# The Confederation College of Applied Arts and Technology
## Financial Statements
**For the year ended March 31, 2005**

**Contents**



BDO

BDO Dunwoody LLP
Chartered Accountants
and Advisors

Driving growth

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# Auditors' Report

**To the Chairman and Board of Governors of**
**The Confederation College of Applied Arts and Technology**

We have audited the balance sheet of The Confederation College of Applied Arts and Technology as at March 31, 2005 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the College's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Thunder Bay, Ontario
June 9, 2005

# The Confederation College of Applied Arts and Technology
## Balance Sheet

| March 31 | 2005 | 2004 |
|---|---|---|
| **Assets** | | |
| **Current** | | |
| Cash (Note 1) | $ 4,714,233 | $ 3,364,290 |
| Grants receivable | 4,003,593 | 466,642 |
| Accounts receivable (Note 2) | 2,818,600 | 5,296,340 |
| Inventories | 42,831 | 49,243 |
| Prepaid expenses | 730,075 | 562,016 |
| Current portion of notes and loans receivable | 49,577 | 50,434 |
| | 12,358,909 | 9,788,965 |
| **Notes and loans receivable** | 63,284 | 58,429 |
| **Investment portfolio** (Note 3) | 3,793,713 | 3,617,025 |
| **Sinking fund investments** (Note 4) | 1,637,528 | 1,495,710 |
| **Capital** (Note 5) | 43,540,843 | 46,597,837 |
| | $ 61,394,277 | $ 61,557,966 |
| **Liabilities and Net Assets** | | |
| **Current** | | |
| Accounts payable and accrued liabilities (Note 6) | $ 3,424,159 | $ 4,626,279 |
| Accrued vacation pay (Note 7) | 3,043,290 | 3,072,803 |
| Deferred revenue and contributions (Note 8) | 8,117,554 | 3,745,828 |
| Current portion of long term debt | 308,000 | 302,850 |
| Current portion of obligations under capital leases | 445,773 | 396,667 |
| | 15,338,776 | 12,144,427 |
| **Employee future benefits** (Note 7) | 1,962,923 | 1,772,000 |
| **Accrued sick leave liability** (Note 7) | 1,188,166 | 1,325,994 |
| **Long term debt** (Note 9) | 6,546,635 | 6,521,601 |
| **Obligations under capital leases** (Note 10) | 614,313 | 735,230 |
| **Deferred capital contributions** (Note 11) | 31,262,405 | 33,865,540 |
| | 56,913,218 | 56,364,792 |
| **Net assets** | | |
| General unrestricted | 9 | 3,661 |
| Employee future benefits unrestricted (Note 7) | (6,194,379) | (6,170,797) |
| Internally restricted | - | 652,556 |
| Externally restricted (Note 12) | 1,018,003 | 677,522 |
| Investment in capital assets (Note 13) | 5,868,459 | 6,407,295 |
| Endowments restricted (Note 14) | 3,788,967 | 3,622,937 |
| | 4,481,059 | 5,193,174 |
| | $ 61,394,277 | $ 61,557,966 |

On behalf of the Board:

President

Chair, Board of Governors

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# The Confederation College
# of Applied Arts and Technology
## Statement of Changes in Net Assets

| For the year ended March 31 | | | | | | | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|
| | General Unrestricted | Employee Future Benefits Unrestricted | Internally Restricted | Externally Restricted | Investment In Capital Assets | Endowments Restricted | Total | Total |
| | | (Note 7) | | (Note 12) | (Note 13) | (Note 14) | | |
| **Balance, beginning of year, as previously reported** | $ 3,661 | $ (6,170,797) | $ 652,556 | $ 677,522 | $ 6,407,295 | $ 3,622,937 | $ 5,193,174 | $ 5,664,899 |
| Deficiency of revenue over expenditure for the year | (1,030,089) | - | - | - | - | - | (1,030,089) | (454,615) |
| Change in tuition set aside for student assistance | - | - | - | 151,944 | - | - | 151,944 | (137,537) |
| Change in other restricted net assets | (57,197) | - | (131,340) | 188,537 | - | - | - | - |
| Transfer to restricted from unrestricted | 544,798 | (23,582) | (521,216) | - | - | - | - | - |
| Change in investment in capital assets | 538,836 | - | - | - | (538,836) | - | - | - |
| Endowment contributions and investment income, net of awards | - | - | - | - | - | 166,030 | 166,030 | 120,427 |
| Net change for the year | (3,652) | (23,582) | (652,556) | 340,481 | (538,836) | 166,030 | (712,115) | (471,725) |
| **Balance, end of year** | $ 9 | $ (6,194,379) | $ - | $ 1,018,003 | $ 5,868,459 | $ 3,788,967 | $ 4,481,059 | $ 5,193,174 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# The Confederation College of Applied Arts and Technology
## Statement of Operations

