Financial Statements of

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2013

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2013

Management's Report

MANAGEMENT`S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of The Centennial College of Applied Arts and Technology (the "College") are the responsibility of management and have been approved by the Board of Governors.

The financial statements have been prepared by management 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"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The College maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the College`s assets are appropriately accounted for and adequately safeguarded.

The College`s insurance liabilities have been reviewed by management in consultation with its broker. There are no material liabilities in either fact or contingency as at the date of this report.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee.

The Audit and Finance Committee is appointed by the Board of Governors and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor`s report. The Committee reports its findings to the Board for consideration when approving the financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The financial statements have been audited by BDO Canada LLP, the external auditors in accordance with Canadian generally accepted auditing standards, on behalf of the Board. BDO Canada LLP has full and free access to the Audit and Finance Committee.

College President

CFO and Vice President Business Development

June 18, 2013

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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, 2013, and the statements of operations, changes in net assets, cash flows and remeasurement gains and losses 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the 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 entity'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 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 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, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes that The Centennial College of Applied Arts and Technology adopted Canadian public sector accounting standards on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retroactively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants
Mississauga, Ontario
June 18, 2013

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2013

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2013

	March 31, 2013	March 31, 2012 *Unaudited*	April 1, 2011 *Unaudited*
ASSETS			
CURRENT			
Cash and short-term investments (Note 4, 5)	$ **51,678,272**	$ 51,282,869	$ 59,193,421
Accounts receivable	**19,603,799**	16,718,542	17,817,344
Inventory	**114,866**	120,550	150,694
Prepaid expenses	**2,645,057**	2,205,607	3,285,986
	74,041,994	70,327,568	80,447,445
PREPAID LAND LEASE (Note 6)	**8,244,879**	8,339,648	8,434,416
LONG-TERM RECEIVABLE (Note 7)	**19,002,871**	15,359,996	9,377,764
CONSTRUCTION IN PROGRESS (Note 8)	**9,388,883**	343,140	56,145,641
CAPITAL ASSETS (Note 9)	**216,739,034**	214,545,572	143,375,292
	327,417,661	308,915,924	297,780,558
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable and accrued liabilities	$ **24,804,872**	$ 20,235,038	$ 33,950,180
Deferred revenue (Note 10)	**34,521,116**	29,878,361	30,698,536
Vacation pay	**8,446,191**	8,243,892	8,267,618
Bank loans (Note 11)	**2,632,000**	2,820,000	3,008,000
Term debt (Note 12)	**26,087,915**	27,406,610	19,210,498
	96,492,094	88,583,901	95,134,832
POST EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 13)	**7,522,000**	7,868,000	8,461,000
DEFERRED CONTRIBUTIONS (Note 14)	**1,759,246**	1,974,808	1,918,514
DEFERRED CAPITAL CONTRIBUTIONS (Note 15)	**136,283,475**	135,642,945	74,772,589
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO PREPAID LAND LEASE (Note 6)	**8,244,879**	8,339,648	8,434,416
DEFERRED CAPITAL CONTRIBUTIONS RELATING TO CONSTRUCTION IN PROGRESS (Note 16)	**500,000**	-	56,231,115
INTEREST RATE SWAP (Note 12)	**3,030,272**	3,144,959	2,332,561
	253,831,966	245,554,261	247,285,027
NET ASSETS			
Unrestricted			
Operating	**17,165,966**	15,424,120	1,703,043
Post employment benefits and compensated absences (Note 13)	**(7,522,000)**	(7,868,000)	(8,461,000)
Vacation pay	**(8,446,191)**	(8,243,892)	(8,267,618)
Interest rate swap (Note 12)		(3,144,959)	(2,332,561)
	1,197,775	(3,832,731)	(17,358,136)
INVESTED IN CAPITAL ASSETS (Note 17)	**58,046,049**	51,640,724	54,514,340
INTERNALLY RESTRICTED (Note 18)	**2,370,168**	1,492,598	808,051
EXTERNALLY RESTRICTED (Note 19)	**15,001,975**	14,061,072	12,531,276
	76,615,967	63,361,663	50,495,531
ACCUMULATED REMEASUREMENT GAINS /(LOSSES)	**(3,030,272)**	-	-
	73,585,695	63,361,663	50,495,531
	$ **327,417,661**	$ 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, 2013

		2013		2012
				Unaudited
REVENUE				
Grants and reimbursements (schedule 1)	**$**	**79,821,865**	$	83,131,842
Enrolment revenues		**110,254,256**		104,487,899
Contract training		**6,482,240**		7,324,138
Restricted contributions recognized as revenue (Note 14)		**3,961,075**		3,848,883
Amortization of deferred capital contributions (Note 15, 16)		**6,757,565**		5,677,590
Other income		**13,409,799**		11,838,968
Ancillary operations (schedule 2)		**6,655,970**		7,007,995
		227,342,770		223,317,315
EXPENDITURE				
Salaries and benefits		**140,843,273**		135,910,748
Operating expenditures		**42,913,873**		42,335,839
Plant and property expenditures		**11,531,658**		10,773,676
Amortization of capital assets (Note 9)		**15,351,357**		13,853,181
Bursaries and scholarships		**3,961,075**		3,848,883
Ancillary operations (schedule 2)		**3,865,709**		4,446,254
		218,466,945		211,168,581
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	**$**	**8,875,825**	$	12,148,734

