The Confederation College
of Applied Arts and Technology
Financial Statements
For the year ended March 31, 2006

Contents

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and Advisors

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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, 2006 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, 2006 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
May 23, 2006

The Confederation College of Applied Arts and Technology
Balance Sheet

March 31	2006	2005
Assets		
Current		
Cash (Note 1)	**$ 5,835,858**	$ 4,714,233
Grants receivable	**2,927,839**	4,003,593
Accounts receivable (Note 2)	**3,510,363**	2,818,600
Inventories	**51,390**	42,831
Prepaid expenses	**233,710**	730,075
Current portion of notes and loans receivable	**41,602**	49,577
	12,600,762	12,358,909
Notes and loans receivable	**47,329**	63,284
Investment portfolio (Note 3)	**4,264,010**	3,793,713
Sinking fund investments (Note 4)	**1,792,782**	1,637,528
Capital (Note 5)	**42,067,702**	43,540,843
	$ 60,772,585	$ 61,394,277
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 3,510,039**	$ 3,424,159
Accrued vacation pay (Note 7)	**3,219,163**	3,043,290
Deferred revenue and contributions (Note 8)	**7,223,666**	8,915,192
Current portion of long term debt	**594,100**	308,000
Current portion of obligations under capital leases	**276,668**	445,773
	14,823,636	16,136,414
Employee future benefits (Note 7)	**975,923**	1,962,923
Accrued sick leave liability (Note 7)	**1,029,457**	1,188,166
Long term debt (Note 9)	**6,628,457**	6,546,635
Obligations under capital leases (Note 10)	**343,410**	614,313
Deferred capital contributions (Note 11)	**29,220,388**	31,262,405
	53,021,271	57,710,856
Net assets		
General unrestricted	**495,529**	(725,973)
Employee future benefits unrestricted (Note 7)	**(5,224,543)**	(6,194,379)
Internally restricted	**46,601**	-
Externally restricted (Note 12)	**1,187,364**	946,347
Investment in capital assets (Note 13)	**6,843,492**	5,868,459
Endowments restricted (Note 14)	**4,402,871**	3,788,967
	7,751,314	3,683,421
	$ 60,772,585	$ 61,394,277

On behalf of the Board:

Patricia Lang

President

Lyn McLeod

Chair, Board of Governors

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 Changes in Net Assets

For the year ended March 31

	General Unrestricted	Employee Future Benefits Unrestricted	Internally Restricted	Externally Restricted	Investment In Capital Assets	Endowments Restricted	2006 Total	2005 Total
		(Note 7)		(Note 12)	(Note 13)	(Note 14)		
Balance, beginning of year, as previously reported	$ 9	$ (6,194,379)	$ -	$ 1,018,003	$ 5,868,459	$ 3,788,967	$ 4,481,059	$ 5,193,174
Prior period adjustment (Note 18)	(725,982)	-	-	(71,656)	-	-	(797,638)	(720,797)
Balance beginning of year, restated	(725,973)	(6,194,379)	-	946,347	5,868,459	3,788,967	3,683,421	4,472,377
Excess (deficiency) of revenue over expenditure for the year	3,427,095	-	-	-	-	-	3,427,095	(1,106,930)
Change in tuition set aside for student assistance	-	-	-	26,894	-	-	26,894	151,944
Change in other restricted net assets	(214,123)	-	-	214,123	-	-	-	-
Transfer to restricted from unrestricted	(1,016,437)	969,836	46,601	-	-	-	-	-
Change in investment in capital assets	(975,033)	-	-	-	975,033	-	-	-
Endowment contributions and investment income, net of awards	-	-	-	-	-	613,904	613,904	166,030
Net change for the year	1,221,502	969,836	46,601	241,017	975,033	613,904	4,067,893	(788,956)
Balance, end of year	$ 495,529	$ (5,224,543)	$ 46,601	$ 1,187,364	$ 6,843,492	$ 4,402,871	$ 7,751,314	$ 3,683,421