| For the year ended March 31 | 2005 | 2004 |
|---|---|---|
| **Revenue** | | |
| Grants and reimbursements (Schedule 1) | **$ 27,589,130** | $ 25,610,168 |
| Student tuition (Schedule 1) | **7,940,261** | 8,099,875 |
| Other academic activities (Schedule 1) | **9,776,823** | 11,111,013 |
| Ancillary operations (Schedule 7) | **3,618,778** | 3,642,299 |
| Supplementary (Schedule 8) | **3,350,432** | 2,894,515 |
| Amortization of deferred capital contributions (Note 11) | **3,203,836** | 3,152,713 |
| Donations and fundraising | **444,425** | 333,675 |
| Other operating revenue | **434,904** | 875,472 |
| Gain on sale of capital assets | **-** | 228,575 |
| | **56,358,589** | 55,948,305 |
| **Expenditure** | | |
| Academic (Schedule 2) | **23,401,683** | 22,212,215 |
| Other academic activities (Schedule 3) | **8,104,031** | 9,544,882 |
| Education resources and student services (Schedule 4) | **4,448,751** | 4,557,491 |
| Administrative (Schedule 5) | **5,655,454** | 5,070,478 |
| Plant and property (Schedule 6) | **3,960,562** | 3,585,988 |
| Ancillary operations (Schedule 7) | **3,622,323** | 3,257,934 |
| Supplementary (Schedule 8) | **3,392,780** | 2,882,336 |
| Amortization of capital assets | **4,392,284** | 4,516,509 |
| Scholarships, donations and fundraising | **387,228** | 505,244 |
| Change in employee future benefits | **190,923** | 67,000 |
| Change in accrued vacation pay and sick leave liability | **(167,341)** | 202,843 |
| | **57,388,678** | 56,402,920 |
| **Deficiency of revenue over expenditure for the year** | **$ (1,030,089)** | $ (454,615) |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# The Confederation College of Applied Arts and Technology Statement of Cash Flows

| For the year ended March 31 | 2005 | 2004 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Deficiency of revenue over expenditure for the year | $ (1,030,089) | $ (454,615) |
| Items not involving cash | | |
| Amortization of deferred capital contributions | (3,203,836) | (3,152,713) |
| Amortization of capital assets | 4,783,875 | 4,848,968 |
| Gain on sale of capital assets | - | (228,575) |
| Change in employee future benefits | 190,923 | 67,000 |
| Change in accrued sick leave liability | (137,828) | (20,184) |
| | 603,045 | 1,059,881 |
| Change in non-cash working capital balances (Note 17) | 1,919,235 | (4,719,180) |
| | 2,522,280 | (3,659,299) |
| **Cash flows from investing activities** | | |
| Decrease (increase) in notes and loans receivable | (3,998) | 12,858 |
| Increase in investment portfolio | (176,688) | (116,840) |
| Purchase of capital assets | (1,726,881) | (17,078,028) |
| Proceeds on disposal of capital assets | - | 249,698 |
| Increase (decrease) in tuition set aside for student assistance | 151,943 | (137,537) |
| Increase in endowments, net of awards | 166,030 | 120,427 |
| | (1,589,594) | (16,949,422) |
| **Cash flows from financing activities** | | |
| Long term debt advances | 341,237 | 3,321,774 |
| Repayment of long term debt | (311,053) | (47,040) |
| Capital lease obligations incurred | 334,593 | 457,492 |
| Repayment of capital lease obligations | (406,404) | (375,697) |
| Deferred capital contributions | 458,884 | 11,388,044 |
| | 417,257 | 14,744,573 |
| **Increase (decrease) in cash for the year** | 1,349,943 | (5,864,148) |
| **Cash**, beginning of year | 3,364,290 | 9,228,438 |
| **Cash**, end of year | $ 4,714,233 | $ 3,364,290 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# The Confederation College of Applied Arts and Technology
## Summary of Significant Accounting Policies

**March 31, 2005**

**Basis of Accounting**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Financial Instruments**

Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**Inventories**

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

**Investments**

The investment portfolio is recorded at cost plus accrued interest and dividends receivable. The sinking fund investments are recorded at cost plus accumulated investment income.

**Capital Assets**

Purchased capital assets are recorded at cost. Contributed assets are recorded at fair value at the date of contribution. Amortization is provided as follows:

| | | | |
|---|---|---|---|
| Site improvements | - | 5 | year straight line basis |
| Buildings | - | 40 | year straight line basis |
| Leasehold improvements | - | 10 | year straight line basis |
| Furniture and equipment | - | 5 | year straight line basis |
| Library books | - | 5 | year straight line basis |
| Major equipment | - | 10 | year straight line basis |

Projects in progress relate to capital projects that are incomplete as at March 31, 2005. Amortization will be recorded upon completion at the applicable rates noted above.