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, 2013

March 31, 2013

	Unrestricted General	Capital (Note 17)	Restricted Internally Restricted (Note 18)	Restricted Externally Restricted (Note 19)	Total
BALANCE, BEGINNING OF YEAR	$ (3,832,731)	$ 51,640,724	$ 1,492,598	$ 14,061,072	$ 63,361,663
ENDOWMENTS RECEIVED DURING THE YEAR	-	-	292,617	940,903	1,233,520
INTERNALLY RESTRICTED SCHOLARSHIPS & BURSARIES	(584,953)	-	584,953	-	-
EXCESS OF REVENUES OVER EXPENDITURES	17,469,617	(8,593,792)	-	-	8,875,825
RECLASSIFICATION OF UNREALIZED LOSSES ON DERIVATIVE DUE TO ADOPTION OF PS 3450 (Note 3)	3,144,959	-	-	-	3,144,959
INVESTMENT IN CAPITAL ASSETS	(14,999,117)	14,999,117	-	-	-
BALANCE, END OF YEAR	$ 1,197,775	$ 58,046,049	$ 2,370,168	$ 15,001,975	$ 76,615,967

March 31, 2012

Unaudited

	Unrestricted General	Unrestricted Interest Rate Swap (Note 12)	Capital (Note 17)	Restricted Internally Restricted (Note 18)	Restricted Externally Restricted (Note 19)	Total
BALANCE, BEGINNING OF YEAR	$ (15,025,575)	$ (2,332,561)	$ 54,514,340	$ 808,051	$ 12,531,276	$ 50,495,531
ENDOWMENTS RECEIVED DURING THE YEAR	-	-	-	-	1,529,796	1,529,796
INTERNALLY RESTRICTED SCHOLARSHIPS & BURSARIES	(684,547)	-	-	684,547	-	-
EXCESS OF REVENUES OVER EXPENDITURES	20,324,326	-	(8,175,592)	-	-	12,148,734
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	-	(812,398)	-	-	-	(812,398)
INVESTMENT IN CAPITAL ASSETS	(5,301,976)	-	5,301,976	-	-	-
BALANCE, END OF YEAR	$ (687,772)	$ (3,144,959)	$ 51,640,724	$ 1,492,598	$ 14,061,072	$ 63,361,663

See accompanying notes to the financial statements

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2013

		March 31, 2013		March 31, 2012
				Unaudited
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Excess of revenues over expenditures	**$**	**8,875,825**	$	12,148,734
Items not involving cash:				
Amortization of unrestricted capital assets		**8,593,792**		8,175,592
Amortization of restricted capital assets		**6,662,796**		5,582,822
Amortization of prepaid land lease		**94,768**		94,768
Amortization of deferred capital contributions		**(6,662,796)**		(5,582,822)
Amortization of deferred capital contributions relating to land lease		**(94,768)**		(94,768)
Deferred contributions recognized as revenue in the year		**(3,961,075)**		(3,848,883)
		13,508,542		16,475,443
Changes in non-cash working capital items:				
Accounts receivable		**(2,885,257)**		1,227,772
Inventory		**5,684**		30,144
Prepaid expenses		**(439,450)**		1,080,379
Accounts payable and accrued charges		**4,569,835**		(13,715,143)
Accrual for vacation pay		**202,299**		(23,726)
Accrual for post-employment benefits and compensated absences		**(346,000)**		(593,000)
Deferred revenue		**4,642,755**		(820,175)
		19,258,408		3,661,694
FINANCING				
Deferred contributions		**3,745,513**		3,905,177
Increase in term debt		**-**		8,824,236
Repayment of bank loans		**(188,000)**		(188,000)
Repayment of term debt		**(1,318,695)**		(628,124)
Restricted contributions for endowments		**1,233,520**		1,529,796
		3,472,338		13,443,085
CAPITAL				
Contributions received for capital purposes		**7,303,325**		10,093,093
Contributions received for construction in progress		**500,000**		-
Construction in progress		**(9,045,743)**		(12,786,415)
Purchase of capital assets		**(17,450,050)**		(16,339,777)
		(18,692,468)		(19,033,099)
INVESTING				
Long-term receivable		**(3,642,875)**		(5,982,232)
NET CASH INFLOW (OUTFLOW)		**395,403**		(7,910,552)
CASH & SHORT TERM INVESTMENTS, BEGINNING OF YEAR		**51,282,869**		59,193,421
CASH & SHORT TERM INVESTMENTS, END OF YEAR	**$**	**51,678,272**	$	51,282,869

