Financial Statements of

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2012

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Independent Auditor's Report

To the Board of Governors of The Centennial College of Applied Arts and Technology

We have audited the accompanying financial statements of The Centennial College of Applied Arts and Technology, which comprise the statement of financial position as at March 31, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the 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 College'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 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 financial statements present fairly, in all material respects, the financial position of The Centennial College of Applied Arts and Technology as at March 31, 2012 and the results of its operations and the changes in its net assets and its cash flows for year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants
Mississauga, Ontario
June 6, 2012

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
March 31, 2012

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Financial Position
March 31, 2012

		March 2012		March 2011
ASSETS				
CURRENT				
Cash and short-term investments (Note 4)	$	51,282,869	$	59,193,421
Accounts receivable		16,718,542		17,817,344
Inventory		120,550		150,694
Prepaid expenses		2,205,607		3,285,986
		70,327,568		80,447,445
PREPAID LAND LEASE (Note 5)		8,339,648		8,434,416
LONG-TERM RECEIVABLE (Note 6)		15,359,996		9,377,764
CONSTRUCTION IN PROGRESS (Note 7)		343,140		56,145,641
CAPITAL ASSETS (Note 8)		214,545,572		143,375,292
	$	308,915,924	$	297,780,558
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued charges	$	20,235,038	$	33,950,180
Deferred revenue (Note 9)		29,878,361		30,698,536
Vacation pay		8,243,892		8,267,618
Vested sick leave		1,152,453		1,225,873
Bank loans (Note 10)		2,820,000		3,008,000
Term debt (Note 11)		27,406,610		19,210,498
		89,736,354		96,360,705
EMPLOYEE FUTURE BENEFITS (Note 12)		1,256,000		1,251,000
DEFERRED CONTRIBUTIONS (Note 13)		1,974,808		1,918,514
DEFERRED CAPITAL CONTRIBUTIONS (Note 14)		135,642,945		74,772,589
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO PREPAID LAND LEASE (Note 5)		8,339,648		8,434,416
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO CONSTRUCTION IN PROGRESS (Note 15)		-		56,231,115
INTEREST RATE SWAP (Note 11)		3,144,959		2,332,561
		240,094,714		241,300,900
NET ASSETS				
Unrestricted				
Operating		15,424,120		1,703,043
Employee future benefits (Note 12)		(1,256,000)		(1,251,000)
Vacation pay		(8,243,892)		(8,267,618)
Vested sick leave		(1,152,453)		(1,225,873)
Interest rate swap		(3,144,959)		(2,332,561)
		1,626,816		(11,374,009)
INVESTED IN CAPITAL ASSETS (Note 16)		51,640,724		54,514,340
INTERNALLY RESTRICTED (Note 17		1,492,598		808,051
EXTERNALLY RESTRICTED (Note 18)		14,061,072		12,531,276
		68,821,210		56,479,658
	$	308,915,924	$	297,780,558

See accompanying notes to the financial statements

APPROVED BY THE BOARD

Board Chair ____________

President ____________

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Operations
Year Ended March 31, 2012

		2012		2011
REVENUE				
Grants and reimbursements (schedule 1)	**$**	**83,131,842**	$	91,801,617
Enrolment revenues		**104,487,899**		91,897,175
Contract training		**7,324,138**		7,167,763
Restricted contributions recognized as revenue (Note 13)		**3,848,883**		3,920,965
Amortization of deferred capital contributions (Note 14, 15)		**5,677,590**		5,035,265
Other income		**11,838,968**		10,703,219
Ancillary operations (schedule 2)		**7,007,995**		7,141,428
		223,317,315		217,667,432
EXPENDITURE				
Salaries and benefits		**136,435,328**		126,514,485
Operating expenditures		**40,868,506**		38,656,975
Plant and property expenditures		**10,773,676**		10,144,935
Amortization of capital assets (Note 8)		**13,853,181**		11,970,707
Bursaries and scholarships		**3,848,883**		3,920,965
Ancillary operations (schedule 2)		**5,913,587**		5,741,019
		211,693,161		196,949,086
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	**$**	**11,624,154**	$	20,718,346

See accompanying notes to the financial statements

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Changes in Net Assets
Year ended March 31, 2012