**Deferred Capital Contributions**

Capital grants and contributions are deferred and amortized over the useful life of the assets purchased/contributed.

# The Confederation College of Applied Arts and Technology
## Summary of Significant Accounting Policies (cont'd)

**March 31, 2005**

| | |
|---|---|
| **Revenue Recognition** | The College follows the deferral method of accounting for contributions, which include donations and government grants.<br><br>Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.<br><br>Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized.<br><br>Endowment contributions are recognized as direct increases in net assets in the period in which they are received.<br><br>Student fees are recognized as revenue when courses and seminars are held.<br><br>Sales and services revenue is recognized at point of sale or when the service has been provided.<br><br>Pledges are recorded when the amount to be received is reasonably estimated and ultimate collection is reasonably assured. |
| **Cost Allocation** | Direct costs are charged to programs and courses on an actual basis wherever possible and elsewhere allocated on the basis of full-time equivalent students. |
| **Employee Future Benefits** | Commencing April 1, 2000, the College adopted the new method of accounting for, and disclosing employee future benefits as outlined in Section 3461 of the Handbook of the Canadian Institute of Chartered Accountants. |

# The Confederation College of Applied Arts and Technology Notes to Financial Statements

**March 31, 2005**

## 1. Cash

The College's bank accounts are held at one chartered bank. The bank accounts earn interest at prime less 2% for monthly balances less than $2,000,000 and prime less 1.85% for monthly balances over $2,000,000.

## 2. Accounts Receivable

| | 2005 | 2004 |
|---|---|---|
| Students | $ 428,470 | $ 286,190 |
| General | 2,390,130 | 5,010,150 |
| | $ 2,818,600 | $ 5,296,340 |

## 3. Investment Portfolio

The College's investment portfolio is comprised of a number of different securities carrying a variety of terms and conditions. Investments consist of the following:

| | 2005 | | 2004 | |
|---|---|---|---|---|
| | Cost | Market | Cost | Market |
| Mutual Funds (endowed) | | | | |
| Canadian Equities | $ 503,142 | $ 502,827 | $ 347,889 | $ 438,726 |
| Canadian Bonds | 2,001,674 | 2,033,103 | 1,894,686 | 1,966,311 |
| U.S. Equities | 610,994 | 666,410 | 563,200 | 583,116 |
| Other Foreign Equities | 619,689 | 671,067 | 645,847 | 683,762 |
| Cash Account | 58,214 | 64,126 | 165,403 | 165,747 |
| | $ 3,793,713 | $ 3,937,533 | $ 3,617,025 | $ 3,837,662 |

# The Confederation College of Applied Arts and Technology
# Notes to Financial Statements

**March 31, 2005**

## 4. Sinking Fund Investments

Sinking fund investments are comprised of Ontario Hydro bonds, maturing at $3,100,000 in the year 2012 and yielding 9.48% over the term of the investment.

| | **2005** | 2004 |
|---|---|---|
| Cost | **$ 558,234** | $ 558,234 |
| Accumulated investment income | **1,079,294** | 937,476 |
| | **$ 1,637,528** | $ 1,495,710 |

The market value of the bonds at March 31, 2005 is approximately $2,242,699 (2004 - $2,136,678). At maturity, the proceeds of the investment will be used to retire the $3,100,000 Ontario Ministry of Housing mortgage described in Note 9.

## 5. Capital Assets

| | **2005** | | 2004 | |
|---|---|---|---|---|
| | **Cost** | **Accumulated Amortization** | Cost | Accumulated Amortization |
| Land | **$ 295,057** | **$ -** | $ 295,057 | $ - |
| Site improvements | **2,014,986** | **2,014,986** | 2,014,986 | 2,014,986 |
| Buildings | **54,921,351** | **24,196,937** | 54,354,199 | 22,824,485 |
| Leasehold improvements | **333,188** | **244,475** | 333,188 | 222,056 |
| Furniture and equipment | **46,459,358** | **38,282,203** | 45,345,918 | 35,171,102 |
| Library books | **20,000** | **20,000** | 20,000 | 20,000 |
| Major equipment | **2,779,032** | **555,806** | 2,779,032 | 277,903 |
| Projects in progress | **2,032,278** | **-** | 1,985,989 | - |
| | **$108,855,250** | **$ 65,314,407** | $107,128,369 | $ 60,530,532 |
| Net book value | | **$ 43,540,843** | | $ 46,597,837 |

**The Confederation College of Applied Arts and Technology Notes to Financial Statements**

**March 31, 2005**

### 5. Capital Assets (cont'd)

Assets held under capital lease totaling $2,054,660 (2004 - $1,914,067) with related accumulated amortization in the amount of $883,323 (2004 - $658,862) are included in capital assets.