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 Operations

For the year ended March 31	2006	2005
Revenue		
Grants and reimbursements (Schedule 1)	$ 33,332,263	$ 27,589,130
Student tuition (Schedule 1)	7,516,919	7,855,836
Other academic activities (Schedule 1)	10,397,695	9,776,823
Ancillary operations (Schedule 7)	3,261,065	3,618,778
Supplementary (Schedule 8)	3,293,620	3,350,432
Amortization of deferred capital contributions (Note 11)	3,459,925	3,203,836
Donations and fundraising	676,536	444,425
Other operating revenue	506,490	434,904
	62,444,513	56,274,164
Expenditure		
Academic (Schedule 2)	24,226,555	23,401,683
Other academic activities (Schedule 3)	8,428,796	8,104,031
Education resources and student services (Schedule 4)	4,773,605	4,441,167
Administrative (Schedule 5)	5,923,388	5,655,454
Plant and property (Schedule 6)	4,498,324	3,960,562
Ancillary operations (Schedule 7)	3,306,594	3,622,323
Supplementary (Schedule 8)	3,519,732	3,392,780
Amortization of capital assets	4,847,847	4,392,284
Scholarships, donations and fundraising	462,413	387,228
Change in employee future benefits	(987,000)	190,923
Change in accrued vacation pay and sick leave liability	17,164	(167,341)
	59,017,418	57,381,094
Excess (deficiency) of revenue over expenditure for the year	$ 3,427,095	$ (1,106,930)

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	2006	2005
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditure for the year	**$ 3,427,095**	$ (1,106,930)
Items not involving cash		
Amortization of deferred capital contributions	**(3,459,925)**	(3,203,836)
Amortization of capital assets	**5,163,119**	4,783,875
Prior period adjustment (Note 18)	**71,656**	76,841
Change in employee future benefits	**(987,000)**	190,923
Change in accrued sick leave liability	**(158,709)**	(137,828)
	4,056,236	603,045
Change in non-cash working capital balances (Note 17)	**(557,976)**	1,919,235
	3,498,260	2,522,280
Cash flows from investing activities		
Decrease (increase) in notes and loans receivable	**23,930**	(3,998)
Decrease in investment portfolio	**(470,297)**	(176,688)
Purchase of capital assets	**(3,689,978)**	(1,726,881)
Increase (decrease) in tuition set aside for student assistance	**(44,762)**	151,943
Increase in endowments, net of awards	**613,904**	166,030
	(3,567,203)	(1,589,594)
Cash flows from financing activities		
Long term debt advances	**992,850**	341,237
Repayment of long term debt	**(624,927)**	(311,053)
Capital lease obligations incurred	**-**	334,593
Repayment of capital lease obligations	**(440,008)**	(406,404)
Deferred capital contributions	**1,262,653**	458,884
	1,190,568	417,257
Increase in cash for the year	**1,121,625**	1,349,943
Cash, beginning of year	**4,714,233**	3,364,290
Cash, end of year	**$ 5,835,858**	$ 4,714,233

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, 2006

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, 2006. Amortization will be recorded upon substantial 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, 2006

Revenue Recognition	The College follows the deferral method of accounting for contributions, which include donations and government grants. 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. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the period in which they are received. Tuition is recognized as revenue when courses and seminars are held. Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at point of sale or when the service has been provided. 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 College maintains deferred benefit plans providing other retirement and post-employment benefits to most of its employees. The benefits include ongoing premiums for basic life insurance, extended health/vision/hearing care, and dental care provided they were in effect on the date of retirement. The College has recorded the liability for these benefits.

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

March 31, 2006

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 $3,000,000 and prime less 1.85% for monthly balances over $3,000,000.

2. Accounts Receivable

	2006	2005
Students	$ 685,560	$ 428,470
General	2,824,803	2,390,130
	$ 3,510,363	$ 2,818,600

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:

	2006		2005	
	Cost	**Market**	Cost	Market
Mutual Funds (endowed)				
Canadian Equities	$ 365,476	$ 435,499	$ 503,142	$ 502,827
Canadian Bonds	2,058,628	2,058,827	2,001,674	2,033,103
U.S. Equities	-	-	610,994	666,410
Other Foreign Equities	2,110	2,110	619,689	671,067
Cash Account	1,837,796	1,837,796	58,214	64,126
	$ 4,264,010	$ 4,334,232	$ 3,793,713	$ 3,937,533

The cash account earns interest at 3.44%. Canadian bonds are comprised of a number of different bonds, with varying maturity dates, and yield an average of 4.95% over the term of the investments.

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

March 31, 2006

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.

