Consolidated Financial Statements of

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Years ended March 31, 2013 and March 31, 2012

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Index to Consolidated Financial Statements and Schedules

Year ended March 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Governors of The Cambrian College of Applied Arts and Technology

We have audited the accompanying consolidated financial statements of The Cambrian College of Applied Arts and Technology, which comprise the consolidated statement of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the consolidated statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, the consolidated statement of remeasurement gains and losses for the year ended March 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Cambrian College of Applied Arts and Technology as at March 31, 2013, March 31, 2012 and April 1, 2011, its consolidated results of operations, consolidated changes in net assets and its consolidated cash flows for the years ended March 31, 2013 and March 31, 2012 and the consolidated remeasurement gains and losses for the year ended March 31, 2013 in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 13, 2013
Sudbury, Canada

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

		March 31, 2013	March 31, 2012	April 1, 2011
Assets				
Current assets:				
Cash and deposit receipts	$	15,758,628	19,114,004	23,979,346
Investments (note 5)		5,395,303	9,712,505	5,232,145
Accounts receivable (note 17a))		3,444,229	3,836,905	3,856,753
Grants receivable		4,893,852	3,781,236	2,636,910
Prepayments and inventories		356,930	447,264	582,496
Current portion of receivables (notes 3 and 4)		139,893	227,173	237,881
		29,988,835	37,119,087	36,525,531
Student Centre receivable (note 3)		2,483,722	2,580,791	2,672,574
Student Centre interest rate swaps		639,259	624,944	346,400
Note receivable (note 4)		-	53,693	179,610
Investments (note 5)		-	-	4,569,073
Capital assets (note 6)		73,018,527	75,732,667	76,392,999
	$	106,130,343	116,111,182	120,686,187
Liabilities, Deferred Contributions and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 7)	$	6,066,892	6,090,630	8,932,734
Current portion of long-term debt (note 9)		1,487,264	8,484,871	1,418,494
Current portion of employment-related obligations (note 8)		3,190,467	3,362,802	3,247,143
Deferred contributions (note 10)		7,910,448	7,595,278	8,571,568
		18,655,071	25,533,581	22,169,939
Employment-related obligations (note 8)		3,058,031	3,257,030	3,594,157
Long-term debt (note 9)		20,987,698	22,478,202	30,964,896
Deferred capital contributions (note 11)		44,787,832	47,859,027	49,207,293
Interest rate swaps (note 9)		1,610,728	1,694,021	1,149,527
Net assets:				
Unrestricted (deficit)		2,353,452	736,010	(2,824,619)
Capital (note 12)		7,756,151	7,986,817	7,949,948
Restricted and endowed (note 13)		6,785,058	6,566,494	8,475,046
		16,894,661	15,289,321	13,600,375
Accumulated remeasurement gains		136,322	-	-
		17,030,983	15,289,321	13,600,375
Commitments and contingencies (note 15)				
	$	106,130,343	116,111,182	120,686,187

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_______________ Chair, Board of Governors

_______________ President

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Years ended March 31, 2013 and March 31, 2012

		2013	2012
Revenue (Schedule):			
Grants and reimbursements	$	43,840,686	46,358,381
Tuition fees		16,180,836	14,066,579
Business development		6,169,135	6,099,127
Other		8,419,577	7,320,913
Restricted		1,031,363	2,639,235
Investment		64,779	187,574
Amortization of deferred capital contributions (note 11)		2,848,064	2,665,097
		78,554,440	79,336,906
Expenses (Schedule):			
Academic		30,924,667	30,811,963
Administration		14,277,946	11,884,010
Special projects		8,675,516	9,445,302
Physical resources		6,851,963	6,759,651
Student services		6,052,376	6,048,329
Business development		4,141,925	5,000,684
Amortization of capital assets		4,408,726	4,287,985
Restricted		763,540	2,675,922
Other		1,223,775	689,632
Change in value of interest rate swaps		-	265,950
Provision for employment-related obligations		(371,334)	(221,468)
		76,949,100	77,647,960
Excess of revenue over expenses	$	1,605,340	1,688,946

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Years ended March 31, 2013 and March 31, 2012