	March 2012						March 2011
	Unrestricted		Capital	Restricted			
	General	Interest Rate Swap (Note 11)	(Note 16)	Internally Restricted (Note 17)	Externally Restricted (Note 18)	Total	Total
BALANCE, BEGINNING OF YEAR	$ (9,041,448)	$ (2,332,561)	$ 54,514,340	$ 808,051	$ 12,531,276	$ 56,479,658	33,199,266
ENDOWMENTS RECEIVED DURING THE YEAR					1,529,796	$ 1,529,796	2,445,434
INTERNALLY RESTRICTED SCHOLARSHIPS & BURSARIES	(684,547)			684,547		$ -	-
EXCESS OF REVENUES OVER EXPENDITURES	19,799,746		(8,175,592)			11,624,154	20,718,346
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP		(812,398)				(812,398)	116,612
INVESTMENT IN CAPITAL ASSETS	(5,301,976)		5,301,976	-		-	-
BALANCE, END OF YEAR	$ 4,771,775	$ (3,144,959)	$ 51,640,724	$ 1,492,598	$ 14,061,072	$ 68,821,210	$ 56,479,658

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Cash Flows
Year ended March 31, 2012

		March 2012		March 2011
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Excess of revenue over expenditure	$	**11,624,154**	$	20,718,346
Items not involving cash:				
Amortization of unrestricted capital assets		**8,175,592**		6,935,442
Amortization of restricted capital assets		**5,582,822**		4,940,496
Amortization of prepaid land lease		**94,768**		94,769
Amortization of deferred capital contributions		**(5,582,822)**		(4,940,496)
Amortization of deferred capital contributions relating to land lease		**(94,768)**		(94,769)
		19,799,746		27,653,788
Deferred contributions recognized as revenue in the year		**(3,848,883)**		(3,920,965)
		15,950,863		23,732,823
Changes in non-cash working capital items:				
Accounts receivable		**1,227,772**		798,761
Inventory		**30,144**		(30,203)
Prepaid expenses		**1,080,379**		(892,889)
Accounts payable and accrued charges		**(13,715,143)**		11,601,353
Accrual for vacation pay		**(23,726)**		318,156
Accrual for employee future benefits		**5,000**		(4,000)
Accrual for vested sick leave		**(73,420)**		(107,191)
Deferred revenue		**(820,175)**		349,047
		3,661,694		35,765,857
FINANCING				
Increase in term debt		**8,824,236**		8,585,816
Restricted contributions for endowments		**1,529,796**		2,445,434
Deferred contributions		**3,905,177**		4,138,503
Contributions received for capital purposes		**10,093,093**		2,202,814
Contributions received for construction in progress		**-**		35,643,120
Repayment of bank loans		**(188,000)**		(188,000)
Repayment of term debt		**(628,124)**		(389,596)
Long-term receivable		**(5,982,232)**		(6,770,146)
		17,553,946		45,667,945
INVESTING				
Construction in progress		**(12,786,415)**		(40,611,536)
Purchase of capital assets		**(16,339,777)**		(26,993,206)
		(29,126,192)		(67,604,742)
NET CASH INFLOW (OUTFLOW)		**(7,910,552)**		13,829,060
CASH & SHORT TERM INVESTMENTS, BEGINNING OF YEAR		**59,193,421**		45,364,361
CASH & SHORT TERM INVESTMENTS, END OF YEAR	$	**51,282,869**	$	59,193,421

1. DESCRIPTION OF ORGANIZATION

Centennial College of Applied Arts and Technology, established in 1967, 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).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the College have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations (using the deferral method of reporting restricted contributions).

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 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.

- 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 at a rate corresponding with the amortization rate for the related capital assets.

- Endowment contributions are recognized as direct increases in endowed net assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Short-term investments are daily interest earned investments. Interest is earned at the Bankers Acceptance rate less 0.15%.

Valuation of inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis.

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, its carrying amount is written down to its net realizable value.

Construction in progress is recorded separately from capital assets until construction is complete and the asset 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	-	20 or 40 years
Building-student residence	-	20 years
Large machinery	-	20 years
Site & building improvements	-	10 years
Leasehold improvements	-	5 years
Computer software	-	5 years
Furniture, equipment and computers	-	5 years

Vacation pay

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

Employee future benefits

The College recognizes employee future benefits (health, dental, life insurance and other retirement obligations) as they are earned during the employees' tenure of service.

Vested sick leave

The College has provided for vested 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. Historically, the Ministry of Training, Colleges and Universities has undertaken the funding of these expenditures as they are incurred and it is expected that this practice will continue in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest, currency, or credit risk arising from its financial instruments and their fair value approximates their carrying value.

