital assets		8,305,171		8,584,019
Amortization of deferred capital contributions		(5,947,185)		(6,222,335)
Deferred contributions recognized as revenue in the year		(509,280)		(267,725)
Unrealized (gain) loss on long-term investments		(96,015)		(137,523)
Gain on disposal of capital assets		-		(4,958,102)
		4,368,015		8,570,130
Accrual for post-employment benefits and compensated absences		(304,000)		(366,000)
Changes in non-cash working capital items:				
Accounts receivable		(191,682)		104,765
Prepaid expenses and other assets		(601,330)		26,179
Accounts payable and accrued liabilities		2,593,883		1,471,794
Accrual for vacation pay		(37,690)		(46,078)
Deferred revenue		1,069,477		1,184,745
		6,896,673		10,945,535
FINANCING				
Deferred contributions		644,475		379,747
Repayment of long-term debt		(2,242,658)		(2,307,214)
Endowment contributions		128,218		115,096
		(1,469,965)		(1,812,371)
CAPITAL				
Contributions received for capital purposes		2,376,100		2,700,998
Contributions received for construction in progress		4,669,300		4,120,700
Purchase of capital assets, net of contribution of land of $Nil (2013 - $140,000)		(22,190,346)		(8,470,651)
Proceeds on sale of capital assets		-		5,009,038
		(15,144,946)		3,360,085
INVESTING				
Long-term receivable		171,000		327,193
Purchase of long-term investments		(140,095)		(147,001)
Purchase of temporary investments		-		(13,916,851)
Proceeds on sale of temporary investments		23,106,736		-
		23,137,641		(13,736,659)
NET CASH INFLOW (OUTFLOW)		13,419,403		(1,243,410)
CASH, BEGINNING OF YEAR		1,237,412		2,480,822
CASH, END OF YEAR	$	14,656,815	$	1,237,412
Supplemental disclosure				
INTEREST PAID	$	989,407	$	1,102,604
INTEREST RECEIVED	$	470,572	$	498,736

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The St. Clair College of Applied Arts and Technology (the "College"), was incorporated in 1965 under the laws of the Province of Ontario, and is an Ontario college of applied arts and technology duly established pursuant to Ontario regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. The College is an agency of the Crown and provides postsecondary, vocationally oriented education in the areas of applied arts, business, health sciences and technology.

The College is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

Basis of presentation

The consolidated financial statements of the College have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

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.

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

The consolidated financial statements of the College have been prepared by management in accordance with PSAB for Government NPOs.

Revenue recognition

The College follows the deferral method of accounting for contributions, which include donations and government grants. Tuition fees and contract training revenues are recognized as income to the extent that the related courses and services are provided within the fiscal year of the College.

Ancillary revenues including parking, bookstore, residence, St. Clair Centre for the Arts and other sundry revenues are recognized when products are delivered or services are provided to the student or client, the sales price is fixed and determinable, and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received or receivable and if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions and restricted investment income are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue on straight-line basis corresponding with the amortization rate for the related capital assets.

Endowment contributions, having externally imposed restrictions requiring that the principal be maintained intact, are recognized as direct increases in endowed net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Restricted investment income that must be maintained as an endowment is credited to net assets. Unrestricted investment income is recognized as revenue when earned.

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 $920,125 (2013 - $4,789,598) which have not been recorded in the accompanying financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress is not recorded as a capital asset, or amortized until it is put into service.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

Buildings	-	40 years
Site improvements	-	10 years
Equipment	-	5 years
Leasehold improvements	-	5 years

Vacation pay

The College recognizes vacation pay as an expense on the accrual basis.

Retirement and post-employment benefits and compensated absences

The College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and non-vesting sick leave. The College has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.

(ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement and post-employment benefits and compensated absences (continued)

(iii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

(iv) The discount used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

Financial instruments

The College classifies its financial instruments as either fair value or amortized cost. The College's accounting policy for each category is as follows:

Fair value
This category includes equity instruments quoted in an active market. The College has designated its bond portfolio and term deposits that would otherwise be classified into the amortized cost category at fair value as the College manages and reports performance of it on a fair value basis.

They are initially recognized at cost and subsequently carried at fair value. Changes in fair value on restricted assets are recognized as a deferred contribution until the criterion attached to the restrictions has been met.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Amortized cost

This category includes accounts receivable, long-term receivable, accounts payable, accrued liabilities and debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

Management estimates

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of fair value for long-term investments, allowance for doubtful accounts, the carrying amount of capital assets and actuarial estimation of post-employment benefits and compensated absences liabilities.

2. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	2014		
	Fair Value	Amortized Cost	Total
Cash	$ 14,656,815	$ -	$ 14,656,815
Accounts receivable	-	8,531,108	8,531,108
Temporary investments	6,704,709	-	6,704,709
Long-term investments	8,012,022	-	8,012,022
Long-term receivable	-	171,000	171,000
Accounts payable and accrued liabilities	-	12,289,861	12,289,861
	$ 29,373,546	$ 20,991,969	$ 50,365,515

	2013		
	Fair Value	Amortized Cost	Total
Cash	$ 1,237,412	$ -	$ 1,237,412
Accounts receivable	-	8,339,426	8,339,426
Temporary investments	29,811,445	-	29,811,445
Long-term investments	7,775,912	-	7,775,912
Long-term receivable	-	342,000	342,000
Accounts payable and accrued liabilities	-	9,695,978	9,695,978
	$ 38,824,769	$ 18,377,404	$ 57,202,173

Temporary investments consist of highly liquid investments, including cashable guaranteed investment certificates with maturities of less than one year when purchased. Long-term investments consist of equity instruments in Canadian public companies, government of Canada bonds and term deposits. Long-term investments include $8,012,222 (2013 - $7,775,912) of investments externally restricted for endowment purposes (see Note 15).

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

Maturity profile of bonds held is as follows:

	2014				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
Carrying value	$ 1,136,264	$ 707,273	$ 706,597	$ 688,094	$ 3,238,228
Percent of Total	35%	22%	22%	21%	

	2013				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
Carrying value	$ 464,670	$ 1,647,352	$ 651,775	$ 883,721	$ 3,647,518
Percent of Total	13%	45%	18%	24%	

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash	**$ 14,656,815**	$ -	$ -	**$ 14,656,815**
Temporary investments	**6,704,709**	-	-	**6,704,709**
Long-term investments	**8,012,022**	-	-	**8,012,022**
Total	**$ 29,373,546**	$ -	$ -	**$ 29,373,546**

	2013			
	Level 1	Level 2	Level 3	Total
Cash	$ 1,237,412	$ -	$ -	$ 1,237,412
Temporary investments	29,811,445	-	-	29,811,445
Long-term investments	4,128,394	3,647,518		7,775,912
Total	$ 35,177,251	$ 3,647,518	$ -	$ 38,824,769

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2014 and 2013. There were also no transfers in or out of Level 3.

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 PSAB for Government NPOs, 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 contribution, 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 public sector accounting standards, 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 public sector accounting standards, 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 public sector accounting standards, 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.

Wood Lot

On August 1, 2012 the College entered into an agreement with the City of Windsor to acquire vacant lands adjacent to College property. Although the agreement provided that nominal consideration of $1 be exchanged for the land acquired, in accordance with Canadian public sector accounting standards, the College has recorded the land at an agreed upon amount of $140,000 to approximate fair value.

The agreement also contains a restrictive covenant in perpetuity that prohibits the sale or transfer of the land and should the property cease to be used for educational or environment conservation and promotion purposes, it be reverted to the City of Windsor for consideration of $1.