		March 31, 2013						
		Unrestricted						
		Operating	Employment related	Interest Rate Swaps	Total Unrestricted	Capital	Restricted & Endowed (note 12)	Total
Net assets, beginning of year	$	8,424,919	(6,619,832)	(1,069,077)	736,010	7,986,817	6,566,494	15,289,321
Excess (deficiency) of revenue over expenses		2,634,886	371,334	-	3,006,220	(1,668,702)	267,822	1,605,340
Net change in investment in capital assets		(1,438,036)	-	-	(1,438,036)	1,438,036	-	-
Interfund transfers		49,258	-	-	49,258	-	(49,258)	-
Net assets, end of the year	$	9,671,027	(6,248,498)	(1,069,077)	2,353,452	7,756,151	6,785,058	16,894,661

		March 31, 2012						
		Unrestricted						
		Operating	Employment related	Interest Rate Swaps	Total Unrestricted	Capital	Restricted & Endowed (note 12)	Total
Net assets, April 1, 2011 (note 2a))	$	4,819,808	(6,841,300)	(803,127)	(2,824,619)	7,949,948	8,475,046	13,600,375
Excess (deficiency) of revenue over expenses		3,411,028	221,468	(265,950)	3,366,546	(1,640,913)	(36,687)	1,688,946
Net change in investment in capital assets		(1,665,917)	-	-	(1,665,917)	1,677,782	(11,865)	-
Interfund transfers (note 13)		1,860,000	-	-	1,860,000	-	(1,860,000)	-
Net assets, end of the year	$	8,424,919	(6,619,832)	(1,069,077)	736,010	7,986,817	6,566,494	15,289,321

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Years ended March 31, 2013 and March 31, 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 1,605,340	1,688,946
Adjustments for:		
Amortization of deferred capital contributions	(2,848,064)	(2,665,097)
Amortization of capital assets	4,408,726	4,287,985
Provision for employment-related obligations	(371,334)	(221,468)
Change in value of interest rate swaps	-	265,950
	2,794,668	3,356,316
Changes in non-cash working capital (note 16)	(338,174)	(4,807,640)
	2,456,494	(1,451,324)
Financing activities:		
Repayment of long-term debt	(8,488,111)	(1,420,317)
Investing activities:		
Change in investments	4,355,916	88,713
Decrease in note receivable	145,881	140,906
Decrease in Student Centre receivable	92,161	87,502
	4,593,958	317,121
Capital activities:		
Purchase of capital assets	(1,694,586)	(3,627,653)
Deferred capital contributions received	1,040,644	1,566,831
Deferred capital contributions transferred to other funds	(1,263,775)	(250,000)
	(1,917,717)	(2,310,822)
Decrease in cash	(3,355,376)	(4,865,342)
Cash and deposit receipts, beginning of year	19,114,004	23,979,346
Cash and deposit receipts, end of year	$ 15,758,628	19,114,004

See accompanying notes to consolidated financial statements.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2013

Accumulated remeasurement gains and losses at beginning of year	$	-
Unrealized gains attributable to:		
Fixed income		(38,714)
Derivative - interest rate swap		(97,608)
Net remeasurement gains for the year		(136,322)
Accumulated remeasurement gains at end of year	$	(136,322)

See accompanying notes to consolidated financial statements.

Cambrian College of Applied Arts and Technology (the "College") is an Ontario College established as a Community College under The Department of Education Act of the Province of Ontario. The College is a registered charity and is exempt from income taxes under the Income Tax Act.

On April 1, 2012, the College adopted Canadian Public Sector Accounting Standards. The College has also elected to apply the 4200 standards for government not-for-profit organizations. These are the first financial statements prepared in accordance with these public sector accounting standards.

In accordance with the transitional provisions in Public Sector Accounting Standards, the College has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying public sector accounting standards.

A summary of transitional adjustments recorded to net assets and excess of revenue over expenses is provided in note 2.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the unrestricted fund, capital fund and restricted and endowed funds and include the activities of the Cambrian College of Applied Arts and Technology and Cambrian College Foundation.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

(b) Revenue recognition:

i) Contributions are accounted for under the deferral method of accounting as follows:

Operating grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued.

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

Externally restricted contributions other than endowment contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at rates corresponding to those of the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

ii) Tuition fees are recognized as revenue over the teaching days which occur during the fiscal year.

1. Significant accounting policies (continued):

(c) Capital assets:

Capital asset purchases are recorded at cost. Property and equipment which are donated are recorded at their fair market value at the date of acquisition. When a capital asset no longer contributes to the College's ability to provide services, it is written down to its residual value. Amortization of capital assets is recorded on the straight-line basis at the following annual rates:

Buildings	2.5%
Parking lots	10%
Property and equipment	10% - 20%

(d) Employment future benefits:

Vacation entitlements are accrued for as entitlements are earned (note 8).