The College is party to an interest rate swap agreement that manages the exposure to market risks from changing interest rates. The College's policy is not to utilize derivative financial instruments for trading or speculative purposes. The College formally documents the relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking the interest rate swap to the demand loan on the statement of financial position. The College also formally assesses, both at the hedge's inception and on an ongoing basis, whether the interest rate swap that is used in the hedging transaction is highly effective in offsetting changes in cash flows of the hedged items. The College classified its financial instruments as follows:

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the terms of the transfer payment agreement between the College and the Ministry of Training, Colleges and Universities and is comprised of accounts receivable and long term receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other financial liabilities

Other financial liabilities includes all financial liabilities and is comprised of accounts payable and accrued charges, vacation pay, vested sick leave, bank loans and term debt. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

Capital management

The College's capital consists of its unrestricted net assets, internally restricted net assets and funds invested in capital assets. The College's primary objective of capital management is to ensure that it has sufficient resources to continue to provide services to its students. Annual budgets are developed and monitored to ensure the College's capital is maintained at an appropriate level. The College is not subject to any externally imposed capital requirements other than the funding from the Ministry of Training, Colleges and Universities, which is subject to approved budgeted expenditures. The College has complied with these restrictions.

3. ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS (NPO)

The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) has issued new standards for government (public sector) not-for-profit organizations. For years beginning on or after January 1, 2012, government NPO's have a choice of:

1. Public Sector Accounting standards supplemented by PS 4200 – 4270 for government not-for-profit organizations; or
2. Public Sector Accounting standards.

The College has chosen to follow Public Sector Accounting standards supplemented by PS 4200 – 4270 for government not-for-profit organizations. The College is currently assessing the impact of this choice jointly with the other Colleges of Applied Arts and Technology in Ontario.

4. CASH AND SHORT-TERM INVESTMENTS

The College's cash and short-term investments include amounts restricted for specific purposes that are not available to be spent at the College's discretion. The amounts available for operations are as follows:

	2012	2011
Total Cash and Short-Term Investments	**$ 51,282,869**	$ 59,193,421
Less amounts restricted for:		
Endowments - externally restricted, less amounts receivable (Note 18)	**13,791,175**	11,498,576
Endowments - Internally Restricted (Note 17)	**1,492,598**	808,051
Deferred contributions (Note 13)	**1,974,808**	1,918,514
Restricted grants included as part of deferred revenue (Note 9)	**4,080,109**	4,880,985
Unspent deferred capital contributions (Note 14, 15)	**144,707**	1,058,274
Unrestricted Cash and Short-Term Investments	**$ 29,799,472**	$ 39,029,021

5. PREPAID LAND LEASE

The College has negotiated a land lease with the University of Toronto. This amount recorded as a prepaid land lease includes the original payment made to the University of Toronto less accumulated amortization for a ninety-nine year lease for land upon which the College has constructed a new campus. The amount will be expensed over the term of the lease.

6. LONG TERM RECEIVABLE

The College has financed the constructions costs of the (I) Progress Campus Student Centre and the (II) Athlethic and Wellness Centre on behalf of the Centennial College Student Association Inc. ("CCSAI").

I. Progress Campus Student Centre - This receivable bears interest at prime minus 25 bps and is to be repaid through the collection of an annual student centre-building levy, which is collected from all full-time and part-time students.

II. Athletic and Wellness Centre - This receivable bears interest equal to the terms as noted in the term debt note (ii) (Note 11) since debt was acquired to fund this construction. This building was completed during the year at a total cost of $24.4 million. This cost will be repaid through the collection of an annual levy, which is collected from all full-time and part-time students.

	2012	2011
Note receivable on the Student Centre	**$ 1,679,438**	$ 2,323,631
Note receivable on the Athletic and Wellness Centre	**16,180,558**	9,554,133
Less current portion estimate included in accounts receivable	**(2,500,000)**	(2,500,000)
	$ 15,359,996	$ 9,377,764

7. CONSTRUCTION IN PROGRESS

Construction in progress (CIP) represents costs incurred to date on the Ashtonbee campus renewal project. CIP is recorded separately from capital assets and amortization does not commence until construction is complete and the asset is put in use. As at March 31, 2012, construction in progress amounted to $343,140 (2011 - $56,145,641).

