CANADORE COLLEGE
OF APPLIED ARTS AND TECHNOLOGY

Financial Statements

For the year ended March 31, 2014

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Financial Statements
For the year ended March 31, 2014

Independent Auditor's Report

To the Board of Governors of Canadore College of Applied Arts and Technology

We have audited the accompanying financial statements of Canadore College of Applied Arts and Technology, which comprise the statement of financial position as at March 31, 2014, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud 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 Canadore College of Applied Arts and Technology as at March 31, 2014 and the results of its changes in net assets, operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario
May 20, 2014

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Financial Position

March 31		2014		2013
Assets				(as restated, see note 19)
Current				
Cash and cash equivalents	$	1,614,300	$	931,539
Grants and accounts receivable (note 4)		5,873,446		5,613,844
Prepaid expenses		362,297		394,658
		7,850,043		6,940,041
Restricted cash and investments (note 2)		5,654,831		5,015,909
Other receivables (note 5)		489,459		489,459
Capital assets (note 6)		59,541,509		59,400,848
	$	**73,535,842**	**$**	**71,846,257**
Liabilities				
Current				
Operating loan (note 3)	$	2,764,636	$	490,924
Accounts payable and accrued liabilities		6,782,225		6,306,200
Deferred revenue (note 7)		1,941,515		2,087,186
Vacation pay		2,458,271		2,499,010
Current portion of long-term debt (note 8)		6,021,003		1,081,193
Current portion of obligations under capital lease (note 9)		145,794		261,067
		20,113,444		**12,725,580**
Long term debt (note 8)		6,538,865		12,589,867
Obligations under capital lease (note 9)		109,337		247,768
Post-employment benefits and compensated absences (note 10)		2,530,884		2,621,855
Deferred contributions (note 11)		588,996		530,197
Deferred capital contributions (note 12)		41,328,046		40,893,470
		51,096,128		**56,883,157**
Net Assets				
Unrestricted (deficiency)				
Operating		(8,741,455)		(7,862,842)
Post-employment benefits and compensated absences		(2,530,884)		(2,621,855)
Vacation pay		(2,458,271)		(2,499,010)
		(13,730,610)		(12,983,707)
Invested in capital assets (note 14)		10,914,963		10,205,318
Externally restricted (note 13)		5,141,917		5,015,909
		2,326,270		**2,237,520**
	$	**73,535,842**	**$**	**71,846,257**

Commitments (note 15)
Contingencies (note 16)

On behalf of the Board:

______________________________ Chair

______________________________ President

The accompanying notes are an integral part of these financial statements.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Changes in Net Assets

March 31, 2014	Unrestricted	Invested in Capital Assets	Externally Restricted	Total
Net assets (deficiency), beginning of year	$ (12,983,707)	$ 10,205,318	$ 5,015,909	$ 2,237,520
Endowments received during the year	-	-	126,008	126,008
Excess (deficiency) of revenues over expenses	1,658,771	(1,696,029)	-	(37,258)
Inter fund transfer (note 14)	(2,405,674)	2,405,674	-	-
Net assets (deficiency), end of year	**$ (13,730,610)**	**$ 10,914,963**	**$ 5,141,917**	**$ 2,326,270**

March 31, 2013	Unrestricted	Invested in Capital Assets	Externally Restricted	Total
				(as restated, see note 19)
Net assets (deficiency), beginning of year	$ (13,381,498)	$ 9,710,502	$ 4,897,905	$ 1,226,909
Prior period adjustment (note 19)	1,162,768	-	-	1,162,768
Net assets (deficiency), as restated	(12,218,730)	9,710,502	4,897,905	2,389,677
Endowments received during the year	-	-	118,004	118,004
Excess (deficiency) of revenues over expenses	1,694,247	(1,964,408)	-	(270,161)
Inter fund transfer (note 14)	(2,459,224)	2,459,224	-	-
Net assets (deficiency), end of year	**$ (12,983,707)**	**$ 10,205,318**	**$ 5,015,909**	**$ 2,237,520**

The accompanying notes are an integral part of these financial statements.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Operations