5. LONG TERM RECEIVABLE

The Municipality of Chatham-Kent (the "Municipality") has provided the College with a commitment for capital funding of $1,200,000 towards the cost of construction of a HealthPlex facility at the College's Chatham campus. The Municipality will provide the capital funding over a seven year period. The municipal contribution is payable in annual installments of $171,000.

The St. Clair Student Representative Council Incorporated ("SRC") entered into an agreement with the College to provide funding totaling $2,000,000 representing its commitment towards the total cost of construction of an expansion to the South Campus Student Centre. The commitment was satisfied in full during 2014.

	2014	2013
Contribution receivable - Municipality of Chatham-Kent	$ 342,000	$ 513,000
Contribution receivable - SRC	-	156,267
Less current portion estimate included in accounts receivable	(171,000)	(327,267)
	$ 171,000	$ 342,000

6. CONSTRUCTION IN PROGRESS

Construction in progress primarily represents costs incurred to date on the construction of a new Windsor campus Healthplex facility, of which approximately $22.8 million has been spent to date. Once the construction has been completed, the total costs will be reclassified to capital assets and amortization will commence. As at March 31, 2014, construction in progress amounted to $23,222,594 (2013 - $5,272,299).

7. CAPITAL ASSETS

	2014		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 7,058,485	$ -	$ 7,058,485
Buildings	175,552,921	47,470,829	128,082,092
Site Improvements	6,903,114	4,789,969	2,113,145
Equipment	67,616,631	59,643,907	7,972,724
Leasehold improvements	1,269,774	681,138	588,636
	$258,400,925	$ 112,585,843	$ 145,815,082

	2013		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 6,790,148	$ -	$ 6,790,148
Buildings	172,482,748	43,551,178	128,931,570
Site improvements	6,722,325	4,419,516	2,302,809
Equipment	66,895,878	55,882,794	11,013,084
Leasehold improvements	1,269,774	427,183	842,591
	$ 254,160,873	$ 104,280,671	$ 149,880,202

Amortization expense for the year is $8,305,171 (2013 - $8,584,019).

On August 10, 2010, the Ministry of Transportation ("MTO") expropriated 3.7375 acres of land by Certificate of Approval under the Expropriations Act. During 2012, in exchange for the expropriated land, the College received an initial payment of $598,000 representing $160,000 per acre. After negotiations with the MTO, the College received a final payment of $2,650,000 during 2013 for the expropriated land. The College has determined that the original cost of the expropriated land to be negligible and has reflected the payments as a gain on disposal of the asset in its entirety during both fiscal years.

On August 1, 2012, the College sold 5.58 acres of vacant land. Proceeds on the disposal of the land were $2,399,800. The College has determined that the original cost of the land to be negligible and accordingly has reflected the proceeds, net of legal fees and closing related to costs, as a gain on disposal of the asset.

8. DEFERRED REVENUE

	2014	2013
Advanced tuition fees	$ 6,348,754	$ 5,960,164
Unearned grants	2,456,708	1,869,561
Unearned rent	255,654	236,537
Other	439,580	364,957
	$ 9,500,696	$ 8,431,219

9. LONG-TERM DEBT

The College has a $5,000,000 operating line of credit. No amount has been drawn upon this operating line of credit as at March 31, 2014. The long-term debt outstanding at year-end are as follows:

	2014	2013
6.63% debt, payable $128,585 monthly including interest, due March 28, 2028	$ 14,050,627	$ 14,640,681
4.328% debt, payable $9,924 monthly, including interest, repaid during the year	-	29,558
4.30% bank debt, payable $125,097 monthly including interest, repaid during the year	-	1,466,779
4.36% bank debt, payable $20,591 monthly including interest, repaid during the year	-	156,267
	14,050,627	16,293,285
Current portion of long-term debt	(630,387)	(2,242,658)
	$ 13,420,240	$ 14,050,627

The scheduled principal amounts payable within the next five years and thereafter are as follows:

2015	$ 630,387
2016	673,474
2017	719,510
2018	768,690
2019	821,230
Thereafter	10,437,336
Total	$ 14,050,627

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

The following tables outline the components of the College's post-employment benefits and compensated absences liabilities and the related expenses.