During the year, the Dryden Learning Centre project was completed at a cost of $590,418 and transferred to the buildings account. This project's major funder was the Northern Ontario Heritage Fund Corporation.

Projects in progress at year end relates to the implementation of the new ISIS Banner administrative computer system, which is scheduled for completion during the 2006/2007 fiscal year. The total cost of the project is estimated to be $3,900,000. The total cost of the project is anticipated to be funded by long term debt of $2,300,000, of which $1,908,096 has been received to date with the balance to be funded through operations.

### 6. Accounts Payable and Accrued Liabilities

| | **2005** | 2004 |
|---|---|---|
| Trade accounts payable | **$ 1,300,325** | $ 1,495,314 |
| Accrued liabilities | **530,020** | 1,304,096 |
| Accrued salaries and employees' deductions | **1,593,814** | 1,826,869 |
| | **$ 3,424,159** | $ 4,626,279 |

## 7. Accrued Vacation Pay, Accrued Sick Leave Liability and Employee Future Benefits

| | 2005 | 2004 |
|---|---|---|
| Accrued vacation pay | **$ 3,043,290** | $ 3,072,803 |
| Accrued sick leave liability | **$ 1,188,166** | $ 1,325,994 |
| Employee future benefits | | |
| Non-pension post-retirement benefits | **$ 1,506,000** | $ 1,462,000 |
| Post-employment benefits | | |
| Premium waiver during long term disability | **167,000** | 158,000 |
| Contribution of medical and dental benefits during long term disability | **282,000** | 272,000 |
| WSIB future benefits | **126,923** | - |
| | **2,081,923** | 1,892,000 |
| Value of Assets | | |
| Post-employment benefits | **119,000** | 120,000 |
| | **$ 1,962,923** | $ 1,772,000 |
| | **$ 6,194,379** | $ 6,170,797 |

Discount rate assumption 5.5% (2004 - 5.5%) per annum.

# The Confederation College of Applied Arts and Technology Notes to Financial Statements

**March 31, 2005**

## 8. Deferred Revenue and Contributions

| | 2005 | 2004 |
|---|---|---|
| Canadian International Development Agency - Ukraine Regional Networks | $ **319,158** | $ 268,160 |
| Canadian International Development Agency - Paraguay | **1,853** | 9,541 |
| Ontario Ministry of Training, Colleges and Universities | | |
| Facilities Renewal | **1,972** | 435,659 |
| Capital Equipment (one time grant) | **1,080,729** | - |
| Facilities deferred maintenance grant | **1,644,680** | - |
| Employment programs | **230,066** | 139,085 |
| Apprenticeship training | **247,093** | 557,059 |
| Apprentice (one time grant) | **625,492** | - |
| Lease grant | **50,590** | - |
| Access to Opportunities | **178,023** | 49,230 |
| Quality Assurance Fund | **-** | 77,715 |
| Collaborative nursing | **1,354,837** | 412,945 |
| Aboriginal Education and Training Fund | **395,000** | 360,725 |
| Contract training | **409,153** | 185,558 |
| Miscellaneous | **119,619** | 205,170 |
| Extended health training | **271,389** | 113,802 |
| College service fee | **134,300** | 133,092 |
| Forestry Strategic Skills Investment and Living Legacy | **350,206** | - |
| Student IT fee | **47,099** | 65,582 |
| Student tech fee | **131,590** | 99,188 |
| Campus safety | **36,341** | 22,477 |
| Children and Family Centre | **7,952** | 35,856 |
| Ontario Ministry of Training, Colleges and Universities Bursaries | **436,581** | 524,251 |
| Special Needs and tutoring | **43,831** | 50,733 |
| | $ **8,117,554** | $ 3,745,828 |

# The Confederation College of Applied Arts and Technology Notes to Financial Statements

**March 31, 2005**

## 9. Long Term Debt

| | | 2005 | | 2004 |
|---|---|---|---|---|
| CMHC mortgage on Sibley Hall, repayable $45,432 semi-annually including interest at 10%, due 2009 | $ | **350,816** | $ | 402,677 |
| Ontario Ministry of Housing mortgage on Sibley Hall, repayable $142,135 semi-annually, interest only at 9.17%, due 2012 | | **3,100,000** | | 3,100,000 |
| Toronto Dominion Bank term loan financing Honeywell HVAC system, repayable $20,916 monthly including interest at prime (currently 3.75%) less 0.75%, due March 2011 | | **1,495,723** | | 1,754,915 |
| Toronto Dominion Bank demand loan providing bridge financing for Banner ISIS computer system, repayable with monthly interest only payments at prime (currently 3.75%) less 0.75% (facility approved at $2,300,000) | | **1,908,096** | | 1,566,859 |
| | | **6,854,635** | | 6,824,451 |
| Current portion | | **308,000** | | 302,850 |
| | $ | **6,546,635** | $ | 6,521,601 |