For the year ended March 31		2014		2013
				(as restated, see note 19)
Revenues				
Grants and reimbursements	$	29,268,658	$	29,894,374
Student fees		12,947,238		12,251,690
Other		7,702,233		6,906,925
Ancillary		3,380,128		3,261,058
Amortization of deferred capital contibutions		2,574,130		2,461,120
Investment income		171,146		63,642
		56,043,533		54,838,809
Expenses				
Operating:				
Salaries and benefits		33,017,806		34,085,819
Instructional supplies and field work		791,401		813,449
Utilities and plant services		3,310,609		2,704,061
Contracted and professional services		5,960,446		4,859,852
General expenditures and supplies		3,727,869		3,235,377
Information technology, furniture and equipment, purchases and rentals		1,116,078		681,609
Scholarships, bursaries and awards		909,926		889,343
Ancillary		2,726,721		3,207,399
Interest on long-term debt		625,948		513,195
Interest on obligations under capital lease		17,764		153,624
Amortization of capital assets		3,876,223		3,965,242
		56,080,791		55,108,970
Deficiency of revenues over expenses for the year	$	(37,258)	$	(270,161)

The accompanying notes are an integral part of these financial statements.

CANADORE COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Cash Flows

For the years ended March 31	2014	2013
		(as restated, see note 19)
Net inflow (outflow) of cash related to the following activities		
Operating		
Deficiency of revenue over expenses	$ (37,258)	$ (270,161)
Items not involving cash:		
Amoritzation of capital assets	3,876,223	3,965,242
Amortization of deferred capital contributions	(2,574,130)	(2,461,120)
	1,264,835	1,233,961
Accrual for post-employment benefits and compensated absences	(90,971)	(152,165)
Change in non-cash operating working capital:		
Accounts receivable	(259,602)	(170,289)
Prepaid expenses	32,360	(40,145)
Accounts payable and accrued liabilities	476,026	(1,343,716)
Accrual for vacation pay	(40,739)	(226,468)
Deferred revenue	(145,672)	(265,232)
	1,236,237	(964,054)
Financing		
Repayment of long-term debt	(1,111,193)	(3,152,684)
Increase in long-term debt	-	2,400,000
Repayment of obligations under capital lease	(261,960)	(404,870)
Increase in obligation under capital lease	8,257	266,449
Deferred contributions	58,799	182,855
Endowment contributions	126,008	118,004
Increase in operating loan	2,273,712	490,924
	1,093,623	(99,322)
Capital		
Purchase of capital assets	(4,016,883)	(3,066,225)
Contributions received for capital purposes	3,008,706	1,112,538
	(1,008,177)	(1,953,687)
Increase (decrease) in cash and cash equivalents	1,321,683	(3,017,063)
Cash and cash equivalents, beginning of year	5,947,448	8,964,511
Cash and cash equivalents, end of year	$ 7,269,131	$ 5,947,448
Represented by		
Cash and cash equivalents	$ 1,614,300	$ 931,539
Restricted cash and investments	5,654,831	5,015,909
	$ 7,269,131	$ 5,947,448

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Canadore College of Applied Arts and Technology ("Canadore" or the "College"), 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 education to full-time and part-time students.

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

Basis of presentation

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

Revenue recognition

The College follows the deferral method of accounting for contributions, which include donations and government grants. Tuition fees and contact 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, 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 to 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.

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

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 useful life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services or the value of the future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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 and building improvements	40 years
Furniture and equipment	5 years
Computer equipment and computers under capital lease	3-5 years
Equipment	5-10 years

Vacation Pay

The College recognizes vacation pay as an expense on an 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 estimates of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.

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

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

(iv) The discount rate 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

The College has designated its bond portfolio that would otherwise be classified into the amortized cost category as fair value as the College manages and reports performance of it on a fair value basis.