	2014			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$ 819,000	$ 2,282,000	$ 597,000	$ 3,698,000
Value of plan assets	(122,000)	-	-	(122,000)
Unamortized actuarial gains	200,000	476,000	130,000	806,000
Total liability	$ 897,000	$ 2,758,000	$ 727,000	$ 4,382,000

	2013			
	Post - employment Benefits	Non-vesting sick leave	Vesting sick leave	Total Liability
Accrued employee future benefits obligations	$ 1,124,000	$ 2,902,000	$ 843,000	$ 4,869,000
Value of plan assets	(121,000)	-	-	(121,000)
Unamortized actuarial losses	(36,000)	(33,000)	7,000	(62,000)
Total liability	$ 967,000	$ 2,869,000	$ 850,000	$ 4,686,000

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

	2014			
	Post-employment Benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total expense**
Current year benefit cost	$ (32,000)	$ 172,000	$ 31,000	$ 171,000
Interest on accrued benefit obligation	7,000	65,000	11,000	83,000
Amortized actuarial losses	5,000	5,000	1,000	11,000
Total expense	$ (20,000)	$ 242,000	$ 43,000	$ 265,000

	2013			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	$ 42,000	$ 162,000	$ 45,000	$ 249,000
Interest on accrued benefit obligation	9,000	70,000	22,000	101,000
Amortized actuarial losses	3,000	15,000	8,000	26,000
Total expense	$ 54,000	$ 247,000	$ 75,000	$ 376,000

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

Above amounts exclude pension contributions to the Colleges of Applied Arts and Technology pension plan, a multi-employer plan, described below.

Retirement Benefits

CAAT Pension Plan

A majority of the College's employees 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 public colleges and related employers in Ontario. The College makes contributions to the Plan equal to those of employees. Contribution rates are set by the Plan's governors to ensure the long-term viability of the Plan. Since the Plan is a mutli-employer plan, the College's contributions are accounted for as if the plan were a defined contribution plan with the College's contributions being expensed in the period they come due.

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 share 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 pension regulators as at January 1, 2014 indicated an actuarial surplus of $525 million. The College made contributions to the Plan and its associated retirement compensation arrangement of $5,804,407 (2013 - $5,242,885), which has been included in the statement of operations.

Post-Employment Benefits

The College extends post employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The College recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

The major actuarial assumptions employed for the valuations are as follows:

a) Discount rate

The present value as at March 31, 2014 of the future benefits was determined using a discount rate of 2.70% (2013 - 2.10%).

b) Drug Costs

Drug costs were assumed to increase at a 9.0% rate for 2014 (2013 - 10.5%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 for fiscal 2014 (2013 - 4.0%).

c) Hospital and other medical

Hospital and other medical costs were assumed to increase at 4.0% per annum (2013 - 4.0%).

Medical premium increases were assumed to increase at 7.5% per annum in 2014 (2013 - 8.0%) and decrease proportionately thereafter to an ultimate rate of 4.0% in 2034 for the fiscal 2014 (2013 - 4.0%).

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (continued)

d) Dental costs

Dental costs were assumed to increase at 4.0% per annum in 2014 (2013 - 4.0%).

Compensated Absences

Vesting Sick Leave

The College has provided for vesting sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive 50% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

Non-Vesting Sick Leave

The College allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

The assumptions used in the valuation of vesting and non-vesting sick leave are the College's best estimates of expected rates of:

	2014	2013
Wage and salary escalation		
Academic	0.00%	2.00%
Support	0.00%	2.00%

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0% to 24.0% and 0 to 40.6 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

11. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

	2014	2013
Balance, beginning of year	$ 528,537	$ 416,515
Less bursaries awarded in the year	(509,280)	(267,725)
Add amounts received in the year	155,207	114,964
Add unrealized gain on long-term investments	96,015	137,524
Add investment income received in the year	393,253	127,259
Balance, end of year	$ 663,732	$ 528,537