The College is liable to pay an employee's accumulated sick leave in the event of sickness or injury. The College is liable to pay 50% of an employee's eligible accumulated sick leave credit on termination or retirement.

For the post-employment benefits (continuation of life, medical and dental during LTD), these benefits are accounted for on a terminal basis, in comparison to the non-pension post-retirement benefit which is accounted for on an accrual basis. This means that the liability for the post-employment benefit is accrued only when a LTD claim occurs. For these benefits, the full change in the liability is being recognized immediately as an expense in the year (note 8).

The College is an employer member of the Colleges of Applied Arts and Technology Pension Plan, which is a multi-employer defined benefit pension plan. The College has adopted defined contribution account principles for this Plan because insufficient information is available to apply defined benefit accounting principles (note 14).

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Items subject to such estimates and assumptions include the carrying value of capital assets, valuation allowances for receivables; valuation of derivative financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(f) Financial instruments:

All financial instruments are initially recorded on the consolidated statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value 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 consolidated statement of operations.

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
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

(g) Student organizations:

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

2. Accounting adjustments:

(a) Adjustments to Net Assets:

The following table summarizes the impact of the transition to Canadian Public Sector Accounting Standards on the College's net assets as of April 1, 2011:

Net assets:		
As previously reported under Canadian generally accepted accounting principles, March 31, 2011	$	14,056,396
Public Sector Restatement:		
Transition election to recognize all cumulative actuarial gains and losses on employee future benefits		126,000
Adjustment for change in discount rate used to calculate employee future benefits and compensated absences		178,489
Adjustment to record accumulated but not vested sick leave		(2,013,000)
		(1,708,511)
Other adjustments:		
Collaborative Nursing Restatement (note 18)		1,667,385
Reclassification of restricted student activities		(414,895)
		1,252,490
Net Assets Restated April 1, 2011	$	13,600,375

2. Accounting adjustments (continued):

(a) Adjustments to Net Assets (continued):

In accordance with transitional provisions of Canadian Public Sector Accountant Standards, the College has elected to use the following exemption for employee future benefits:

The College has elected to recognize all cumulative actuarial gains and losses and past services costs in opening net assets.

(i) Amortization of actuarial gains/losses

The College has elected to recognize actuarial gains and losses at the date of transition to Canadian Public Sector Accounting Standards directly in net assets. As a result, the College has recognized a decreased liability and an increase to net assets.

(ii) Discount rate used to calculate employee future benefits

Canadian Public Sector Accounting Standards 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. Prior to Transition to these new standards, the discount rate was 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 to excess of revenue over expenditure as disclosed.

(iii) Accumulated but not vested sick leave:

Canadian Public Sector Accounting Standards requires the recognition of a liability for sick leave benefits that accumulate, but do not vest. As a result, the College has recognized a liability and charge to net assets.

2. Accounting adjustments (continued):

(b) Statement of Operations:

As a result of the above noted elections and the retrospective application of Canadian Public Sector Accounting Standards, the College recorded the following adjustments to excess of revenue over expenses for the year ended March 31, 2012:

Net earnings:	
As previously reported under Canadian generally accepted accounting principles for year ended March 31, 2012	$ 1,374,314
Change in employee future benefit expense as a result of adjustment to record accumulated but not vested sick leave plans	97,000
Change to employee future benefit expense as a result of changing the discount rate used	103,617
Canadian Public Sector Restatement	1,574,931
Collaborative Nursing Restatement (note 18)	110,632
Reclassification of restricted student activities	3,383
Restated net earnings at March 31, 2012	$ 1,688,946

(c) Change in accounting policy:

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

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured at fair value.

There was no opening adjustment required on adoption of this standard.

3. Student Centre receivable:

The Students' Associations have approved annual payments to reimburse the College for the related debt repayment on the Student Centre (note 9).

4. Note receivable:

Pursuant to a Memorandum of Agreement, the promissory note receivable from NORCAT is secured by a General Security Agreement on equipment and other assets. The note is non-interest bearing.