See accompanying notes to the financial statements

THE CENTENNIAL COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Remeasurement Gains and Losses
Year Ended March 31, 2013

	2013	2012 *Unaudited*
Accumulated remeasurement gains/(losses) at beginning of year	$ -	$ -
Adjustment upon adoption of financial instruments section (Note 3)	**(3,144,959)**	-
Unrealized gains attributable to:	-	-
Temporary investments	-	-
Long-term investments	-	-
Derivative - interest rate swap	**114,687**	-
Amounts reclassified to the statement of operations:	-	-
Disposition of long-term investments	-	-
Net remeasurement losses for the year	**(3,030,272)**	-
Accumulated remeasurement losses at end of year	**$ (3,030,272)**	$ -

See accompanying notes to the financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

Description of organization

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

Basis of presentation

The 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 NPO's").

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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
Large machinery	-	20 years
Site & building improvements	-	10 years
Leasehold improvements	-	Over the life of the lease
Computer software	-	5 years
Furniture, equipment and computers	-	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, vested sick leave and non-vested 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(iii) The cost of vested and non-vested 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 derivatives. The College's interest rate swap is considered to be a derivative financial instrument and is included in this category.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

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

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Amortized cost

This category includes accounts receivable, long-term receivable, accounts payable and accrued liabilities, accrued vacation pay, bank loans and term 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, except for contributions, which are initially recognized at fair value.

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 NPO's 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 allowance for doubtful accounts, deferred revenue, actuarial estimation of post-employment benefits and compensated absences liabilities, and fair value of the interest rate swap.

2. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS

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

(i) Public sector accounting standards including PS 4200 – 4270 for government not-for-profit organizations; or

(ii) Public sector accounting standards

The College has chosen to follow Public Sector Accounting standards including PS 4200 – 4270 for government not-for-profit organizations.

2. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

Effective April 1, 2012, the College adopted the requirements of the new accounting framework, Canadian Public Sector Accounting Standards for Not-for-Profit Organizations (PSAB for NPOs). These are the College's first financial statements prepared in accordance with this framework and the transitional provisions of Section 2125, First-time Adoption by Government Organizations have been applied. Section 2125 requires retroactive application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in the Summary of Significant Accounting Policies have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and in the preparation of an opening PSAB for NPOs balance sheet at the date of transition of April 1, 2011.

The College issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting Part V - Pre-changeover Accounting Standards. The adoption of PSAB for NPOs resulted in adjustments to the previously reported assets, liabilities, net assets, excess of revenue over expenses and cash flows of the College. An explanation of how the transition from pre-changeover Canadian GAAP to PSAB has affected the College's financial position, operations, changes in net assets and cash flows is set out in the following notes and tables.

The following exemptions and exceptions were used at the date of transition to Canadian public sector accounting standards for government not-for-profit organizations:

<u>Optional exemptions</u>

Actuarial Gains and Losses

Pre-changeover GAAP allowed the College to only recognize actuarial gains and losses that exceeded certain prescribed amounts ("the corridor approach"). PSAB requires the amortization of actuarial gains and losses on post-employment benefit obligations and compensated absences to be amortized over the estimated average remaining service life of employees. Retroactive application of this approach would require the College to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to PSAB into a recognized portion and an unrecognized portion. The College has elected to recognize all cumulative actuarial gains and losses as the date of transition to PSAB directly in net assets. Actuarial gains and losses subsequent to the date of transition to PSAB are accounted for in accordance with PS 3250 – Retirement Benefits.

Business combinations

The College elected to not retroactively apply the provisions PS 2510 – Additional Areas of Consolidation to periods prior to the date of transition to PSAB. As such, assets, liabilities and net assets have not been restated that may have been required if the provisions of PS 2510 had been applied retroactively.

2. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

Mandatory exceptions

Estimates

The estimates previously made by the College under pre-changeover Canadian GAAP were not revised for the application of PSAB except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the College has not used hindsight to revise estimates.

Reconciliation of net assets and excess of revenue over expenses

In preparing these financial statements, management has amended certain accounting policies previously applied in the pre-changeover Canadian GAAP financial statements to comply with PSAB. The comparative figures for March 31, 2012 were restated to reflect these adjustments. The following reconciliations and explanatory notes provide a description of the effect of the transition from pre-changeover Canadian GAAP to PSAB on net assets and excess of revenues over expenses:

Statement of Financial Position as at April 1, 2011 – Transition Date

		Transitional Adjustments			
	Pre-changeover Canadian GAAP	**Adj. (i)**	**Adj. (ii)**	**Adj. (iii)**	**PSAB**
Liabilities					
Post-employment benefits and compensated absences					
Vested sick leave	$ 1,225,873	$ -	$ -	$ (2,873)	$ 1,223,000
Non-vested sick leave	-	5,911,000	-	-	5,911,000
Retirement benefits	1,251,000	-	(53,000)	129,000	1,327,000
	$ 2,476,873	$ 5,911,000	$ (53,000)	$ 126,127	$ 8,461,000
Net Assets					
Post-employment benefits and compensated absences	$ (2,476,873)	$ (5,911,000)	$ 53,000	$ (126,127)	$ (8,461,000)

2. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

Statement of Financial Position for the year-ended March 31, 2012

	Pre-changeover Canadian GAAP	Transitional Adjustments Adj. (i)	Adj. (ii)	Adj. (iii)	PSAB
Liabilities					
Post-employment benefits and compensated absences					
Vested sick leave	$ 1,152,453	$ -	$ -	$ (275,453)	$ 877,000
Non-vested sick leave	-	5,626,000	-	-	5,626,000
Retirement benefits	1,256,000	-	33,000	76,000	1,365,000
	$ 2,408,453	$ 5,626,000	$ 33,000	$ (199,453)	$ 7,868,000
Net Assets					
Post-employment benefits and compensated absences	$ (2,408,453)	$ (5,626,000)	$ (33,000)	$ 199,453	$ (7,868,000)

Statement of Operations for the year-ended March 31, 2012

	Sub-note	Pre-changeover Canadian GAAP	Adjustments	PSAB
Expenses				
Salaries and benefits	(i), (ii), (iii)	$ 136,435,328	$ (524,580)	$ 135,910,748
Excess of revenue over expenses	(i), (ii), (iii)	$ 11,624,154	$ 524,580	$ 12,148,734

Statement of Cash Flows for the year-ended March 31, 2012

The transition to PSAB had no impact on total operating or financing activities on the statement of cash flows. The change in excess of revenues over expenses for year-ended March 31, 2012 has been offset by adjustments to operating activities. The transition to PSAB resulted in the reclassification of cash receipts and outflows relating to the acquisition of tangible capital assets from investing activities to capital activities. The capital section of the statement of cash flows did not exist prior to the transition to PSAB.

2. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

Explanations for Adjustments to PSAB

(i) Non-vested Sick Leave

PSAB requires the recognition of a liability for sick leave benefits that accumulate, but do not vest, which was not required under pre-changeover GAAP. As a result, the College has recognized a liability and a charge to net assets as described in the tables above.

(ii) Amortization of Actuarial Gains/Losses

As discussed in Note 2 – First Time Adoption of Public Sector Accounting Standards, Optional Exemptions, the College has elected to recognize actuarial gains and losses at the date of transition to PSAB directly in net assets. As a result, the College has recognized an increased liability and a charge to net assets as described in the tables above.

(iii) Discount Rate Used to Calculate Post-Employment Benefits and Compensated Absences Liabilities

PSAB requires these liabilities to be calculated with a discount rate that is equal to either the College's rate of borrowing or the rate of return on the plan assets. Pre-changeover GAAP required the discount rate to be equal to the yield on high quality corporate bonds. The College has chosen to discount these liabilities using its internal rate of borrowing. The change in the discount rate resulted in changes to the related liabilities and charges to net income as described in the tables above.

3. CHANGE IN ACCOUNTING POLICY

On April 1, 2012, the College adopted Public Accounting Standards *PS 1201 – Financial Statement Presentation, PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation*. The standards were adopted prospectively from the date of adoption. The new standards provide revised guidelines in the general presentation of financial statements, comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

In addition, on April 1, 2012, the College early adopted an amendment to *PS 3450 – Financial Instruments* that would otherwise be effective ofr year-ends beginning on or after March 1, 2013. This amendment provides guidance on the classification of investment income on externally restricted assets

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the College's accounting policy choices (see Note 1 – Significant Accounting Policies).

In accordance with the provisions of this new standard, the College reflected the following adjustments:

3. CHANGE IN ACCOUNTING POLICY (continued)

- April 1, 2012: an increase of $3,144,959 to unrestricted net assets and a decrease of $3,144,959 to accumulated remeasurement losses due to the fair value of the College's interest rate swap derivative being reclassified to accumulated remeasurement losses.

4. 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.

	2013		
	Fair Value	**Amortized Cost**	**Total**
Cash and short term investments	$ 51,678,272	$ -	$ 51,678,272
Accounts receivable	-	19,603,799	19,603,799
Long term receivable	-	19,002,871	19,002,871
Accounts payable and accrued liabilities	-	24,804,872	24,804,872
Accrued vacation pay	-	8,446,191	8,446,191
Bank loans	-	2,632,000	2,632,000
Term debt	-	26,087,915	26,087,915
Interest rate swap	3,030,272	-	3,030,272
	$ 54,708,544	$ 100,577,648	$ 155,286,192

Short term investments consist of guaranteed investment certificates (GIC's) and other similar investments which are externally restricted for endowment purposes (see Note 19). Maturity profile of investments held is as follows:

	2013			
	Within 1 year	2 to 5 years	Over 6 years	**Total**
Short term investments	$ 3,036,617	$ 2,047,436	$ -	$ 5,084,053
Percent of Total	60%	40%	0%	

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).