8. CAPITAL ASSETS

	2012			2011
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 4,122,726**	**$ -**	**$ 4,122,726**	$ 4,122,726
Buildings	**231,517,963**	**60,392,041**	**171,125,922**	106,577,372
Building - Student Residence	**13,864,554**	**7,015,322**	**6,849,232**	7,542,460
Leasehold improvements	**103,203**	**25,801**	**77,402**	-
Site improvements	**440,443**	**151,405**	**289,038**	333,083
Building improvements	**9,935,412**	**1,359,253**	**8,576,159**	5,101,727
Furniture, equipment and computers	**101,637,498**	**85,210,808**	**16,426,690**	13,246,278
Computer software	**17,991,407**	**15,259,613**	**2,731,794**	3,234,222
Large machinery	**5,843,615**	**1,497,006**	**4,346,609**	3,217,424
	$ 385,456,821	**$ 170,911,249**	**$ 214,545,572**	$ 143,375,292

Amortization expense for the year is $13,853,181 (2011 - $11,970,707) comprised of amounts relating to the prepaid land lease of $94,769 (2011 – $94,769) and capital assets of $13,758,412 (2011 - $11,875,938).

9. DEFERRED REVENUE

	2012	2011
Advance tuition fees	**$ 23,928,925**	$ 23,725,135
Unexpended grants	**4,080,109**	4,880,985
Other	**1,869,327**	2,092,416
	$ 29,878,361	$ 30,698,536

10. BANK LOANS

The College has a $6,000,000 operating line of credit during the months of October through April and a $10,000,000 operating line of credit during the months of May through September. No amount has been drawn upon this operating line of credit as at March 31, 2012. The College has $776,650 (2011 - $1,722,121) in letters of credit outstanding as of March 31, 2012. In addition, the College has an unused demand instalment loan facility of $2,145,000. The bank loan outstanding at year-end is as follows:

	2012	2011
Demand loan bearing interest at prime minus 25bps, repayable in monthly instalments of $15,667 excluding interest through 2027. This loan is secured by a general security agreement on all assets of the Student Association (Progress Campus Student Centre)	**$ 2,820,000**	$ 3,008,000

The principal amount due within the next five years and thereafter is as follows:

2013	**$ 188,004**
2014	**188,004**
2015	**188,004**
2016	**188,004**
2017	**188,004**
Thereafter	**1,879,980**
Total	**$ 2,820,000**

11. TERM DEBT

(i) The College has partially financed the building of the Student Residence through an unsecured non-revolving swap bank loan, repayable in monthly installments of $ 90,900 principal and interest, and is due on demand. The College has fixed its interest rate at 6.82% through an interest rate swap for the term of the loan. The interest rate includes a credit spread of 0.35%. The interest rate swap is a derivative financial instrument. It has effectively locked in a fixed rate through 2026. As at March 31, 2012 the agreement qualified as a hedging transaction.

The fair value of the interest rate swap (in favour of the bank) of $3,144,959 (2011 - $2,332,561) is recorded on the statement of financial position. Because the hedging relationship is effective, the change in fair value of the interest rate swap is recorded in the statement of net assets, with no impact on the College's excess of revenue over expenditures.

(ii) The College has partially financed the building of the Athletic & Wellness Centre, Progress Campus through a fifteen year term loan from the Ontario Financing Authority (OFA). The term loan carries interest, compounded semi-annually, equal to the Province of Ontario's cost of funds for a fifteen-year amortizing bond plus 0.40%, and is due on demand.

		2012		2011
Term debt on the student residence (note i)	**$**	**10,209,119**	$	10,624,683
OFA Financing on the Athletic & Wellness Centre (note ii)		**17,197,491**		8,585,815
Total term debt	**$**	**27,406,610**	$	19,210,498

The principal amount due within the next five years and thereafter is as follows:

		Student Residence		**Athletic & Wellness Centre**		**Total**
2013	**$**	**443,262**	**$**	**875,433**	**$**	**1,318,695**
2014		**472,807**		**908,195**		**1,381,002**
2015		**504,321**		**942,183**		**1,446,504**
2016		**537,936**		**977,443**		**1,515,379**
2017		**573,792**		**1,014,022**		**1,587,814**
Thereafter		**7,677,001**		**12,480,215**		**20,157,216**
Total	**$**	**10,209,119**	**$**	**17,197,491**	**$**	**27,406,610**

12. EMPLOYEE FUTURE BENEFITS PAYABLE

Employee future benefits include health, dental, life insurance and after retirement obligation. The College recognizes these employee future benefits as they are earned during the employees' tenure of services. The related benefit liability was determined by an actuarial valuation study commissioned by the Council of Regents. Changes to the plan provisions and membership data in the year have resulted in an actuarial loss for 2012 of $5,000 (2011 – gain of $4,000).