5. Investments:

	Fair Value Hierarchy	March 31, 2013	March 31, 2012	April 1, 2011
Short-term:				
Segregated funds	Level 2	$ –	4,549,473	–
Equity and mutual funds	Level 2	3,929,966	3,347,388	3,244,855
Fixed income securities and fixed income funds	Level 2	1,465,337	1,815,644	1,987,290
		5,395,303	9,712,505	5,232,145
Long-term segregated funds	Level 2	–	–	4,569,073
		$ 5,395,303	9,712,505	9,801,218

By Board resolution, the segregated funds investment was used towards retiring the loan payable to the Canada Pension Plan (note 9).

6. Capital assets:

March 31, 2013	Cost	Accumulated Amortization	Net book Value
Land	$ 159,066	–	159,066
Buildings	81,198,133	35,539,066	45,659,067
Parking lots	1,489,289	899,160	590,129
Property and equipment	13,261,536	6,959,551	6,301,985
Assets held for resale	28,347,460	8,039,180	20,308,280
	$ 124,455,484	51,436,957	73,018,527

March 31, 2012	Cost	Accumulated Amortization	Net book Value
Land	$ 159,066	–	159,066
Buildings	80,401,202	33,521,839	46,879,363
Parking lots	1,228,754	780,260	448,494
Property and equipment	13,608,831	6,381,928	7,226,903
Assets held for resale	28,347,460	7,328,619	21,018,841
	$ 123,745,313	48,012,646	75,732,667

April 1, 2011	Cost	Accumulated Amortization	Net book Value
Land	$ 159,066	–	159,066
Buildings	100,870,567	38,210,916	62,659,651
Parking lots	1,222,865	679,223	543,642
Property and equipment	14,142,548	5,572,503	8,570,045
Construction in progress	4,460,595	–	4,460,595
	$ 120,855,641	44,462,642	76,392,999

The assets held for resale include the student residences and related parking facilities and are stated at net book value.

7. Accounts payable and accrued liabilities:

	March 31, 2013	March 31, 2012	April 1, 2011
Accounts payable and accrued liabilities	$ 3,161,068	2,760,680	6,077,269
Accrued salaries, wages and benefits	2,905,824	3,329,950	2,855,465
	$ 6,066,892	6,090,630	8,932,734

8. Employment related obligations:

	March 31, 2013	March 31, 2012	April 1, 2011
Current portion:			
Vacation	$ 3,099,821	3,167,299	3,151,074
Maternity top-up	90,646	195,503	96,069
	3,190,467	3,362,802	3,247,143
WSIB	154,031	154,030	197,157
Non-pension post-employment benefits	675,000	692,000	693,000
Sick leave benefits - vested	387,000	495,000	691,000
- non-vested	1,842,000	1,916,000	2,013,000
	3,058,031	3,257,030	3,594,157
	$ 6,248,498	6,619,832	6,841,300

Vacation

The accrual for vacation represents the liability for earned but unpaid vacation entitlements.

Employee Future Benefits

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 independent actuaries on behalf of the College System as a whole.

8. Employee future benefits (continued):

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 independent actuaries on behalf of the College System as a whole.

Other employee future benefits:

The College maintains defined benefit and defined contribution plans providing other retirement and employee future benefits to most of its employees.

The costs of other post-employment benefits (including medical benefits, dental care, life insurance, and certain compensated absences) related to the employees' current service is charged to income annually. The cost is computed on an actuarial basis using the projected benefit method estimating the usage frequency and cost of services covered and management's best estimates of investment yields, salary escalation, and other factors. Plan assets are valued at fair value for purposes of calculating the expected return on plan assets.

The fair values of plan assets and accrued benefit obligations were determined by independent actuaries on behalf of the College System as a whole as at March 1, 2011.

The accrued benefit obligations accrued at March 31, 2013 amounted to $3,040,000 (2012 - $3,332,000). The net unamortized actuarial loss is $42,000 (2012 - $119,000). Benefit plan interest and current service (costs) gain recorded in the year were $191,000 (2012 - $206,000) and the amortization of actuarial gain of $16,000 (2012 - $Nil). The benefits paid out in the year were $415,000 (2012 - $532,000). These amounts represent the results of the actuarial valuation completed in March 2011.

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation include a discount rate of 2.1% (2012 - 2.25%). The average retirement age in the College System is assumed to be 63 and the liability has been recalculated as a result of a separation of the benefit pool for retirees and those on long-term disability from active employees.