	2006	2005
Cost	**$ 558,234**	$ 558,234
Accumulated investment income	**1,234,548**	1,079,294
	$ 1,792,782	$ 1,637,528

The market value of the bonds at March 31, 2006 is approximately $2,369,179 (2005 - $2,242,699). 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

	2006		2005	
	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	**55,142,561**	**25,575,501**	54,921,351	24,196,937
Leasehold improvements	**333,188**	**266,388**	333,188	244,475
Furniture and equipment	**49,564,676**	**41,766,941**	46,459,358	38,282,203
Library books	**20,000**	**20,000**	20,000	20,000
Major equipment	**2,779,032**	**833,710**	2,779,032	555,806
Projects in progress	**2,395,728**	**-**	2,032,278	-
	$112,545,228	**$ 70,477,526**	$108,855,250	$ 65,314,407
Net book value		**$ 42,067,702**		$ 43,540,843

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

March 31, 2006

5. Capital Assets (cont'd)

Assets held under capital lease totaling $1,284,485 (2005 - $2,054,660) with related accumulated amortization in the amount of $505,670 (2005 - $883,323) are included in capital assets.

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 $2,500,000, of which $2,450,000 has been received to date with the balance to be funded through operations.

6. Accounts Payable and Accrued Liabilities

	2006	2005
Trade accounts payable	**$ 2,090,345**	$ 1,300,325
Accrued liabilities	**667,648**	530,020
Accrued salaries and employees' deductions	**752,046**	1,593,814
	$ 3,510,039	$ 3,424,159

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

	2006	2005
Accrued vacation pay	**$ 3,219,163**	$ 3,043,290
Accrued sick leave liability	**$ 1,029,457**	$ 1,188,166
Employee future benefits		
Non-pension post-retirement benefits	**$ 492,000**	$ 1,506,000
Post-employment benefits		
Premium waiver during long term disability	**163,000**	167,000
Contribution of medical and dental benefits during long term disability	**310,000**	282,000
WSIB future benefits	**126,923**	126,923
	1,091,923	2,081,923
Value of Assets		
Post-employment benefits	**116,000**	119,000
	$ 975,923	$ 1,962,923
	$ 5,224,543	$ 6,194,379

Effective September 1, 2005, the cost of the early retiree benefits are no longer subsidized by the College's non-pension post-retirement benefits. This resulted in a significant reduction of this liability for the College.

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

a) *Interest (discount) rate*

The present value as at March 31, 2006 of the future benefits was determined using a discount rate of 5.0% (2005 - 5.5%).

b) *Drug costs*

Drug costs were assumed to increase at a 9% rate for 2006 and decrease proportionately thereafter to an ultimate rate of 5% in 2010.

c) *Hospital and other medical*

Hospital and other medical costs were assumed to increase at 5% per annum.

d) *Dental costs*

Dental costs were assumed to increase at 4% per annum.

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

March 31, 2006

8. Deferred Revenue and Contributions

	2006	2005
Canadian International Development Agency - Ukraine Regional Networks	$ **97,119**	$ 319,158
Ontario Ministry of Training, Colleges and Universities		
Aboriginal Education and Training Fund	**35,000**	395,000
Aboriginal Educational and Training Strategy	**360,000**	-
Access to Opportunities	**-**	178,023
Apprenticeship training	**212,894**	247,093
Apprenticeship (one time grant)	**1,057,512**	625,492
Bursaries	**785,173**	436,581
Campus safety	**96,476**	36,341
Capital Equipment (one time grant)	**323,561**	1,080,729
Collaborative nursing	**1,012,330**	1,354,837
Employment programs	**366,620**	230,066
Facilities deferred maintenance grant	**-**	1,644,680
Facilities Renewal	**621,927**	1,972
Lease grant	**24,300**	50,590
Contract training	**239,317**	409,153
Miscellaneous	**101,186**	121,472
Centre for Continuing Education	**270,469**	271,389
College service fee	**145,289**	134,300
Forestry Strategic Skills Investment and Living Legacy	**231,865**	350,206
Student IT fee	**65,216**	47,099
Student tech fee	**100,953**	131,590
Children and Family Centre	**-**	7,952
IT residence infrastructure	**47,379**	-
Curriculum design projects	**72,834**	43,831
RPNAO research project	**33,165**	-
Full-time post secondary tuition deferral	**923,081**	797,638
	$ **7,223,666**	$ 8,915,192