Principal payments due in the next five years and thereafter are as follows:

| Date | | Amount |
|---|---|---|
| 2006 | $ | 308,000 |
| 2007 | | 600,000 |
| 2008 | | 616,500 |
| 2009 | | 634,000 |
| 2010 | | 652,500 |
| Thereafter | | 4,043,635 |
| | $ | 6,854,635 |

The College has signed an agreement with the Toronto Dominion Bank that will allow the College to convert the demand loan providing bridge financing for the Banner ISIS computer system to either a fixed rate term or a floating rate term loan. This conversion feature is available to the College at their option until March 31, 2006. This term loan will be repayable on a monthly basis up to a maximum of six years from the date of the conversion.

In addition, the College has an approved operating line of credit with the Royal Bank of $1,500,000 with interest at prime which was not in use at March 31, 2005.

# The Confederation College of Applied Arts and Technology Notes to Financial Statements

**March 31, 2005**

## 10. Obligations under Capital Leases

| | **2005** | 2004 |
|---|---|---|
| Royal Bank capital leases, repayable $38,351 monthly, including interest at rates from 6.35% - 7.00%, due April 2005 to March 2011. | **$ 1,060,086** | $ 1,131,897 |
| Current portion | **445,773** | 396,667 |
| | **$ 614,313** | $ 735,230 |

Obligations under capital leases are secured by certain plant and office equipment. The future minimum lease payments for the next five years and thereafter are as follows:

| **Date** | **Amount** |
|---|---|
| 2006 | $ 490,685 |
| 2007 | 303,823 |
| 2008 | 202,697 |
| 2009 | 93,968 |
| 2010 | 47,118 |
| Thereafter | 22,190 |
| | 1,160,481 |
| Less imputed interest | 100,395 |
| | $ 1,060,086 |

The above Royal Bank capital leases are part of an approved lease equipment line of credit with the Royal Bank in the amount of $1,650,000.

## 11. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations and is calculated on the same basis as the amortization expense related to the acquired capital assets. The changes in the deferred capital contributions balance are as follows:

| | **2005** | 2004 |
|---|---|---|
| Balance, beginning of year | **$ 33,865,540** | $ 25,564,332 |
| Add contributions for capital purposes | **458,884** | 9,228,463 |
| Add contributions receivable for capital purposes | **-** | 2,159,581 |
| Add sinking fund investment income | **141,817** | 129,849 |
| Less amortization of deferred capital contributions | **(3,203,836)** | (3,152,713) |
| Less gain on disposal of capital assets | **-** | (63,972) |
| Balance, end of year | **$ 31,262,405** | $ 33,865,540 |

# The Confederation College of Applied Arts and Technology
# Notes to Financial Statements

**March 31, 2005**

## 12. Net Assets - Externally Restricted

Externally restricted net assets are funds committed for specific purposes as follows:

| | Balance beginning of year | Revenue/ Reallocation in year | Expenditure in year | **Balance end of year** |
|---|---|---|---|---|
| Tuition set aside for student assistance | $ 353,357 | $ 151,944 | $ - | **$ 505,301** |
| Scholarships and bursaries | 28,888 | 281,967 | 277,358 | **33,497** |
| Contributions for capital expenditures | 295,277 | 162,457 | 109,869 | **347,865** |
| Proceeds on sale of College property directly funded by Provincial government | - | 131,340 | - | **131,340** |
| | $ 677,522 | $ 727,708 | $ 387,227 | **$ 1,018,003** |

The Ministry of Training, Colleges and Universities requires a certain portion of the additional tuition fee revenue generated by announced fee increases to be set aside for student assistance. The balance of $505,301 is calculated in accordance with guidelines provided by the Ministry.

## 13. Net Assets - Investment in Capital Assets

| | **2005** | 2004 |
|---|---|---|
| Capital assets, net book value | **$ 43,540,843** | $ 46,597,837 |
| Less amounts financed by: | | |
| Working capital | **(132,786)** | - |
| Long term debt | **(6,854,635)** | (6,824,451) |
| Obligations under capital lease | **(1,060,086)** | (1,131,897) |
| Deferred capital contributions | **(31,262,405)** | (33,865,540) |
| Add sinking fund investments | **1,637,528** | 1,495,710 |
| Add long term debt advances in excess of capital asset expenditures incurred | **-** | 135,636 |
| Invested in capital assets, end of year | **$ 5,868,459** | $ 6,407,295 |