8. Employee future benefits (continued):

For measurement purpose, the annual rate of increase in the per capita cost of covered health care benefits was assumed as follows:

	Other benefit plans
Drug	10.5% (grading to 4.5% in 2026)
Hospital	4.5%
Other medical	4.5%
Dental	4.5%

9. Long-term debt:

		March 31, 2013	March 31, 2012	April 1, 2011
Ontario Financing Authority	- Parking	$ 237,008	275,074	311,356
	- Residence	10,107,526	10,474,375	10,822,466
	- Chiller	2,140,614	2,421,712	2,693,372
Mortgage payable - residence		-	7,000,000	7,000,000
Bankers acceptances	- residence	4,960,257	5,301,788	5,626,242
	- hydro retrofit	213,777	487,488	749,235
	- Student Centre	2,580,792	2,672,954	2,760,456
NORCAT		2,234,988	2,329,682	2,420,263
		22,474,962	30,963,073	32,383,390
Less: current portion		1,487,264	8,484,871	1,418,494
		$ 20,987,698	22,478,202	30,964,896

The College has entered into an unsecured loan agreement with the Ontario Financing Authority for the residence, Chiller and parking lot renovations. The parking lot loan bears interest at a fixed rate of 4.81% and is payable in blended monthly payments of $4,206 with the final payment due on July 31, 2018. The residence loan bears interest at a fixed rate of 5.26%, and is repayable in blended monthly payments of $75,753 with the final payment due on December 31, 2029. The Chiller loan bears interest at a fixed rate of 4.814%, and is payable in blended monthly payments of $29,961 with the final payment due on November 9, 2019.

The mortgage for the residence was payable to the Canada Pension Plan, and was repaid on June 15th, 2012.

9. Long-term debt (continued):

The banker acceptances were advanced under variable rate credit facilities in the principal face amounts of $2.276 and $2.690 million for the residence and $.214 and $2.580 million for the energy asset retrofit and Student Centre. Interest rates are adjusted monthly and were 1.2% - 1.49% plus stamping fees on March 31, 2013. The facilities are secured by a general security agreement. The Students' Associations are responsible to reimburse the College for the debt repayments on the Student Centre (note 3).

The College has entered into interest rate derivative agreements to manage the volatility of interest rates. The College converted floating rate debt for fixed rate debt at 4.39% to 5.74%.

The College has renegotiated the unsecured NORCAT balance with interest at 4.39%, payable in blended monthly payments of $16,371 maturing October 2030.

Under the existing terms and rates, principal due in each of the next five years is approximately as follows:

2013	$ 1,487,264
2014	1,338,058
2015	1,402,678
2016	1,471,448
2017	1,543,479

10. Deferred contributions:

Details of the continuity of these funds are as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Balance, beginning of year	$ 7,595,278	8,571,568	7,490,431
Additional contributions received	17,655,975	17,240,346	18,310,448
Amounts taken to revenue	(17,340,805)	(18,216,636)	(17,229,311)
Balance, end of year	$ 7,910,448	7,595,278	8,571,568

11. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of donations and grants received for capital asset acquisitions. Details of the continuity of these funds are as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Balance, beginning of year	$ 47,859,027	49,207,293	44,273,981
Additional contributions received	1,040,644	1,566,831	7,630,578
Amounts amortized to revenue	(2,848,064)	(2,665,097)	(2,568,825)
Transfer to other funds	(1,263,775)	(250,000)	(128,441)
Balance, end of year	$ 44,787,832	47,859,027	49,207,293

The balance of unamortized and unspent funds consists of the following:

	March 31, 2013	March 31, 2012	April 1, 2011
Unamortized deferred contributions	$ 42,852,551	44,048,117	43,432,729
Unspent contributions	1,935,281	3,810,910	5,774,564
Balance, end of year	$ 44,787,832	47,859,027	49,207,293

12. Capital net assets:

Capital net assets are calculated as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Capital assets	$ 73,018,527	75,732,667	76,392,999
Amounts financed by:			
Deferred capital contributions - unamortized	(42,852,551)	(44,048,117)	(43,432,729)
Long-term liabilities, net of sinking-fund investment and student receivable	(19,894,170)	(23,740,647)	(25,053,862)
Other capital assets, liabilities, and inter-fund borrowing, net	(2,515,655)	42,914	43,540
	$ 7,756,151	7,986,817	7,949,948

At March 31, 2013, an amount of $2,560,579 is owing from the operating fund to the capital fund. This debt has no specific terms of repayment and is non-interest bearing.