The bond portfolio is initially recognized at cost and subsequently carried at fair value. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Amortized cost

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

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

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

Management Estimates

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

2. FINANCIAL INSTRUMENT CLASSIFICATION

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

	2014		
	Fair Value	Amortized Cost	Total
Cash and cash equivablents	$ 1,614,300		$ 1,614,300
Grants and accounts receivable	-	5,873,446	5,873,446
Restricted cash and investments	5,654,831	-	5,654,831
Operating loan	2,764,636	-	2,764,636
Accounts payable and accrued liabilities	-	6,782,225	6,782,225
Vacation pay	-	2,458,271	2,458,271
Long-term debt		12,559,868	12,559,868
Obligations under capital lease	-	255,131	255,131
	$ 10,033,767	$ 27,928,941	$ 37,962,708

2. FINANCIAL INSTRUMENT CLASSIFICATION (continue)

	2013		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	$ 931,539	$ -	$ 931,539
Grants and accounts receivable	-	5,613,844	5,613,844
Restricted cash and investments	5,015,909	-	5,015,909
Operating loan	490,924	-	490,924
Accounts payable and accrued liabilities	-	6,306,200	6,306,200
Vacation pay	-	2,499,010	2,499,010
Long-term debt		13,671,060	13,671,060
Obligations under capital lease	-	508,835	508,835
	$ 6,438,372	$ 28,598,949	$ 35,037,321

Maturity profile of guaranteed investment certificates and bonds held is as follows:

	2014				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 Years	Total
Carrying value	$ 1,288,567	$ 1,492,067	$ 1,085,617	$ 314,488	$ 4,180,739
Percent of total	31%	36%	26%	8%	

	2013				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 Years	Total
Carrying value	$ 1,282,036	$ 1,685,138	$ 608,280	$ -	$ 3,575,454
Percent of total	36%	47%	17%	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).

2. FINANCIAL INSTRUMENT CLASSIFICATION (continued)

		2014			
		Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents		$ 1,614,300	$ -	$ -	$ 1,614,300
Restricted cash and investments	i)	5,654,831	-	-	5,654,831
		$ 7,269,131	$ -	$ -	$ 7,269,131

		2013			
		Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents		$ 931,539	$ -	$ -	$ 931,539
Restricted cash and investments	i)	5,015,909	-	-	5,015,909
		$ 5,947,448	$ -	$ -	$ 5,947,448

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

i) Included in restricted cash and investments is $4,180,739 (2013 - $3,293,534) in bonds and $1,474,092 (2013 - $1,722,375) in interest bearing accounts with interest rates ranging from 2.1% to 10.5% (2013 – 0.8% to 10.5%) with maturities ranging from June 2, 2014 to May 19, 2036 (2013 – April 2, 2013 to February 7, 2022).

3. CREDIT FACILITY AGREEMENT

The College has an operating loan under a credit facility agreement with a Canadian chartered bank. The maximum draw permitted under this agreement is $3,000,000 with a temporary increase to $5,000,000 until June 30, 2014 and then back to $3,000,000 thereafter with an interest rate of prime less 0.75%. At March 31, 2014, the outstanding balance under this credit facility agreement was $2,764,636 (2013 - $490,924).

4. GRANTS AND ACCOUNTS RECEIVABLE

	2014	**2013**
Government grants receivable	$ 3,928,990	$ 3,439,049
Student receivable	830,577	1,258,950
Harmonized Sales Tax receivable	180,108	289,128
Other accounts receivable	897,914	585,526
Accrued interest receivable	35,857	41,191
	$ 5,873,446	$ 5,613,844

5. OTHER RECEIVABLES

The College, in conjunction with Nipissing University, entered into an agreement with the Corporation of the City of North Bay whereby the City would construct sewer and water services on behalf of the Education Centre. Project funding was provided by the Northern Ontario Heritage Fund Corporation and is repayable when the funds are received from the City of North Bay (see note 8).