# The Confederation College of Applied Arts and Technology Notes to Financial Statements

**March 31, 2005**

## 14. Net Assets - Endowments

Contributions restricted for endowment consist of restricted donations received by the College under the umbrella of the Ontario Student Opportunity Trust Fund (the "OSOTF") Phase I and II program and other such restricted contributions that were not matched. The externally restricted endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program to award student aid as a result of raising an equal amount of endowed donations. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the OSOTF guidelines. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

The College has recorded the following amounts under the programs:

**Phase I**

| | **2005** | 2004 |
|---|---|---|
| **Endowment Principal** | | |
| Principal balance, beginning of year | **$ 3,503,879** | $ 3,499,866 |
| Cash donations for the year | **6,040** | 4,013 |
| Principal balance, end of year | **3,509,919** | 3,503,879 |
| **Expendable Funds** | | |
| OSOTF balance, beginning of year | **16,239** | 2,644 |
| Bursaries (total number = 376) | **(122,705)** | (600) |
| Net investment income | **151,731** | 14,195 |
| Expendable funds, end of year | **45,265** | 16,239 |
| Net assets - Endowments, end of year | **$ 3,555,184** | $ 3,520,118 |

The market value of the investment portfolio for endowed funds included in the total investments disclosed in Note 3 is $3,703,750 (2004 - $3,734,843).

# The Confederation College of Applied Arts and Technology Notes to Financial Statements

**March 31, 2005**

**14. Net Assets - Endowments** (cont'd)

**Phase II**

| | | 2005 | | 2004 |
|---|---|---|---|---|
| **Schedule of Donations** | | | | |
| Cash donations matched in 2003/04 (within matching ceiling) | $ | **30,000** | $ | 30,230 |
| Cash donations matched in 2004/05 (within matching ceiling) | | **81,833** | | 42,174 |
| Outstanding pledges | | **18,215** | | - |
| Principal balance, end of year | | **130,048** | | 72,404 |
| **Endowment Principal** | | | | |
| Principal balance, beginning of year | | **102,404** | | - |
| Eligible cash donations for the year received in compliance with July 2003 program guidelines | | **39,429** | | 30,230 |
| Matching funds received from MTCU (within matching ceiling) | | **81,833** | | 30,000 |
| Unmatched cash donations for the year | | **-** | | 42,174 |
| Principal balance, end of year | | **223,666** | | 102,404 |
| **Expendable Funds** | | | | |
| OSOTF balance, beginning of year | | **415** | | - |
| Bursaries (total number = 3) | | **(1,200)** | | - |
| Net investment income | | **10,902** | | 415 |
| Expendable funds, end of year | | **10,117** | | 415 |
| Net assets - Endowments, end of year | $ | **233,783** | $ | 102,819 |
| Total Net assets - Endowments, end of year | $ | **3,788,967** | $ | 3,622,937 |

The market value of the investment portfolio for endowed funds included in the total investments disclosed in Note 3 is $233,783 (2004 - $102,819).

# The Confederation College of Applied Arts and Technology Notes to Financial Statements

**March 31, 2005**

## 15. Pension Plans

Employees are participants in the contributory retirement pension plans administered by CAAT. Under this arrangement, the College makes contributions to these plans equal to those of the employees. For the year ended March 31, 2005, charges to expenditure for these plans amounted to approximately $1,898,404 (2004 - $1,612,588).

## 16. Commitments

The College has leased realty for the Aviation Centre of Excellence at an annual rental of approximately $67,000 with an expiry date of 2053.

The College has leased other realty at a total annual rental of approximately $130,000 with expiry dates between 2006 and 2010.

## 17. Statement of Cash Flows

The change in non-cash working capital balances consists of the following:

| | **2005** | 2004 |
|---|---|---|
| Grants receivable | **$ (3,536,951)** | $ 1,084,058 |
| Accounts receivable | **2,477,740** | (523,923) |
| Inventories | **6,412** | (3,175) |
| Prepaid expenses | **(168,059)** | 94,842 |
| Accounts payable and accrued liabilities | **(1,202,120)** | (1,681,528) |
| Accrued vacation pay | **(29,513)** | 223,027 |
| Deferred revenue and contributions | **4,371,726** | (3,912,481) |
| | **$ 1,919,235** | $ (4,719,180) |

# The Confederation College of Applied Arts and Technology Notes to Financial Statements

**March 31, 2005**

## 18. Lottery Activity

| | | 2005 | | 2004 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Nevada proceeds | $ | **8,204** | $ | 8,821 |
| Seller commission | | **(874)** | | (1,529) |
| Net proceeds - Nevada | | **7,330** | | 7,292 |
| Raffle proceeds | | **9,277** | | 9,716 |
| | | **16,607** | | 17,008 |
| **Expenditure** | | | | |
| Tickets | | **1,904** | | 2,048 |
| Gaming services supplier commission | | **866** | | 861 |
| Containers/Dispensers | | **-** | | 59 |
| Licence fee | | **498** | | 736 |
| Provincial fee | | **971** | | 1,076 |
| Prize purchases | | **668** | | 1,000 |
| Advertising | | **27** | | 10 |
| | | **4,934** | | 5,790 |
| Net proceeds | | **11,673** | | 11,218 |
| Fund balance, beginning of year | | **13,208** | | 70,871 |
| Distributions, scholarships and bursaries | | **(8,023)** | | (68,881) |
| Fund balance, end of year | $ | **16,858** | $ | 13,208 |