13. Restricted and endowed net assets:

Details of restricted net assets are as follows:

	March 31, 2012 Balance, beginning of year	Additions /Transfers	Disbursements	March 31, 2013 Balance, end of year
Infrastructure appropriation	$ 307,267	–	(60,157)	247,110
Student activities fund	30,649	39,605	(57,186)	13,069
Conferences and external projects	299,257	83,039	(88,171)	294,125
Endowment and restricted funds	5,929,321	859,460	(558,027)	6,230,754
	$ 6,566,494	982,104	(763,541)	6,785,058

	March 31, 2011 Balance, beginning of year	Additions /Transfers	Disbursements	March 31, 2012 Balance, end of year
Infrastructure appropriation	$ 1,615,870	(1,200,000)	(108,603)	307,267
Student activities fund	22,932	1,017,026	(1,009,309)	30,649
Conferences and external projects	243,901	164,110	(108,754)	299,257
Endowment and restricted funds	5,932,343	1,458,099	(1,461,122)	5,929,321
Marketing and Professional Development	660,000	–	(660,000)	–
	$ 8,475,046	1,439,235	(3,347,788)	6,566,494

14. Pension plan:

Substantially all of the employees of the College are members of the Colleges of Applied Arts and Technology ("CAAT") Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the CAAT. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the highest five consecutive years prior to retirement, termination or death. 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.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy.

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 asset and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2012 indicated an actuarial surplus of $154 million.

Under these arrangements, the College makes contributions equal to those of the employees. Contributions made by the College during the year amounted to approximately $4,147,068 (2012 - $3,783,202).

15. Commitments and contingencies:

(a) The College has entered into agreements to lease equipment. The equipment leases have options whereby the College is able to purchase the equipment at the end of the lease or to return the equipment to the lessor. The total annual minimum lease payments to maturity are approximately as follows:

2013	$ 337,268
2014	193,520
2015	122,230
2016	16,023
2017	–
	$ 669,041

(b) The College is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

(c) Under its credit agreement with the Royal Bank of Canada, the College has a $2 million unutilized operating line facility, bearing interest at the bank's prime rate less 0.75% per annum.

16. Changes in non-cash working capital:

	2013	2012
Cash provided by (used in):		
Decrease in accounts receivable	$ 392,676	19,848
Increase in grants receivable	(1,112,616)	(1,144,326)
Decrease in prepayment and inventories	90,334	135,232
Decrease in accounts payable and accrued liabilities	(23,738)	(2,842,104)
Decrease (increase) in deferred contributions	315,170	(976,290)
	$ (338,174)	(4,807,640)

17. Financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The College is exposed to this risk relating to its cash 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 $300,000 (2012 - $300,000).

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. Investments are outlined in Note 5.

Included in accounts receivable are student receivables in the amount of $1,113,868 of which 72% is over 60 days. All other accounts receivables and long-term receivables are current. An amount of $314,168 has been provided for an impairment allowance.

Student receivables not impaired are collectible based on the College's assessment and past experience regarding collection rates.

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

(b) 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, the investment managers 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.

17. Financial instruments (continued):

(c) 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 does not have any material transactions or financial instruments denominated in foreign currencies.

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.

(d) Interest rate risk:

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

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

The College mitigates interest rate risk on its term debt through derivative financial instrument (interest rate swaps) that exchanges the variable rate inherent in the term debt for a fixed rate (see note 9). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College's bank loans of $224,750 and a $25,808 impact on interest income related to the College's long-term receivable.

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.

(e) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio.

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.

17. Financial instruments (continued):

(f) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

Accounts payable are all current and the terms of the long-term debt are disclosed in note 9.

Derivative financial liabilities mature as described in note 9.

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

18. Collaborative nursing restatement of prior year:

During the year ended March 31, 2013, the College become aware that prior to fiscal 2012 the Province of Ontario had changed its policy for funding the Collaborative Nursing Program and the revenue recognition policy should have been changed to record revenue in the year the student is educated, not in the period the funding is received. The impact of the correction in revenue recognized has been recorded retrospectively and the cumulative effect up to March 31, 2012 has been recorded as a $2,032,020 increase of accounts receivable, a $1,778,017 increase in net assets, $254,003 increase of deferred contributions, and $110,632 increase in excess of revenue over expenses for the year ended March 31, 2012. The impact of the correction as at April 1, 2011 was a $ 1,905,583 increase in accounts receivable, $238,198 increase in deferred contributions and an increase of $1,667,385 in net assets.