Deferred contributions are comprised of:

	2014	2013
Scholarships and bursaries	$ 523,732	$ 388,537
Joint employment stability reserve	140,000	140,000
	$ 663,732	$ 528,537

12. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balances are as follows:

	2014	2013
Balance, beginning of year	$ 115,193,946	$ 118,715,283
Less amortization of deferred capital contributions	(5,947,185)	(6,222,335)
Add contributions received for capital purposes	2,376,100	2,700,998
Balance, end of year	$ 111,622,861	$ 115,193,946

As at March 31, 2014 there were $nil (2013 - $6,186,695) of deferred capital contributions received which were not spent.

13. DEFERRED CAPITAL CONTRIBUTIONS RELATING TO CONSTRUCTION IN PROGRESS

Deferred capital contributions relating to construction in progress represents the amount of grants and other restricted funding received primarily for the Windsor campus Sportsplex construction project in progress.

	2014	2013
Balance, beginning of year	$ 4,660,700	$ 540,000
Less amounts transferred to assets in the year	-	-
Add contributions received for capital purposes	4,669,300	4,120,700
Balance, end of year	$ 9,330,000	$ 4,660,700

14. INVESTMENT IN CAPITAL ASSETS

A. Investment in capital assets represents the following:

	2014	2013
Capital assets	$ 145,815,082	$ 149,880,202
Construction in progress	23,222,594	5,272,299
Long-term contribution receivable (Note 5)	-	156,267
	169,037,676	155,308,768
Less amounts financed by:		
Long-term debt (Note 9)	(14,050,627)	(16,293,285)
Deferred capital contributions (Note 12)	(111,622,861)	(115,193,946)
Deferred capital contributions - construction (Note 13)	(9,330,000)	(4,660,700)
Balance, end of year	$ 34,034,188	$ 19,160,837

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

Amortization of deferred capital contributions related to capital assets	$ 5,947,185	$ 6,222,335
Amortization of capital assets	(8,305,171)	(8,584,019)
Gain on disposal of capital assets	-	4,958,102
	$ (2,357,986)	$ 2,596,418
Net change in investment in capital assets:		
Purchase and contribution of capital assets and transfers from construction in progress	22,190,346	8,610,651
Amounts funded by deferred capital contributions	(2,376,100)	(2,700,998)
Amounts funded by deferred capital contributions - CIP	(4,669,300)	(4,120,700)
Change in contribution receivable	(156,267)	(234,668)
Proceeds on disposal of capital assets	-	(5,009,038)
Repayment of long-term debt	2,242,658	2,307,214
	17,231,337	(1,147,539)

15. EXTERNALLY RESTRICTED NET ASSETS

Externally restricted net assets include restricted donations received by the College where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with the various purposes established by donors. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on externally restricted endowments that was disbursed during the year has been recorded in the statement of operations since this income is available for disbursement as scholarships and bursaries and the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions. Investment income on endowed assets recognized and deferred was $274,020 and $290,193 respectively (2013 - $267,725 and $251,012).

Externally restricted endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund. Under this program, the government matches funds raised by the College. The purpose of the program is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend College. The programs were discontinued in 2012.

16. COMMITMENTS

The College is committed to estimated minimum annual payments under operating lease agreements over the next five years and thereafter as follows:

2015	$ 1,204,921
2016	609,626
2017	271,918
2018	231,960
2019	231,960
Thereafter	661,623

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. The health and wellness facility at the Chatham campus was built in 2011. Pledges receivable of $908,125 (2013 - $4,777,598) are accounted for in accordance with the accounting policy in note 1.

The College is committed to capital expenditures in the amount of approximately $466,833 (2013 - $14,990,960).