The major actuarial assumptions employed for the valuations 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) *Drug Costs*

Drug costs were assumed to increase at a 10.5% rate for 2011 and decrease proportionately thereafter to an ultimate rate of 4.5% in 2026 for fiscal 2012 disclosure.

c) *Hospital and other medical*

Hospital and other medical costs were assumed to increase at 4.5% per annum (2011 – 4.5%).

Medical premium increases were assumed to increase at 8.0% per annum in 2008 and decrease proportionately thereafter to an ultimate rate of 4.5% in 2023 for the fiscal 2012 benefits cost.

Medical premium increases were assumed to increase at 8.0% per annum in 2011 and decrease proportionately thereafter to an ultimate rate of 4.5% in 2026 for the fiscal 2012 disclosure.

d) *Dental costs*

Dental costs were assumed to increase at 4.5% per annum for the fiscal 2012 benefits cost (2011 – 4.5% per annum).

Dental costs were assumed to increase at 4.5% per annum for fiscal 2012 disclosure (2011 – 4.5% per annum).

13. 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:

	2012	2011
Balance, beginning of year	**$ 1,918,514**	$ 1,700,976
Less amounts recognized as revenue in the year	**(3,848,883)**	(3,920,965)
Add amounts received during the year	**3,905,177**	4,138,503
Balance, end of year	**$ 1,974,808**	$ 1,918,514

Comprised of:

	2012	2011
Scholarships and bursaries	**$ 1,523,349**	$ 1,403,690
Endowment interest funds	**144,952**	125,190
Joint employment stability reserve	**306,507**	389,634
	$ 1,974,808	$ 1,918,514

14. 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:

	2012	2011
Balance, beginning of year	**$ 74,772,589**	$ 77,510,271
Less amortization of deferred capital contributions	**(5,582,821)**	(4,940,497)
Add contributions received for capital purposes	**66,453,177**	2,202,815
Balance, end of year	**$ 135,642,945**	$ 74,772,589

As at March 31, 2012 there were $144,707 (2011 - $936,320) of deferred capital contributions received which were not spent.

15. 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 for the Progress Campus Library and the Athletic and Wellness Centre construction projects in progress.

	2012	2011
Balance, beginning of year	**$ 56,231,115**	$ 19,673,496
Less amounts transferred to assets in the year	**(63,786,770)**	-
Add contributions received for capital purposes	**7,555,655**	36,557,619
Balance, end of year	**$ -**	$ 56,231,115

As at March 31, 2012, unspent deferred capital contributions received relating to construction in progress were $NIL (2011 - $121,954).

16. INVESTMENT IN CAPITAL ASSETS

A. Investment in capital assets represents the following:

	2012	2011
Capital assets	**$ 214,545,572**	$ 143,375,292
Less amounts financed by:		
Accounts Payable	**-**	4,400,000
Term debt (Note 11)	**27,406,610**	10,624,683
Deferred capital contributions (Note 14)	**135,498,238**	73,836,269
Balance, end of year	**$ 51,640,724**	$ 54,514,340

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

	2012	2011
Deficiency of revenues over expenditures:		
Amortization of deferred capital contributions related to capital assets	**$ 5,582,822**	$ 4,940,496
Amortization of capital assets	**(13,758,414)**	(11,875,938)
	(8,175,592)	(6,935,442)
Net change in investment in capital assets:		
Purchase of capital assets and transfers from construction in progress	**84,928,693**	26,993,206
Amounts funded by deferred capital contributions	**(67,244,790)**	(2,661,525)
Amounts funded by accounts payable	**-**	(4,400,000)
Amounts funded by term debt	**(17,197,491)**	-
Repayment of accounts payable	**4,400,000**	-
Repayment of term debt	**415,563**	389,596
	5,301,975	20,321,277
	$ (2,873,617)	$ 13,385,835

17. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets represents money set aside by College senior management for an international student scholarship fund. A commitment has been made by College senior management to contribute 1% of international education tuition fees to this fund annually. As at March 31, 2012, the College's internally restricted fund amounted to $1,492,598 (2011 - $808,051).

18. 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. The book value of College endowment funds equals market value as at March 31, 2012.

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.

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.