19. Comparative figures:

Certain 2012 comparative figures have been reclassified to conform with the presentation adopted in 2013.

THE CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule - Consolidated Analysis of Revenue Summary

Years ended March 31, 2013 and March 31, 2012

		2013	2012
Grants and reimbursements:			
MTCU:			
Operating	$	24,375,625	26,319,043
Specific purpose		11,336,314	11,055,551
Other		6,789,184	7,488,864
Other funding sources		295,614	619,378
Federal government - other		882,331	615,407
Ontario government grants - other		161,618	260,138
	$	43,840,686	46,358,381
Tuition fees:			
Full-time	$	13,079,662	11,919,592
Part-time		3,101,174	2,146,987
	$	16,180,836	14,066,579
Business Development:			
Residence	$	4,181,278	4,143,851
Parking		915,068	854,369
Records Centre		309,420	308,138
Other		178,187	264,353
Print Shop		157,452	145,411
Hospitality/conference planning		226,871	359,672
Rentals		200,859	23,333
	$	6,169,135	6,099,127
Other revenue:			
Miscellaneous	$	2,217,460	1,990,824
Other tuition related fees		2,423,442	2,142,288
International programs		2,965,903	2,057,634
Contract training/Enterprise Centre		812,772	1,130,167
	$	8,419,577	7,320,913

See accompanying notes to consolidated financial statements.

CAMBRIAN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Operating Expense by Cost Object

Years ended March 31, 2013 and March 31, 2012

	Academic	Administration	Special Projects	Physical Resources	Student Services	Business Development	Total 2013	Total 2012
Academic salaries	$ 19,152,138	69,591	1,429,364	-	226,385	-	$ 20,877,478	$ 22,224,949
Support salaries	2,285,324	2,475,406	2,396,310	1,619,599	2,315,513	197,543	11,289,695	11,526,002
Fringe benefits	4,753,436	1,386,457	1,013,411	552,868	898,202	143,426	8,747,800	8,460,486
Administration salaries	1,544,051	3,438,557	1,019,130	580,508	1,063,097	385,505	8,030,848	7,150,087
Contracted services	364,482	1,611,597	557,560	1,014,787	293,574	1,601,997	5,443,997	3,981,005
Utilities and services	-	-	7,300	1,703,078	-	7,025	1,717,403	1,878,554
Interest on long-term debt	-	101,755	-	94,661	-	958,913	1,155,329	1,796,988
Instructional supplies and development	1,029,395	712,143	251,449	108	187,524	540	2,181,159	1,780,624
Supplies and other	85,816	592,788	135,957	61,575	183,628	-	1,059,764	1,553,092
Promotion and public relations	204,840	540,182	260,257	-	186,828	28,794	1,220,901	1,112,722
Equipment maintenance	98,639	698,975	73,359	330,259	10,712	1,930	1,213,874	882,163
Information technology	55,982	618,058	6,144	2,873	-	-	683,057	848,692
Professional fees	50,264	298,353	23,421	11,272	-	194,510	577,820	729,753
Travel	203,600	101,582	367,812	6,874	33,264	8,687	721,819	714,502
Stipends and allowances	-	-	487,688	-	-	-	487,688	703,546
Rentals	19,542	-	211,048	-	-	307,227	537,817	644,061
Facilities maintenance	-	200,957	-	528,911	31,256	124,740	885,864	579,107
Clinical and field work	790,989	-	-	-	1,619	-	792,608	522,673
Bursaries	29,161	496,466	2,000	-	460,378	-	988,005	509,165
Professional development	15,572	207,079	275,864	14,168	11,967	9,962	534,612	456,898
Special events	41,515	156,871	110,520	6,516	120,714	3,063	439,199	455,603
Insurance	49,291	270,934	-	-	-	-	320,225	350,000
Municipal taxation	-	-	-	306,375	-	-	306,375	323,626
Cost of sales	-	-	-	12,921	-	157,571	170,492	298,178
Printing and duplicating	133,057	44,807	26,051	-	20,279	2,694	226,888	258,140
Telecommunications	11,774	189,143	18,077	4,610	7,436	7,471	238,511	135,967
Fees and memberships	5,799	66,245	2,794	-	-	327	75,165	73,356
	$ 30,924,667	14,277,946	8,675,516	6,851,963	6,052,376	4,141,925	70,924,393	69,949,939

See accompanying notes to consolidated financial statements.