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

March 31, 2006

9. Long Term Debt

		2006		2005
Royal Bank mortgage on Sibley Hall, repayable $6,924 monthly including interest at 4.75% due 2009	**$**	**284,872**	$	350,816
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 5.5%) less 0.75%, due March 2011		**1,245,021**		1,495,723
Toronto Dominion Bank demand loan providing bridge financing for Banner ISIS computer system, repayable with monthly interest only payments at prime (currently 5.5%) less 0.75% (facility approved at $2,700,000)		**2,300,000**		1,908,096
Royal Bank demand loan for Banner ISIS computer system, repayable with monthly interest only payments at prime (currently 5.5%) less 0.5%		**150,000**		-
Royal Bank demand loan for CRM project, repayable with monthly interest only payments at prime (currently 5.5%) less 0.5%		**109,500**		-
Royal Bank loan for film van, repayable at $1,176 monthly including interest at 4.75%, due 2008		**33,164**		-
		7,222,557		6,854,635
Current portion		**594,100**		308,000
	$	**6,628,457**	$	6,546,635

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

Date		Amount
2007	$	594,100
2008		624,900
2009		632,100
2010		618,400
2011		559,600
Thereafter		4,193,457
	$	7,222,557

9. Long Term Debt (cont'd)

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, 2007. 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 less 0.5%.

The Royal Bank loans have been advanced through the lease line of credit referred to in Note 10.

10. Obligations under Capital Leases

	2006	2005
Royal Bank capital leases, repayable $25,319 monthly, including interest at rates from 5.08% - 7.914%, due March 2007 to March 2011.	$ 620,078	$ 1,060,086
Current portion	276,668	445,773
	$ 343,410	$ 614,313

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
2007	$ 303,823
2008	202,697
2009	93,968
2010	47,118
2011	22,190
	669,796
Less imputed interest	49,718
	$ 620,078

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. Of this amount, $1,197,614 was in use at March 31, 2006 to cover the capital leases and additional Royal Bank loans included in Note 9.

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

March 31, 2006

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:

	2006	2005
Balance, beginning of year	**$ 31,262,405**	$ 33,865,540
Add contributions for capital purposes	**1,262,653**	458,884
Add sinking fund investment income	**155,255**	141,817
Less amortization of deferred capital contributions	**(3,459,925)**	(3,203,836)
Balance, end of year	**$ 29,220,388**	$ 31,262,405

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 as restated, Note 18	$ 433,645	$ 26,894	$ -	**$ 460,539**
Scholarships and bursaries	33,497	221,478	231,768	**23,207**
Contributions for capital expenditures	347,865	455,058	230,645	**572,278**
Proceeds on sale of College property directly funded by Provincial government	131,340	-	-	**131,340**
	$ 946,347	$ 703,430	$ 462,413	**$ 1,187,364**

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.

13. Net Assets - Investment in Capital Assets

	2006	2005
Capital assets, net book value	**$ 42,067,702**	$ 43,540,843
Less amounts financed by:		
Working capital	**46,031**	(132,786)
Long term debt	**(7,222,557)**	(6,854,635)
Obligations under capital lease	**(620,078)**	(1,060,086)
Deferred capital contributions	**(29,220,388)**	(31,262,405)
Add sinking fund investments	**1,792,782**	1,637,528
Invested in capital assets, end of year	**$ 6,843,492**	$ 5,868,459

14. Net Assets - Endowments Restricted

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

	2006	2005
Endowment Principal		
Principal balance, beginning of year	**$ 3,509,919**	$ 3,503,879
Cash donations for the year	**1,065**	6,040
Principal balance, end of year	**3,510,984**	3,509,919
Expendable Funds		
OSOTF balance, beginning of year	**45,265**	16,239
Bursaries (total number = 375)	**(142,726)**	(122,705)
Net investment income	**435,842**	151,731
Expendable funds, end of year	**338,381**	45,265
Net assets - Endowments restricted, end of year	**$ 3,849,365**	$ 3,555,184

The market value of the investment portfolio for endowed funds included in the total investments disclosed in Note 3 is $3,780,726 (2005 - $3,703,750).

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

March 31, 2006

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

Phase II

	2006	2005
Schedule of Donations		
Cash donations matched in 2003/04 (within matching ceiling)	$ 30,000	$ 30,000
Cash donations matched in 2004/05 (within matching ceiling)	81,833	81,833
Cash donations matched in 2005/06 (within matching ceiling)	142,403	-
Outstanding unmatched donations	8,693	-
Outstanding pledges	-	18,215
Principal balance, end of year	262,929	130,048
Endowment Principal		
Principal balance, beginning of year	223,666	102,404
Eligible cash donations for the year received in compliance with July 2003 program guidelines	143,366	39,429
Matching funds received from MTCU (within matching ceiling)	142,403	81,833
Unmatched cash donations for the year	8,694	-
Principal balance, end of year	518,129	223,666
Expendable Funds		
OSOTF balance, beginning of year	10,117	415
Bursaries (total number = 3)	(3,400)	(1,200)
Net investment income	28,660	10,902
Expendable funds, end of year	35,377	10,117
Net assets - Endowments restricted, end of year	$ 553,506	$ 233,783
Total Net assets - Endowments restricted, end of year	$ 4,402,871	$ 3,788,967

The market value of the investment portfolio for endowed funds included in the total investments disclosed in Note 3 is $553,506 (2005 - $233,783).