# The Confederation College
# of Applied Arts and Technology
## Schedule 1 - General Operating Revenue

| For the year ended March 31 | 2005 | 2004 |
|---|---|---|
| **Grants and reimbursements** | | |
| Post secondary | $ 24,885,521 | $ 23,693,512 |
| Apprenticeship training | 1,570,561 | 1,501,594 |
| Facilities renewal | 1,133,048 | 415,062 |
| | $ 27,589,130 | $ 25,610,168 |
| **Student tuition** | | |
| Full-time post secondary | $ 5,888,038 | $ 6,215,688 |
| Part-time post secondary | 649,134 | 587,184 |
| Student services fees | 1,403,089 | 1,297,003 |
| | $ 7,940,261 | $ 8,099,875 |
| **Other Academic Activities** | | |
| Provincially funded direct training grants | $ 2,666,306 | $ 2,634,640 |
| Contract training - Federal domestic | 1,046,183 | 921,701 |
| - Other contract training | 2,951,052 | 3,249,584 |
| - International | 1,410,447 | 1,635,789 |
| | 5,407,682 | 5,807,074 |
| Other academic services and projects | 1,702,835 | 2,669,299 |
| | $ 9,776,823 | $ 11,111,013 |

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# The Confederation College of Applied Arts and Technology
## Schedule 2 - Academic Expenditure

| For the year ended March 31 | 2005 | 2004 |
|---|---|---|
| **Salaries** | | |
| Instructional officers and staff | $ 1,399,907 | $ 1,374,149 |
| Full-time teaching | 10,464,407 | 9,910,303 |
| Part-time teaching | 2,598,904 | 2,616,211 |
| Support staff | 2,790,023 | 2,606,698 |
| Employee benefits | 3,161,669 | 2,787,008 |
| | 20,414,910 | 19,294,369 |
| Advertising | 114,820 | 80,118 |
| Computing and telecommunication costs | 258,234 | 458,984 |
| Contracted services - other | 150,920 | 74,993 |
| Non capital furniture & equipment | 6,839 | 34,825 |
| Equipment maintenance | 332,180 | 265,628 |
| Field work | 66,761 | 72,844 |
| Instructional equipment rental | 134,237 | 218,129 |
| Instructional supplies | 1,217,830 | 1,116,997 |
| Insurance | 123,094 | 102,750 |
| Memberships | 17,060 | 23,738 |
| Office, supplies and miscellaneous | 254,476 | 179,564 |
| Premise rentals | 22,912 | 53,400 |
| Professional development | 29,213 | 21,422 |
| Professional fees | 26,312 | 3,527 |
| Staff employment | 666 | 300 |
| Travel | 210,384 | 190,830 |
| Vehicle expense | 20,835 | 19,797 |
| | 2,986,773 | 2,917,846 |
| | $ 23,401,683 | $ 22,212,215 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# The Confederation College of Applied Arts and Technology
## Schedule 3 - Other Academic Activities Expenditure

| For the year ended March 31 | 2005 | 2004 |
|---|---|---|
| **Salaries** | | |
| Instructional officers and staff | **$ 1,124,246** | $ 993,797 |
| Full-time teaching | **649,141** | 1,009,861 |
| Part-time teaching | **1,299,932** | 1,567,404 |
| Support staff | **1,579,976** | 1,565,549 |
| Employee benefits | **786,182** | 861,214 |
| | **5,439,477** | 5,997,825 |
| Advertising | **158,839** | 229,423 |
| Computing and telecommunication costs | **154,500** | 121,949 |
| Contracted services - other | **776,314** | 1,107,402 |
| Non-capital furniture & equipment | **13,890** | 55,633 |
| Equipment maintenance | **(678)** | 588 |
| Field work | **8,627** | 14,699 |
| Instructional equipment rental | **167,453** | 79,559 |
| Instructional supplies | **354,925** | 805,500 |
| Insurance | **2,227** | 9,192 |
| Office, supplies and miscellaneous | **521,999** | 479,349 |
| Professional development | **29,286** | 24,973 |
| Professional fees | **22,702** | 41,417 |
| Special project costs | **9,143** | 92,571 |
| Travel | **445,327** | 484,802 |
| | **2,664,554** | 3,547,057 |
| | **$ 8,104,031** | $ 9,544,882 |