4. FINANCIAL INSTRUMENTS CLASSIFICATION (continued)

	2013			
	Level 1	Level 2	Level 3	Total
Cash	$ 46,594,219	$ -	$ -	$ 46,594,219
Short term investments	5,084,053	-	-	5,084,053
Interest rate swap	-	-	3,030,272	3,030,272
Total	$ 51,678,272	$ -	$ 3,030,272	$ 54,708,544

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2013 and 2012. There were also no transfers in or out of Level 3. For a sensitivity analysis of financial instruments recognized in Level 3, see Note 20 – Interest rate risk, as the prevailing interest rate is the most significant input into the fair value of the instrument.

5. 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. Short-term investments consist of guaranteed investment certificates (GIC's), other similar investments, and daily interest earned investments with interest earned at the Banker's Acceptance rate less 0.15%. The amounts available for operations are as follows:

	2013	2012
Total Cash and Short-Term Investments	**$ 51,678,272**	$ 51,282,869
Less amounts restricted for:		
Cash held in trust	**1,071,925**	2,802,240
Endowments - externally restricted, less amounts receivable (Note 19)	**14,796,975**	13,641,175
Endowments - Internally Restricted (Note 18)	**2,370,168**	1,492,598
Deferred contributions (Note 14)	**1,759,246**	1,974,808
Restricted grants included as part of deferred revenue (Note 10)	**4,550,509**	4,080,109
Unspent deferred capital contributions less amounts receivable (Note 15, 16)	**178,406**	144,707
Unrestricted Cash and Short-Term Investments	**$ 26,951,043**	$ 27,147,232

Of the $26,951,043 unrestricted cash, the college has committed to expenditures of $8.1 million for the Ashtonbee campus renewal project.

6. 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.

7. 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"). (iii) The CCSAI has committed to contribute funds towards the revitalization of student spaces at the Centennial College Ashtonbee campus.

(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 12) since debt was acquired to fund this construction. The cost will be repaid through the collection of an annual levy, which is collected from all full-time and part-time students

(iii) Ashtonbee Campus – This building is currently under construction. This receivable is to be repaid through the collection of an annual levy, which is collected from all full-time and part-time students. $500,000 was collected during the year. This receivable will bear interest at the Ontario Financing Authority's (OFA) prescribed rate at the time the loan is finalized.

	2013	2012
Note receivable on the Student Centre	**$ 2,139,649**	$ 1,679,438
Note receivable on the Athletic and Wellness Centre	**16,363,222**	16,180,558
Note receivable on Ashtonbee Campus	**3,500,000**	-
Less current portion estimate included in accounts receivable	**(3,000,000)**	(2,500,000)
	$ 19,002,871	$ 15,359,996

8. 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, 2013, construction in progress amounted to $9,388,883 (2012 - $343,140). Construction in progress has not been included as part of the investment in capital assets (Note 17) as the College intends to finance up to $17.5 million of this construction with debt.

9. CAPITAL ASSETS

	2013			2012
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 4,122,726**	**$ -**	**$ 4,122,726**	$ 4,122,726
Buildings	**235,065,604**	**66,478,133**	**168,587,471**	171,125,922
Building - Student Residence	**13,864,554**	**7,708,550**	**6,156,004**	6,849,232
Leasehold improvements	**333,591**	**74,640**	**258,951**	77,402
Site improvements	**440,443**	**195,449**	**244,994**	289,038
Building improvements	**18,111,657**	**2,795,164**	**15,316,493**	8,576,159
Furniture, equipment and computers	**105,954,287**	**90,753,521**	**15,200,766**	16,426,690
Computer software	**18,792,390**	**16,375,131**	**2,417,259**	2,731,794
Large machinery	**6,221,618**	**1,787,248**	**4,434,370**	4,346,609
	$ 402,906,870	**$ 186,167,836**	**$ 216,739,034**	$ 214,545,572

Amortization expense for the year is $15,351,357 (2012 - $13,853,181) comprised of amounts relating to the prepaid land lease of $94,769 (2012 – $94,769) and capital assets of $15,256,588 (2012 - $13,758,412).

10. DEFERRED REVENUE

	2013	2012
Advance tuition fees	**$ 27,524,487**	$ 23,928,925
Unexpended grants	**5,178,927**	4,080,109
Other	**1,817,702**	1,869,326
	$ 34,521,116	$ 29,878,361

11. BANK LOANS

The College has a $10,000,000 operating line of credit. No amount has been drawn upon this operating line of credit as at March 31, 2013. The College has $287,700 (2012 - $776,650) in letters of credit outstanding as of March 31, 2013. 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:

11. BANK LOANS (continued)

	2013	2012
Demand loan bearing interest at prime minus 25bps, repayable in monthly instalments of $15,667 excluding interest through 2027. This loan is secured by a general security agreement on all assets of the Student Association (Progress Campus Student Centre)	**$ 2,632,000**	$ 2,820,000

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

2014	**$ 188,004**
2015	**188,004**
2016	**188,004**
2017	**188,004**
2018	**188,004**
Thereafter	**1,691,980**
Total	**$ 2,632,000**

12. 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.

