The Confederation College
of Applied Arts and Technology
Financial Statements
For the year ended March 31, 2008

Contents

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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, 2008 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, 2008 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, Licensed Public Accountants

Thunder Bay, Ontario
May 27, 2008

The Confederation College of Applied Arts and Technology
Balance Sheet

March 31	2008	2007
Assets		
Current		
Cash (Note 2)	$ 9,085,132	$ 9,514,887
Grants receivable	1,109,132	1,082,571
Accounts receivable (Note 3)	7,289,688	5,212,676
Inventories	48,972	48,634
Prepaid expenses	525,388	419,593
Current portion of notes and loans receivable	38,299	37,660
	18,096,611	16,316,021
Notes and loans receivable	50,804	45,374
Investment portfolio (Note 4)	4,722,398	4,455,015
Sinking fund investments (Note 5)	2,149,329	1,962,739
Capital (Note 6)	37,292,778	40,343,269
	$ 62,311,920	$ 63,122,418
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 3,451,321	$ 3,895,780
Accrued vacation pay (Note 8)	2,393,460	2,180,599
Deferred revenue and contributions (Note 9)	8,127,159	7,640,982
Current portion of long term debt	824,915	750,820
Current portion of obligations under capital leases	86,989	184,872
	14,883,844	14,653,053
Accrued sick leave liability (Note 8)	1,056,269	1,012,656
Employee future benefits (Note 8)	889,379	783,643
Long term debt (Note10)	5,826,921	6,278,704
Obligations under capital leases (Note 11)	67,813	158,803
Deferred capital contributions (Note 12)	28,232,176	28,504,187
	50,956,402	51,391,046
Net assets		
General unrestricted	5,080,528	3,048,285
Employee future benefits unrestricted (Note 8)	(4,339,108)	(3,976,898)
Internally restricted	205,803	683,601
Externally restricted (Note 13)	1,279,911	1,033,909
Investment in capital assets (Note 14)	4,403,294	6,472,073
Endowments restricted (Note 15)	4,725,090	4,470,402
	11,355,518	11,731,372
	$ 62,311,920	$ 63,122,418

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.

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

For the year ended March 31							2008	2007
	General Unrestricted	Employee Future Benefits Unrestricted	Internally Restricted	Externally Restricted	Investment In Capital Assets	Endowments Restricted	Total	Total
		(Note 8)		(Note 13)	(Note 14)	(Note 15)		
Balance, beginning of year	$ 3,048,285	$ (3,976,898)	$ 683,601	$ 1,033,909	$ 6,472,073	$ 4,470,402	$ 11,731,372	$ 8,975,234
Transitional adjustment (Note 4 and 16)	-	-	-	-	-	392,116	392,116	-
Excess (deficiency) of revenue over expenditure for the year	(811,082)	-	-	-	-	-	(811,082)	2,732,095
Change in tuition set aside for student assistance	-	-	-	178,630	-	-	178,630	(43,488)
Change in other restricted net assets	(67,372)	-	-	67,372	-	-	-	-
Transfer to restricted from unrestricted	362,210	(362,210)	-	-	-	-	-	-
Transfer to internally restricted from unrestricted	477,798	-	(477,798)	-	-	-	-	-
Change in investment in capital assets	2,068,779	-	-	-	(2,068,779)	-	-	-
Endowment contributions and investment income, net of awards	-	-	-	-	-	(137,428)	(137,428)	67,531
Other	1,910	-	-	-	-	-	1,910	-
Net change for the year	2,032,243	(362,210)	(477,798)	246,002	(2,068,779)	254,688	(375,854)	2,756,138
Balance, end of year	$ 5,080,528	$ (4,339,108)	$ 205,803	$ 1,279,911	$ 4,403,294	$ 4,725,090	$ 11,355,518	$ 11,731,372