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# The Confederation College of Applied Arts and Technology
## Schedule 4 - Education Resources and Student Services Expenditure

| For the year ended March 31 | 2005 | 2004 |
|---|---|---|
| Salaries | $ 2,598,413 | $ 2,717,795 |
| Employee benefits | 506,030 | 543,858 |
| Advertising and recruitment | 102,984 | 93,639 |
| Computing and telecommunication costs | 47,309 | 49,200 |
| Equipment maintenance | 2,607 | 13,816 |
| Instructional supplies | 45,597 | 53,807 |
| Library resource materials | 146,271 | 150,012 |
| Office, supplies and miscellaneous | 132,217 | 157,471 |
| Professional development | 9,711 | 8,056 |
| Professional fees | 28,416 | 40,816 |
| Student insurance | 20,662 | 50,740 |
| Tuition set aside for student assistance | 742,347 | 629,059 |
| Travel | 66,187 | 49,222 |
| | $ 4,448,751 | $ 4,557,491 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# The Confederation College of Applied Arts and Technology
## Schedule 5 - Administrative Expenditure

| For the year ended March 31 | | 2005 | | 2004 |
|---|---|---|---|---|
| Salaries | $ | **2,678,213** | $ | 2,634,861 |
| Employee benefits | | **584,354** | | 526,160 |
| Advertising and promotion | | **210,806** | | 203,709 |
| Bad debts expense | | **23,149** | | 13,723 |
| Bank charges | | **94,006** | | 98,499 |
| Banner ISIS project | | **250,000** | | 250,000 |
| Computing and telecommunication costs | | **523,882** | | 370,421 |
| Contracted services - other | | **119,178** | | 127,479 |
| Insurance | | **219,921** | | 203,450 |
| Memberships and dues | | **61,021** | | 49,170 |
| Office, supplies and miscellaneous | | **372,605** | | 131,321 |
| Professional development | | **52,265** | | 73,800 |
| Professional fees | | **155,646** | | 98,695 |
| Staff employment and expense | | **61,982** | | 30,798 |
| Telephone | | **67,817** | | 59,580 |
| Travel | | **180,609** | | 198,812 |
| | $ | **5,655,454** | $ | 5,070,478 |

# The Confederation College
# of Applied Arts and Technology
## Schedule 6 - Plant and Property Expenditure

| For the year ended March 31 | 2005 | 2004 |
|---|---|---|
| Salaries | $ 1,217,082 | $ 1,238,545 |
| Employee benefits | 300,126 | 286,271 |
| Building and equipment repairs and alterations | 761,652 | 679,139 |
| Cleaning supplies | 29,413 | 31,877 |
| Contracted services | 138,635 | 144,633 |
| Grounds maintenance | 44,465 | 15,491 |
| Other premise rental | 47,931 | 41,406 |
| Professional fees | 203,456 | 38,377 |
| Property and plant expense and supplies | 36,580 | 45,740 |
| Travel | 6,500 | 5,398 |
| Utilities | 985,014 | 837,112 |
| Vehicle expense | 34,078 | 34,497 |
| Approved premise rental | 155,630 | 187,502 |
| | $ 3,960,562 | $ 3,585,988 |

# The Confederation College
# of Applied Arts and Technology
## Schedule 7 - Ancillary Operations Revenue and Expenditure

| For the year ended March 31 | 2005 | 2004 |
|---|---|---|
| **Revenue** | **$ 3,618,778** | $ 3,642,299 |
| **Expense** | | |
| Salaries | **1,157,026** | 1,212,223 |
| Employee benefits | **286,680** | 274,518 |
| Administrative costs | **335,452** | 280,712 |
| Cost of resale items sold | **233,620** | 277,834 |
| Interest on long term debt | **417,056** | 234,311 |
| Plant costs | **794,801** | 638,988 |
| Amortization of capital assets | **391,591** | 332,459 |
| Travel | **6,097** | 6,889 |
| | **3,622,323** | 3,257,934 |
| **Excess (deficiency) of revenue over expenditure on ancillary operations for the year** | **$ (3,545)** | $ 384,365 |

# The Confederation College of Applied Arts and Technology
## Schedule 8 - Supplementary Revenue and Expenditure

| For the year ended March 31 | 2005 | 2004 |
|---|---|---|
| **Revenue** | $ 3,350,432 | $ 2,894,515 |
| **Expenditure** | | |
| Scholarship | 1,854,566 | 1,689,348 |
| Termination gratuities | 263,879 | 68,031 |
| Wage subsidies - flow through | 1,050,685 | 899,357 |
| Property taxes | 223,650 | 225,600 |
| | 3,392,780 | 2,882,336 |
| **Excess (deficiency) of revenue over expenditure for the year** | $ (42,348) | $ 12,179 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.