The fair value of the interest rate swap (in favour of the bank) of $3,030,272 (2012 - $3,144,959) is recorded on the statement of remeasurement gains and losses.

(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.

12. TERM DEBT (continued)

		2013		2012
Term debt on the student residence (note i)	**$**	**9,765,857**	$	10,209,119
OFA Financing on the Athletic & Wellness Centre (note ii)		**16,322,058**		17,197,491
Total term debt	**$**	**26,087,915**	$	27,406,610

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

		Student Residence		**Athletic & Wellness Centre**		**Total**
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
2018		559,512		1,051,971		1,611,483
Thereafter		7,117,489		11,428,244		18,545,733
Total	$	9,765,857	$	16,322,058	$	26,087,915

13. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

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

	2013			
	Post-employment Benefits	Non-vested sick leave	Vested sick leave	Total liability
Accrued employee future benefits obligations	$ 1,682,000	$ 5,450,000	$ 683,000	$ 7,815,000
Value of plan assets	(205,000)	-	-	(205,000)
Unamortized actuarial losses	(49,000)	(40,000)	1,000	(88,000)
Total liability	$ 1,428,000	$ 5,410,000	$ 684,000	$ 7,522,000

13. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

	2012			
	Post-employment Benefits	Non-vested sick leave	Vested sick leave	Total liability
Accrued employee future benefits obligations	$ 1,618,000	$ 5,879,000	$ 901,000	$ 8,398,000
Value of plan assets	(224,000)	-	-	(224,000)
Unamortized actuarial losses	(29,000)	(253,000)	(24,000)	(306,000)
Total liability	$ 1,365,000	$ 5,626,000	$ 877,000	$ 7,868,000

	2013			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	$ 125,000	$ 304,000	$ 36,000	$ 465,000
Interest on accrued benefit obligation	10,000	132,000	18,000	160,000
Total expense	$ 138,000	$ 464,000	$ 61,000	$ 663,000

	2012			
	Post-employment Benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	$ 113,000	$ 274,000	$ 35,000	$ 422,000
Interest on accrued benefit obligation	15,000	176,000	32,000	223,000
Total expense	$ 128,000	$ 450,000	$ 67,000	$ 645,000

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

13. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

Retirement Benefits

CAAT Pension Plan

A majority of the College's employees are participants in the defined benefit contributory retirement pension plan of the Colleges of Applied Arts and Technology. The plan is a mutli-employer plan and therefore 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 unfunded liability is to be paid directly by the Ministry of Training, Colleges and Universities. Contributions by the College and employees on account of current service pension costs amounted to $9,791,526 (2012 - $9,890,000).

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

A discount rate of 2.25% per annum for fiscal 2012 and 2013 benefit cost, 2.10% per annum for fiscal 2013.

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 4.0% in 2026.

c) Hospital and other medical

Hospital and other medical costs were assumed to increase at 4.0% per annum (2012 - 4.5%).

Medical premium increases were assumed to increase at 8.0% per annum in 2011 and grading down to 4.5% in 2026.

d) Dental costs

Dental costs and premium increases were assumed to increase at 4.0% per annum.

e) Retirement rates

7.0% per annum starting at eligibility for reduced pension, increasing to 40% per annum after reaching eligibility for unreduced pension, with the remainder at age 65.

13. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

f) *Expected return on assets*

The expected return on assets was assumed to increase at 1.7% per annum.

Compensated Absences

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. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

Non-Vested 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 vested and non-vested sick leave are the College's best estimates of expected rates of:

	2011	2012	2013	2014	2015	Thereafter
Wage and salary escalation - support staff	1.50%	1.75%	2.00%	0.00%	0.00%	1.75%
Wage and salary escalation - academic staff	2.00%	2.00%	0.00%	0.00%	1.75%	1.75%
Discount rate	3.05%	2.25%	2.10%			

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 38.7% and 0 to 52.6 days for age groups ranging from 20 and under to 65 and over in bands of 5 years.