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

March 31, 2006

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, 2006, charges to expenditure for these plans amounted to approximately $2,002,432 (2005 - $1,898,404).

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 to 2010.

17. Statement of Cash Flows

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

	2006	2005
Grants receivable	**$ 1,075,754**	$ (3,536,951)
Accounts receivable	**(691,763)**	2,477,740
Inventories	**(8,559)**	6,412
Prepaid expenses	**496,365**	(168,059)
Accounts payable and accrued liabilities	**85,880**	(1,202,120)
Accrued vacation pay	**175,873**	(29,513)
Deferred revenue and contributions	**(1,691,526)**	4,371,726
	$ (557,976)	$ 1,919,235

18. Prior Period Adjustment

During the year, in accordance with Canadian generally accepted accounting principles, the College adopted the policy of deferring full-time post secondary tuition unearned as at the balance sheet date. This change in accounting policy has been applied on a retroactive basis. As a result of this change, 2005 opening net assets have been reduced by $720,797, 2005 tuition revenue has been decreased by $84,425, tuition set aside has been decreased $71,656 and 2005 deferred revenue has been increased by $797,638. The impact on the current year is not material.

19. Reporting Entity Project Funding

There was $8,635 expended of the total $38,101 at March 31, 2006. This was expended in accordance with the Ministry of Training, Colleges and Universities agreement Schedule 1 "eligible costs." The balance unspent together with the announced 2006/07 grants will be needed to design and implement local processes and procedures to produce more timely and more reliable information for consolidation purposes.

20. Contingent Liability

As at March 31, 2006 the College was in a labour dispute. The costs to settle this dispute have been estimated and accrued accordingly.

21. Lottery Activity

	2006	2005
Revenue		
Nevada proceeds	$ **11,195**	$ 8,204
Seller commission	**(2,694)**	(874)
Net proceeds - Nevada	**8,501**	7,330
Raffle proceeds	**12,583**	9,277
	21,084	16,607
Expenditure		
Tickets	**1,584**	1,904
Gaming services supplier commission	**1,226**	866
Licence fee	**999**	498
Provincial fee	**1,379**	971
Prize purchases	**2,500**	668
Advertising	**31**	27
	7,719	4,934
Net proceeds	**13,365**	11,673
Fund balance, beginning of year	**16,858**	13,208
Distributions, scholarships and bursaries	**(9,589)**	(8,023)
Fund balance, end of year	$ **20,634**	$ 16,858

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

For the year ended March 31	2006	2005
Grants and reimbursements		
Post secondary	**$ 29,757,515**	$ 24,885,521
Apprenticeship training	**2,165,902**	1,570,561
Facilities renewal	**1,408,846**	1,133,048
	$ 33,332,263	$ 27,589,130
Student tuition		
Full-time post secondary	**$ 5,657,103**	$ 5,803,613
Part-time post secondary	**531,284**	649,134
Student services fees	**1,328,532**	1,403,089
	$ 7,516,919	$ 7,855,836
Other Academic Activities		
Provincially funded direct training grants	**$ 2,747,817**	$ 2,666,306
Contract training - Federal domestic	**953,942**	1,046,183
- Other contract training	**2,948,819**	2,951,052
- International	**1,330,383**	1,410,447
	5,233,144	5,407,682
Other academic services and projects	**2,416,734**	1,702,835
	$ 10,397,695	$ 9,776,823

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

For the year ended March 31	2006	2005
Salaries		
Instructional officers and staff	$ 1,520,033	$ 1,399,907
Full-time teaching	10,477,011	10,464,407
Part-time teaching	2,786,392	2,598,904
Support staff	2,903,820	2,790,023
Employee benefits	3,077,534	3,161,669
	20,764,790	20,414,910
Advertising	178,348	114,820
Computing and telecommunication costs	292,158	258,234
Contracted services - other	392,002	150,920
Non capital furniture & equipment	8,110	6,839
Equipment maintenance	409,277	332,180
Field work	51,655	66,761
Instructional equipment rental	94,035	134,237
Instructional supplies	1,309,911	1,217,830
Insurance	118,955	123,094
Memberships	18,829	17,060
Office, supplies and miscellaneous	259,541	254,476
Premise rentals	19,911	22,912
Professional development	27,064	29,213
Professional fees	20,543	26,312
Staff employment	894	666
Travel	237,134	210,384
Vehicle expense	23,398	20,835
	3,461,765	2,986,773
	$ 24,226,555	$ 23,401,683