As at March 31, the following amounts remained outstanding:

	2014	2013
Accounts receivable from City of North Bay repayable from future lot levies for water and sewer connections	$ 489,459	$ 489,459

6. CAPITAL ASSETS

	2014		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 2,401,279	$ -	$ 2,401,279
Buildings	86,900,234	37,101,488	49,798,746
Furniture and equipment	21,802,663	19,466,355	2,336,308
Computer equipment	6,647,576	6,092,688	554,888
Computers under capital lease	2,149,949	1,977,349	172,600
Equipment	8,821,325	4,543,637	4,277,688
	$ 128,723,026	**$ 69,181,517**	**$ 59,541,509**

	2013		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 2,401,279	$ -	$ 2,401,279
Buildings	85,838,772	35,273,134	50,565,638
Furniture and equipment	22,402,510	19,913,075	2,489,435
Computer equipment	6,864,501	6,273,920	590,581
Computers under capital lease	2,915,812	2,495,475	420,337
Equipment	6,935,289	4,001,711	2,933,578
	$ 127,358,163	**$ 67,957,315**	**$ 59,400,848**

7. DEFERRED REVENUE

	2014	2013
Advanced tuition fees	$ 787,190	$ 798,756
Alumni Association	115,107	67,476
Student Athletics	43,237	97,729
Grants and other	995,981	1,123,225
	$ 1,941,515	**$ 2,087,186**

8. LONG-TERM DEBT

	2014	2013
Student Residence		
7.25% Mortgage, payable in semi-annual installments $48,479 including principal and interest, maturing January 1, 2023	$ 632,853	$ 681,281
7.5% Mortgage, payable in semi-annual installments of $5,554 including principal and interest, maturing January 1, 2023	71,758	77,177
5.42% Mortgage, payable in monthly installments of $42,406, inlcuding principle and interest, maturing October 27, 2014	5,413,740	5,622,999
3.477% Mortgage payable in semi-annual installments of $116,263 inlcuding principle and interest, maturing November 10, 2026	2,415,389	2,560,147
3.222% Mortgage payable in semi-annual installments of $63,446 inlcuding principle and interest, maturing July 5, 2027	1,380,248	1,460,719
Capital Financing		
2.7% Fixed rate term loan, payable in monthly installments of $16,667 including principal and interest, matured March 15, 2014	-	197,102
2.71% Fixed rate term loan, payable in semi-annual installments of $86,125 including principal and interest, maturing March 28, 2022	1,231,403	1,367,509
2.4% Fixed rate term loan, payable in monthly installments of $15,934 including principal and interest, maturing December 12, 2017	685,018	857,517
Aviation Campus Construction Loan		
2.1% Fixed rate term loan, payable in semi-annual installments of $10,973 including principal and interest, matured December 12, 2013	-	87,150
Parry Sound Campus Forgivable Mortgage		
Interest free mortgage, reduced without payment, by 10% of the original principal per year for each year of operation of the Parry Sound Campus	240,000	270,000
Infrastructure Upgrades		
Interest free incentive term-loan payable to Northern Ontario Heritage Fund Corporation to be repaid from proceeds received from the City of North Bay for future lot levies for water and sewer connections (see note 5)	489,459	489,459
	12,559,868	13,671,060
Current portion of long-term debt	6,021,003	1,081,193
	$ 6,538,865	$ 12,589,867

8. LONG-TERM DEBT (continued)

Principal due within each of the next five years and thereafter on long-term debt is as follows:

2015	$	6,021,003
2016		627,606
2017		648,747
2018		622,826
2019		499,091
Thereafter		4,140,595
	$	12,559,868

9. OBLIGATIONS UNDER CAPITAL LEASE

The College has entered into various three to five year capital leases for equipment with effective interest rates in the range of 5% and future minimum lease payments as follows:

		2014		2013
Year ending March 31:				
2014	$	-	$	278,740
2015		155,090		153,060
2016		69,695		67,665
2017		26,542		24,937
2018		19,287		17,930
2019		1,356		-
2020		968		-
		272,938		542,332
Less amounts representing interest		17,807		33,497
		255,131		508,835
Less amounts due within one year included in current liabilities		145,794		261,067
	$	109,337	$	247,768

Obligations under capital lease are secured by certain equipment.