Schedule of Changes in Endowment Fund Balances
For the Year Ended March 31, 2012

	2012					2011
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**TOTAL**	TOTAL
Fund balance at beginning of year	**$ 343,800**	**$ 1,391,901**	**$ 10,407,889**	**$ 387,686**	**$ 12,531,276**	$10,085,842
Cash Donations Received From Other Sources	**-**	**-**	**-**	**62,868**	**62,868**	378
OTSS Cash Donations Received Within Annual Ceiling	**-**	**-**	**811,795**	**-**	**811,795**	918,164
OTSS Funds received from MTCU	**-**	**-**	**385,236**	**-**	**385,236**	494,192
OTSS Funds receivable from MTCU	**-**	**-**	**269,897**	**-**	**269,897**	1,032,700
Fund balance at end of year	**$ 343,800**	**$ 1,391,901**	**$ 11,874,817**	**$ 450,554**	**$ 14,061,072**	$12,531,276

Schedule of Changes in Expendable Funds Available for Awards
For the Year Ended March 31, 2012

	2012					2011
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**TOTAL**	TOTAL
Balance, beginning of year	**$ 1,293**	**$ 33,733**	**$ 71,015**	**$ 19,151**	**$ 125,192**	$ 81,555
Investment Income, net of direct investment related expenses	**3,607**	**15,103**	**111,491**	**4,110**	**134,311**	105,437
Bursaries awarded	**(3,500)**	**(8,300)**	**(101,750)**	**(1,000)**	**(114,550)**	(61,800)
Balance at end of year	**$ 1,400**	**$ 40,536**	**$ 80,756**	**$ 22,261**	**$ 144,953**	$ 125,192
Bursaries awarded (#)	**7**	**9**	**166**	**1**	**183**	94

19. PENSION COSTS

Substantially all 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 public colleges and related employers in Ontario. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governors to ensure the long term viability of the Plan.

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, 2012 indicated an actuarial surplus of $154 million. The College made contributions to the Plan and its associated retirement compensation arrangement of $9,890,000 in 2012 ($8,540,741 in 2011), which has been included in the statement of operations.

20. COMMITMENTS

The College is committed to estimated minimum annual payments under an operating lease agreement in the next fiscal year of $399,541.

21. COMPARATIVE FIGURES

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

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Schedule of Grants and Reimbursements
Year ended March 31, 2012 **Schedule 1**

		2012		2011
General operating grant	**$**	**58,837,240**	$	61,817,677
Apprenticeship		**8,394,487**		8,415,409
Special project grants		**9,131,266**		14,185,068
Grant in lieu of municipal taxation		**747,000**		707,475
Sick leave gratuities		**188,411**		219,337
Other grants		**5,833,438**		6,456,652
	$	**83,131,842**	$	91,801,618

See accompanying notes to the financial statements

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Schedule of Ancillary Operations

Year ended March 31, 2012 **Schedule 2**

ANCILLARY OPERATIONS

	2012					2011
	Bookstores	**Residence**	**Parking**	**Food Service**	**Total**	Total
REVENUE	**$ 877,606**	**$ 2,932,030**	**$ 2,738,796**	**$ 459,563**	**$ 7,007,995**	$ 7,141,428
EXPENDITURE						
Cost of goods sold	**-**	**-**	**861,095**	**-**	**861,095**	849,183
Salaries & benefits	**489,402**	**377,307**	**173,230**	**-**	**1,039,939**	1,064,090
Rent and taxes	**-**	**-**	**98,127**	**-**	**98,127**	98,127
Contract services	**-**	**568,373**	**1,288,010**	**-**	**1,856,383**	1,629,849
Conference centre	**-**	**725,939**	**-**	**-**	**725,939**	633,337
Management fees	**-**	**115,696**	**-**	**-**	**115,696**	112,513
Mortgage interest	**-**	**750,782**	**-**	**-**	**750,782**	739,141
Utilities	**-**	**364,160**	**50,000**	**-**	**414,160**	531,713
Residence internal recovery	**-**	**(217,928)**	**-**	**-**	**(217,928)**	(252,105)
Other operating expense (recovery)	**(67)**	**293,950**	**(37,700)**	**13,211**	**269,394**	335,171
	489,335	**2,978,279**	**2,432,762**	**13,211**	**5,913,587**	5,741,019
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**$ 388,271**	**$ (46,249)**	**$ 306,034**	**$ 446,352**	**$ 1,094,408**	$ 1,400,409

See accompanying notes to the financial statements