14. 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:

14. DEFERRED CONTRIBUTIONS (continued)

		2013	2012
Balance, beginning of year	**$**	**1,974,808**	$ 1,918,514
Less amounts recognized as revenue in the year		**(3,961,075)**	(3,848,883)
Add amounts received during the year		**3,745,513**	3,905,177
Balance, end of year	**$**	**1,759,246**	$ 1,974,808

Comprised of:

		2013	2012
Scholarships and bursaries	**$**	**1,171,510**	$ 1,523,349
Endowment interest funds		**257,466**	144,952
Joint employment stability reserve		**330,270**	306,508
	$	**1,759,246**	$ 1,974,808

15. 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:

		2013	2012
Balance, beginning of year	**$**	**135,642,945**	$ 74,772,589
Less amortization of deferred capital contributions		**(6,662,796)**	(5,582,821)
Add contributions received for capital purposes		**7,303,326**	66,453,177
Balance, end of year	**$**	**136,283,475**	$ 135,642,945

As at March 31, 2013 there were $3,678,406 (2012 - $144,707) of deferred capital contributions received which were not spent.

16. 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.

	2013	2012
Balance, beginning of year	$ -	$ 56,231,115
Less amounts transferred to assets in the year		(63,786,770)
Add contributions received for capital purposes	**500,000**	7,555,655
Balance, end of year	**$ 500,000**	$ -

As at March 31, 2013, unspent deferred capital contributions received relating to construction in progress were $ NIL (2012 - $ NIL).

17. INVESTMENT IN CAPITAL ASSETS

A. Investment in capital assets represents the following:

	2013	2012
Capital assets	**$ 216,739,034**	$ 214,545,572
Less amounts financed by:		
Term debt (Note 12)	**26,087,915**	27,406,610
Deferred capital contributions (Note 15)	**132,605,070**	135,498,238
Balance, end of year	**$ 58,046,049**	$ 51,640,724

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

	2013	2012
Deficiency of revenues over expenditures:		
Amortization of deferred capital contributions related to capital assets	**$ 6,662,796**	$ 5,582,822
Amortization of capital assets	**(15,256,588)**	(13,758,414)
	(8,593,792)	(8,175,592)
Net change in investment in capital assets:		
Purchase of capital assets and transfers from construction in progress	**17,450,050**	84,928,693
Amounts funded by deferred capital contributions	**(3,769,628)**	(67,244,790)
Amounts funded by term debt	**-**	(17,197,491)
Repayment of accounts payable	**-**	4,400,000
Repayment of term debt	**1,318,695**	415,563
	14,999,117	5,301,975
	$ 6,405,325	$ (2,873,617)

18. 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, 2013, the College's internally restricted fund amounted to $2,370,168 (2012 - $1,492,598).

19. 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.

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, 2013

	2013					2012
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**TOTAL**	TOTAL
Fund balance at beginning of year	**$ 343,800**	**$ 1,391,901**	**$ 11,874,817**	**$ 450,554**	**$ 14,061,072**	$ 12,531,276
Cash Donations Received From Other Sources	**-**	**-**	**-**	**940,903**	**940,903**	62,868
OTSS Cash Donations Received Within Annual Ceiling	**-**	**-**	**-**	**-**	**-**	811,795
OTSS Funds received from MTCU	**-**	**-**	**-**	**-**	**-**	385,236
OTSS Funds receivable from MTCU	**-**	**-**	**-**	**-**	**-**	269,897
Fund balance at end of year	**$ 343,800**	**$ 1,391,901**	**$ 11,874,817**	**$ 1,391,457**	**$ 15,001,975**	$ 14,061,072

Schedule of Changes in Expendable Funds Available for Awards
For the Year Ended March 31, 2013

	2013					2012
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**TOTAL**	TOTAL
Balance, beginning of year	**$ 1,400**	**$ 40,536**	**$ 80,756**	**$ 22,261**	**$ 144,953**	$ 125,192
Investment Income, net of direct investment related expenses	**5,562**	**20,964**	**180,536**	**4,392**	**211,454**	134,311
Bursaries awarded	**-**	**(2,000)**	**(93,451)**	**(3,489)**	**(98,940)**	(114,550)
Balance at end of year	**$ 6,962**	**$ 59,500**	**$ 167,841**	**$ 23,164**	**$ 257,467**	$ 144,953
Bursaries awarded (#)	**-**	**1**	**165**	**3**	**169**	183

20. 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 who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up $100,000 (2012 - $100,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the MTCU and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis. The guidelines permit the College's funds to be invested in bonds issued by the Government of Canada, a Canadian province or a Canadian municipality having a rating of A or better, or corporate investments having a rating of A (R-1) or better.

Accounts receivable and long-term receivable are primarily due from students, government and other large corporations. Credit risk is mitigated by financial and system controls on past due accounts, our client base of large government and private organizations 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:

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

					Past due							
	Total		current		< 30 days		31-60 days		61-90 days		>90 days	
Government receivables	$	6,275,809	$	6,275,809	$	-	$	-	$	-	$	-
Student receivables		2,157,858		26,821		80,504		775,807		415,071		859,655
Non Student receivables		4,189,944		2,269,520		650,438		181,593		610,943		477,450
Other receivables		8,399,699		8,399,699		-		-		-		-
Gross receivables	$	21,023,310	$	16,971,849	$	730,942	$	957,400	$	1,026,014	$	1,337,105
Less: impairment allowances	$	(1,419,511)										
Net receivables	$	19,603,799										
Long-term receivables	$	19,002,871	$	19,002,871	$	-	$	-	$	-	$	-

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.