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

The following table outlines the components of the College's post-employment benefits and compensated absences liabilities and related expenses:

	2014				
	Post-employment benefits	**Non-vested sick leave**	**Vested sick leave**	**Parental leave**	**Total liability**
Accrued employee future benefits obligation	$ 443,000	$ 1,180,000	$ 22,000	$ 40,884	$ 1,685,884
Value of plan assets	(65,000)	-	-	-	(65,000)
Unamortized actuarial losses	128,000	583,000	199,000	-	910,000
Total liability	$ 506,000	$ 1,763,000	$ 221,000	$ 40,884	$ 2,530,884

	2013				
	Post-employment benefits	**Non-vested sick leave**	**Vested sick leave**	**Parental leave**	**Total liability**
Accrued employee future benefits obligation	$ 642,000	$ 1,838,000	$ 223,000	$ 24,855	$ 2,727,855
Value of plan assets	(67,000)	-	-	-	(67,000)
Unamortized actuarial losses	(23,000)	(18,000)	2,000	-	(39,000)
Total liability	$ 552,000	$ 1,820,000	$ 225,000	$ 24,855	$ 2,621,855

	2014				
	Post-employment benefits	**Non-vested sick leave**	**Vested sick leave**	**Parental leave**	**Total expense**
Current year benefit costs	$ (25,000)	$ 89,000	$ 1,000	$ 16,029	$ 81,029
Interest on accrued benefit obligation	4,000	34,000	-	-	38,000
Amortized actuarial losses	3,000	3,000	-	-	6,000
Total expense	$ (18,000)	$ 126,000	$ 1,000	$ 16,029	$ 125,029

	2013				
	Post-employment benefits	**Non-vested sick leave**	**Vested sick leave**	**Parental leave**	**Total expense**
Current year benefit costs	$ 5,000	$ 102,000	$ 12,000	$ 10,835	$ 129,835
Interest on accrued benefit obligation	6,000	44,000	6,000	-	56,000
Amortized actuarial losses	2,000	10,000	2,000	-	14,000
Total expense	$ 13,000	$ 156,000	$ 20,000	$ 10,835	$ 199,835

The total expense for post-employment benefits and compensated absences is included in salaries and benefits on the Statement of Operations. The total amount paid during the year for post-employment benefits and compensated absences was $216,000 (2013 - $352,000)

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

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

Retirement Benefits

CAAT Pension Plan

Substantially all employees of the College are participants of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), which is a multi-employer jointly-sponsored defined benefit plan for eligible employees of public colleges and related employers in Ontario. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governors to ensure long term viability of the plan.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as of January 1, 2014 indicated an actuarial surplus of $525 million. The College made contributions to the Plan and its associated retirement compensation arrangement of $2,908,062 in 2014 (2013 - $2,871,527), which has been included in the statement of operations.

Post-Employment Benefits

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

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

a) Discount rate

The present value as at March 31, 2014 of the future benefits was determined using a discount rate of 2.7% (2013 – 2.1%).

b) Drug costs

Drug costs were assumed to increase at a 9.0% per annum in 2014, grading down to 4.0% per annum in 2034.

c) *Hospital and other medical*

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

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

d) Dental costs

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

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

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 credits on termination or retirement to a maximum of six 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 sick days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

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

	2014	2013
Wage and salary escalation		
Academic full-time	0%, 1.75% per annum thereafter	0.00%
Academic partial load	0%, 1.75% per annum thereafter	0.00%
Support full-time	0%, and in 2015, 1.75% per annum thereafter	2.00%

The probability that the employee will use more sick days that the annual accrual and the excess number of sick days used are within ranges of 0% to 24.0% (2013 – 0% to 38.7%) and 0 to 44.3 days (2013 – 0 to 51.7) respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

11. DEFERRED CONTRIBUTIONS

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

	2014	2013
Balance, beginning of year	$ 530,197	$ 347,342
Contributions received	552,276	187,169
Interest earned on contributions during the year	144,560	154,132
Unrealized gains (losses) on investments	(14,768)	88,069
Amounts transferred to deferred capital contributions	(344,615)	-
Amounts transferred to revenue	(278,654)	(246,515)
Balance, end of year	**$ 588,996**	**$ 530,197**

11. DEFERRED CONTRIBUTIONS (continued)

Deferred contributions are comprised of:

	2014	2013
Scholarships, bursaries and awards	$ 145,665	$ 122,454
Endowment fund interest and unreallized gains	181,224	201,628
Donations	54,466	-
Joint employment stability rserve	207,641	206,115
Balance, end of year	**$ 588,996**	**$ 530,197**

12. DEFERRED CAPITAL CONTRIBUTIONS

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

	2014	2013
Balance, beginning of year	$ 40,893,470	$ 42,242,051
Contributions received for capital purposes	3,008,705	1,112,539
Amortization of deferred capital contributions	(2,574,129)	(2,461,120)
Balance, end of year	**$ 41,328,046**	**$ 40,893,470**

13. 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 the donors. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on externally restricted endowments that was disbursed during the year has been recorded in the statement of operations since this income is available for disbursement as scholarships and bursaries and the donors' conditions have been met. The unspent portion of investment income is recorded in deferred contributions. Investment income on endowed assets recognized and deferred was $169,628 and $147,921 respectively (2013 - $151,874 and $90,301).

Externally restricted endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support. Under these programs, the government matched 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.

13. EXTERNALLY RESTRICTED NET ASSETS (continued)

Schedule of changes in endowment fund balances:

	2014					2013
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**Total**	**Total**
Fund balance, beginning of year	$ 1,713,852	$ 275,744	$ 2,308,446	$ 717,867	$ 5,015,909	$ 4,897,905
Cash donations received	-	-	-	126,008	126,008	118,004
Fund balance, end of year	$ 1,713,852	$ 275,744	$ 2,308,446	$ 843,875	$ 5,141,917	$ 5,015,909

Schedule of changes in expendable funds available for awards:

	2014					2013
	OSOTF I	**OSOTF II**	**OTSS**	**Other**	**Total**	**Total**
Balance, beginning of year	$ 4,255	$ 6,283	$ 44,113	$ 58,910	$ 113,561	$ 51,987
Invesment income, net of direct investment related expenses	49,573	5,817	48,517	16,668	120,575	148,415
Bursaries awarded	(39,664)	(8,163)	(52,679)	(25,708)	(126,214)	(86,841)
Balance, end of year	$ 14,164	$ 3,937	$ 39,951	$ 49,870	$ 107,922	$ 113,561

14. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets represents the following:

	2014	2013
Capital assets	$ 59,541,509	$ 59,400,848
Less amounts financed by:		
Deferred capital contributions	(41,328,046)	(40,893,470)
Long-term debt	(7,043,369)	(7,793,225)
Obligations under capital lease	(255,131)	(508,835)
	$ 10,914,963	**$ 10,205,318**

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

	2014	2013
Purchase of capital assets	$ 4,016,883	$ 3,066,225
Principal payment of long-term debt	749,858	2,841,061
Principal payment of obligations under capital lease	261,960	404,870
Interest on long-term debt	376,172	310,637
Interest on obligations under capital lease	17,764	153,624
Less: maturity of sinking fund	-	(2,038,206)
Less: amount financed by term loan	-	(900,000)
Less: amount financed by obligations under capital lease	(8,257)	(266,449)
Less: amounts financed by deferred capital contributions	(3,008,706)	(1,112,538)
	$ 2,405,674	**$ 2,459,224**

15. COMMITMENTS

The College leases various equipment and vehicles under operating leases, the longest of which expires in 2019. The minimum annual lease payments for the next five years are as follows:

2015	$	335,568
2016		326,551
2017		187,862
2018		59,808
2019		27,995

16. CONTINGENCIES

In the normal course of operations the College is in the process of dealing with a number of grievances that may go to arbitration. As of the date of financial statement preparation the likelihood and impact of these grievances on the College's financial statements is unknown. Should any costs be incurred as a result of the arbitration process, such costs will be expensed in the year of settlement.

In the normal course of operations the College is involved in certain legal matters and litigations, the outcome 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.

17. CANADORE STUDENTS' COUNCIL

Included in assets and liabilities at year end was $512,914 in student fees collected and not disbursed during the year. During the year the College paid $311,769 in expenses on behalf of the College's students. These expenses and the associated student fees collected have not been recognized in the College's statement of operations.