17. CONTINGENT LIABILITIES

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

18. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash, debt holdings in its investment portfolio, long-term receivable and accounts receivable. The College holds its cash accounts with federally regulated chartered banks and a provincially regulated credit union which are protected by the Canadian Deposit Insurance Corporation and Deposit Insurance Corporation of Ontario respectively. In the event of default, the College's cash accounts and term deposits are insured up $100,000 (2013 - $100,000). In addition, equity investments are held with an investment firm that is protected by the Canadian Investor Protection Fund ("CIPF"). In the event of CIPF member default, the equity investments are insured up to $1,000,000 (2013 - $1,000,000).

The investment policy sets issuer type limits on the bond portfolio and operates in accordance with the Ontario Financial Administration Act by placing composition limit on the bond portfolio. All fixed income portfolios are measured for performance on a monthly basis and monitored by management on a monthly basis. The policy limits the funds to be invested in bonds of a single issuer to a maximum of 10% of the market value of the bond portifolio, except for bonds issued by the Government of Canada and Canadian province.

The maximum exposure to investment credit risk is outlined in Note 2.

Accounts receivable and long-term receivable are primarily due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population.

The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections. The amounts outstanding at year end were as follows:

			Past Due			
	Total	Current	1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days
Government receivables	$ 4,728,270	$ 4,728,270	$ -	$ -	$ -	$ -
Student receivables	2,717,479	5,690	4,831	81,258	13,506	2,612,194
Other receivables	1,454,561	1,291,150	35,563	44,726	9,422	73,700
Gross receivables	8,900,310	6,025,110	40,394	125,984	22,928	2,685,894
Less: impairment allowances	(369,202)	-	-	-	-	(369,202)
Net receivables	$ 8,531,108	$ 6,025,110	$ 40,394	$ 125,984	$ 22,928	$ 2,316,692

The amount of other receivables aged greater than 90 days relates to banquet and catering services provided by the St. Clair Centre for the Arts and accrued interest from the Foundation's investment portfolio and scholarship donations. Student receivables not impaired are collectible based on the College's assessment and past experience regarding collection rates.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

18. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The Investment policy operates within the constraints of the Foundation Investment Committee, management and an investment manager. Diversification techniques are utilized to minimize risk. The Policy limits the investment in any single issuer to a maximum of 10% of market value of the bond or equity portfolio. An exception exists for bonds issued by the Government of Canada and Canadian province.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Currency risk

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time at different foreign College levels when adverse changes in foreign currency College rates occur. The College is exposed to this risk through its equity holdings within its investment portfolio.

The investment policy limits the range of exposure to non-Canadian currencies to 10% to 20% of the total investment portfolio.

At March 31, 2014, a 1% fluctuation in foreign exchange rates, with all other variables held constant, would have an estimated impact on the fair values of the College's non-Canadian equity holdings of $10,770 (2013 - $9,880).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The College is exposed to this risk through its interest bearing investments and bank loans.

The College mitigates interest rate risk on its bank loans through fixed rates (see Note 9). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the bank loans.

The College's bond portfolio has interest rates ranging from 2.0% to 9.0% (2013 - 1% to 9%) with maturities ranging from June 5, 2014 to November 15, 2041 (2013 - June 1, 2013 to November 15, 2041).

At March 31, 2014, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds of $145,823 loss and $145,823 gain respectively (2013 - $131,166 loss and $310,608 gain). The College's bank loans as described in Note 9 would not be impacted as the rate of the loans is fixed.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

18. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2014, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the College's equities of $195,155 (2013 - $160,380).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The follow table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2014			
	Within 6 months	6 months to 1 year	1 - 5 years	> 5 years
Accounts payable	$ 12,289,861	$ -	$ -	$ -
Long-term debt	309,984	320,403	2,982,904	10,437,336
	$ 12,599,845	$ 320,403	$ 2,982,904	$ 10,437,336

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

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 $237,265 (2013 - $96,308), including $Nil of in-kind donations (2013 - $Nil), 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.