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

For the year ended March 31	2006	2005
Salaries		
Instructional officers and staff	$ **1,168,049**	$ 1,124,246
Full-time teaching	**620,799**	649,141
Part-time teaching	**1,430,783**	1,299,932
Support staff	**1,561,438**	1,579,976
Employee benefits	**789,487**	786,182
	5,570,556	5,439,477
Advertising	**120,675**	158,839
Computing and telecommunication costs	**99,434**	154,500
Contracted services - other	**1,214,039**	776,314
Non-capital furniture & equipment	**24,155**	13,890
Equipment maintenance	**3,704**	(678)
Field work	**10,476**	8,627
Instructional equipment rental	**160,340**	167,453
Instructional supplies	**271,807**	354,925
Office, supplies and miscellaneous	**468,086**	524,226
Professional development	**23,463**	29,286
Professional fees	**41,721**	22,702
Special project costs	**-**	9,143
Travel	**420,340**	445,327
	2,858,240	2,664,554
	$ **8,428,796**	$ 8,104,031

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

For the year ended March 31	2006	2005
Salaries	$ 2,920,134	$ 2,598,413
Employee benefits	594,508	506,030
Advertising and recruitment	103,759	102,984
Computing and telecommunication costs	38,425	47,309
Equipment maintenance	2,549	2,607
Instructional supplies	42,928	45,597
Library resource materials	155,592	146,271
Office, supplies and miscellaneous	136,196	132,217
Professional development	8,653	9,711
Professional fees	30,683	28,416
Student insurance	-	20,662
Tuition set aside for student assistance	676,785	734,763
Travel	63,393	66,187
	$ 4,773,605	$ 4,441,167

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

For the year ended March 31	2006	2005
Salaries	$ 2,788,573	$ 2,678,213
Employee benefits	525,386	584,354
Advertising and promotion	168,773	210,806
Bad debts expense	112	23,149
Bank charges	123,534	94,006
Banner ISIS project	470,981	250,000
Computing and telecommunication costs	379,222	523,882
Contracted services - other	125,077	119,178
Insurance	217,415	219,921
Memberships and dues	72,887	61,021
Office, supplies and miscellaneous	310,221	372,605
Professional development	65,609	52,265
Professional fees	200,756	155,646
Staff employment and expense	86,823	61,982
Telephone	146,358	67,817
Travel	241,661	180,609
	$ 5,923,388	$ 5,655,454

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

For the year ended March 31	2006	2005
Salaries	$ 1,204,893	$ 1,217,082
Employee benefits	293,331	300,126
Building and equipment repairs and alterations	1,352,068	761,652
Cleaning supplies	26,343	29,413
Contracted services	156,236	138,635
Grounds maintenance	179,734	44,465
Other premise rental	32,325	47,931
Professional fees	37,926	203,456
Property and plant expense and supplies	55,764	36,580
Travel	8,926	6,500
Utilities	965,152	985,014
Vehicle expense	37,393	34,078
Approved premise rental	148,233	155,630
	$ 4,498,324	$ 3,960,562

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

For the year ended March 31		2006		2005
Revenue	$	**3,261,065**	$	3,618,778
Expense				
Salaries		**1,226,924**		1,157,026
Employee benefits		**280,278**		286,680
Administrative costs		**319,127**		335,452
Cost of resale items sold		**167,587**		233,620
Interest on long term debt		**261,422**		417,056
Plant costs		**736,000**		794,801
Amortization of capital assets		**315,270**		391,591
Travel		**(14)**		6,097
		3,306,594		3,622,323
Deficiency of revenue over expenditure on ancillary operations for the year	$	**(45,529)**	$	(3,545)

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

For the year ended March 31	2006	2005
Revenue	**$ 3,293,620**	$ 3,350,432
Expenditure		
Scholarship	**1,868,407**	1,854,566
Termination gratuities	**452,068**	263,879
Wage subsidies - flow through	**985,126**	1,050,685
Property taxes	**214,131**	223,650
	3,519,732	3,392,780
Deficiency of revenue over expenditure for the year	**$ (226,112)**	$ (42,348)