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 College's investment policy operates within the constraints of the investment guidelines issued by the MTCU. The policy's application is monitored by management and the board of governors. Diversification techniques are utilized to minimize risk.

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 carries a bank balance and conducts transactions in both US dollars and Canadian dollars. The College also holds bank accounts in Dubai, Turkey and Australia; however, the College does not conduct material transactions in currencies other than US and Canadian. The college mitigates currency risk by demanding payment of receivables in Canadian or US dollars and the College employs a natural hedge by directing the College's US dollar holdings to support foreign operations.

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The College has the following financial instruments denominated in foreign currencies as at March 31, 2013:

Cash	Currency	Amount in Foreign Currency	Exchange Amount	Exchange rate (%)		Amount in Canadian Dollars
United States US Dollars	USD	884,690	11,930	101.45%	$	896,620
UAE Dirhams	AED	567,076	(410,279)	27.65%		156,796
Phillipines PESO	PESO	1,244,383	(1,213,448)	2.49%		30,935
Turkish Dollars	TRY	237	(104)	56.09%		133
Australian Dollar	AUD	68,830	4,054	105.89%		72,884
					$	1,157,369
Accounts Payable						
United States US Dollars	USD	144,042	2,247	101.56%		146,289

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.

<u>Interest rate risk</u>

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 term debt through a derivative financial instrument that exchanges the variable rate inherent in the term debt for a fixed rate (see Note 10). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

At March 31, 2013, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of the interest rate swap of $806,200 (2012 - $880,000).

A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College's bank loans of $27,061 (2012 - $28,500). The College's term debt as described in Note 10 would not be impacted as the inherent variable rate of the debt has been fixed with the use of the aforementioned derivative interest rate swap.

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.

20. 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 not exposed to this risk as at March 31, 2013, the College did not have equity holdings as part of its investment portfolio.

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 by 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):

	Within 6 months	6 months to 1 year	1 -5 years	> 5 years	Total
Accounts payable	$ 24,804,872	$ -	$ -	$ -	$ 24,804,872
Bank loans	94,002	94,002	940,020	1,503,976	2,632,000
Term debt	682,517	698,485	6,161,180	18,545,733	26,087,915
	$ 25,581,391	$ 792,487	$ 7,101,200	$ 20,049,709	$ 53,524,787

Derivative financial liabilities mature as described in Note 11.

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.

21. COMMITMENTS

The College has entered into a contract for the construction at Ashtonbee campus. The total project budget is $40.6 million of which $9.4 million has been spent and has been recorded as construction in progress (Note 8). The remaining commitment is $31.2 million.

22. 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, 2013 **Schedule 1**

		2013		2012 *Unaudited*
General operating grant	**$**	**57,861,038**	$	58,837,240
Apprenticeship		**7,607,391**		8,394,487
Special project grants		**7,986,334**		9,131,266
Grant in lieu of municipal taxation		**684,975**		747,000
Sick leave gratuities		**168,113**		188,411
Other grants		**5,514,014**		5,833,438
	$	**79,821,865**	$	83,131,842

See accompanying notes to the financial statements

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

Year ended March 31, 2013 **Schedule 2**

	2013					2012
						Unaudited
	Bookstores	**Residence**	**Parking**	**Food Service**	**Total**	Total
REVENUE	**$ 896,555**	**$ 2,363,312**	**$ 2,922,285**	**$ 473,818**	**$ 6,655,970**	$ 7,007,995
EXPENDITURE						
Cost of goods sold	**-**	**-**	**936,864**	**-**	**936,864**	861,095
Salaries & benefits	**477,768**	**408,460**	**-**	**-**	**886,227**	866,709
Rent and taxes	**-**	**-**	**98,127**	**-**	**98,127**	98,127
Contract services	**-**	**522,088**	**75,672**	**-**	**597,760**	612,280
Conference centre	**-**	**-**	**-**	**-**	**-**	725,939
Management fees	**-**	**121,524**	**-**	**-**	**121,524**	115,696
Mortgage interest	**-**	**747,149**	**-**	**-**	**747,149**	750,782
Utilities	**-**	**377,917**	**-**	**-**	**377,917**	364,160
Residence internal recovery	**-**	**(196,647)**	**-**	**-**	**(196,647)**	(217,928)
Other operating expense (recovery)	**312**	**315,888**	**(26,086)**	**6,672**	**296,786**	269,394
	478,080	**2,296,380**	**1,084,577**	**6,672**	**3,865,709**	4,446,254
EXCESS OF REVENUE OVER EXPENDITURES	**$ 418,476**	**$ 66,932**	**$ 1,837,708**	**$ 467,146**	**$ 2,790,261**	$ 2,561,741

See accompanying notes to the financial statements