18. ECONOMIC DEPENDENCE

The College receives approximately 52% (2013 – 55%) of its revenues from the Ministry of Training, Colleges and Universities.

19. PRIOR PERIOD ADJUSTMENT

During the year ended March 31, 2014, the College became aware that prior to fiscal 2014 the Ministry of Training, Colleges and Universities 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 impact on the comparative figures is as follows: The opening net assets as at April 1, 2012 were increased by $1,162,768, revenues for fiscal 2013 were increased by $5,671, the March 31, 2013 accounts receivable increased by $2,336,878 and accounts payable increased by $1,168,439.

20. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit Risk

Credit risk is the risk of financial loss to the College is a debtor fails to make payments of interest and principal when due. The College is exposed to this risk related to its cash, debt holdings in its investment portfolio, other receivables 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 to $300,000 (2013 - $300,000).

The College's investment policy operates within the constraints of the investment guidelines issued by the Ministry of Training, Colleges and Universities 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. The maximum exposure to investment credit risk is outlined in note 2.

Accounts receivable are ultimately due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections. The amounts outstanding at year end were as follows:

	2014				
	Total	1-30 days	31-60 days	61-90 days	91-120 days
Government receivables	$ 3,928,990	$ 3,928,990	$ -	$ -	$ -
Student receivables	898,057	449,528	87,373	151,022	210,134
Other receivables	1,113,879	1,113,879	-	-	-
Gross receivables	5,940,926	5,492,397	87,373	151,022	210,134
Less: impairement allowances	(67,480)	-	-	-	(67,480)
Net receivables	$ 5,873,446	$ 5,492,397	$ 87,373	$ 151,022	$ 142,654

	2013				
	Total	1-30 days	31-60 days	61-90 days	91-120 days
Government receivables	$ 3,439,049	$ 3,439,049	$ -	$ -	$ -
Student receivables	1,326,430	776,208	134,703	108,196	307,323
Other receivables	915,845	915,845	-	-	-
Gross receivables	5,681,324	5,131,102	134,703	108,196	307,323
Less: impairement allowances	(67,480)		-	-	(67,480)
Net receivables	$ 5,613,844	$ 5,131,102	$ 134,703	$ 108,196	$ 239,843

Student receivables not impaired are considered 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 risk or policies, procedures and methods used to measure the risk.

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk that the fair value of the 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 operates within the constraints of the investment guidelines issued by the Ministry Training, Colleges and Universities. 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 prior year in the exposure to risk or policies, procedures and methods used to measure 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 levels when adverse changes in foreign currency rates occur. The College does not have any material transaction 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.

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's guaranteed investment and bond portfolio has interest rates ranging from 2.1% to 10.5% (2013 – 0.8% to 10.5%) with maturities ranging from June 2, 2014 to May 19, 2036 (2013 – April 2, 2013 to February 7, 2022).

At March 31, 2014, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of guaranteed investment certificates and bonds of $41,800 (2013 - $56,000). A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the College's bank loans of $118,000 (2013 - $124,000) and no impact on interest income related to the College's other 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.

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 exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2014, a 5% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the College's investments of $209,036 (2013 - $164,676).

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

Liquidity risk

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

	2014			
	Within 6 months	**6 months to 1 year**	**1 to 5 years**	**over 5 years**
Accounts payable	$ 6,782,225	$ -	$ -	$ -
Long-term debt	412,582	5,608,722	2,398,270	4,140,294
Obligations under capital lease	72,897	72,897	109,337	-
	$ 7,267,704	$ 5,681,619	$ 2,507,607	$ 4,140,294

	2013			
	Within 6 months	**6 months to 1 year**	**1 to 5 years**	**over 5 years**
Accounts payable	$ 6,306,200	$ -	$ -	$ -
Long-term debt	540,597	540,597	7,920,183	4,669,683
Obligations under capital lease	130,534	130,534	247,767	-
	$ 6,977,331	$ 671,131	$ 8,167,950	$ 4,669,683

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.