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	2008	2007
Revenue		
Grants and reimbursements (Schedule 1)	**$ 35,896,479**	$ 34,639,628
Student tuition (Schedule 1)	**8,305,814**	7,896,677
Other academic activities (Schedule 1)	**11,300,177**	11,342,443
Ancillary operations	**3,273,727**	3,467,547
Supplementary	**2,721,337**	2,953,890
Amortization of deferred capital contributions (Note 12)	**3,503,096**	3,096,866
Donations and fundraising	**445,269**	513,014
Other operating revenue	**2,578,595**	1,579,052
	68,024,494	65,489,117
Expenditure		
Academic	**26,822,727**	25,230,613
Other academic activities	**9,455,725**	9,062,355
Education resources and student services	**4,754,375**	4,561,324
Administrative	**6,953,593**	7,002,560
Plant and property	**7,668,744**	4,369,753
Ancillary operations	**3,589,936**	3,275,055
Supplementary	**2,721,337**	2,982,061
Amortization of capital assets	**6,129,032**	5,674,045
Scholarships, donations and fundraising	**377,897**	622,981
Change in employee future benefits	**105,736**	(192,280)
Change in accrued vacation pay and sick leave liability	**256,474**	168,555
	68,835,576	62,757,022
Excess (deficiency) of revenue over expenditure for the year	**$ (811,082)**	$ 2,732,095

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	2008	2007
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditure for the year	$ **(811,082)**	$ 2,732,095
Items not involving cash		
Amortization of deferred capital contributions	**(3,503,096)**	(3,096,866)
Amortization of capital assets	**6,443,844**	5,984,485
Gain on sale of capital assets	**(14,806)**	-
Other	**1,910**	-
Change in employee future benefits	**105,736**	(192,280)
Change in accrued sick leave liability	**43,613**	(16,801)
	2,266,119	5,410,633
Change in non-cash working capital balances (Note 19)	**(1,955,127)**	948,241
	310,992	6,358,874
Cash flows from investing activities		
(Increase) decrease in notes and loans receivable	**(6,069)**	5,897
Increase in investment portfolio	**(267,383)**	(191,005)
Purchase of capital assets	**(3,516,855)**	(4,260,052)
Proceeds on disposal of capital assets	**138,308**	-
Increase (decrease) in tuition set aside for student assistance	**178,630**	(43,488)
Increase in endowments, net of awards	**254,688**	67,531
	(3,218,681)	(4,421,117)
Cash flows from financing activities		
Long term debt advances	**435,000**	291,533
Repayment of long term debt	**(812,688)**	(484,566)
Repayment of capital lease obligations	**(188,873)**	(276,403)
Deferred capital contributions	**3,044,495**	2,210,708
	2,477,934	1,741,272
Increase (decrease) in cash for the year	**(429,755)**	3,679,029
Cash, beginning of year	**9,514,887**	5,835,858
Cash, end of year	$ **9,085,132**	$ 9,514,887

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, 2008

Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as set out for not-for-profit organizations, the most significant as outlined below.

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 College recognizes and measures financial assets and financial liabilities on the balance sheet when they become a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a settlement date basis. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, loans and receivables, held to maturity, available for sale or other financial liabilities.

Held for Trading

Financial instruments are classified under this category if they are:

(i) acquired principally for the purpose of selling or repurchasing in the near term;
(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
(iii) a derivative, except for a derivative that is a financial guarantee contract or a designated effective hedging instrument; or
(iv) designated at fair value using the fair value option ("FVO")

Financial instruments cannot be transferred into or out of the held for trading category after inception. For designation at fair value using the FVO option, reliable fair values must be readily available. These instruments are recognized initially at fair value and transaction costs are taken directly to the statements of earnings and equity. They are subsequently measured at fair value and gains and losses arising from changes in fair value of these instruments are recorded in the statements of earnings and equity.

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

March 31, 2008

Financial Instruments (cont'd)

Held for Trading (cont'd)

Cash has been classified as held for trading by the College.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable repayment dates, usually with interest, that are not debt securities or instruments classified as held for trading on initial recognition. These instruments are initially recognized at fair value including direct and incremental transactions costs. They are subsequently valued at amortized cost using the effective interest method less any provision for impairment.

Grants, accounts and notes receivable have been classified as loans and receivables.

Available for Sale

Available for sale assets are non-derivative financial assets that are designated as available for sale or are not categorized into any of the other categories described above. They are initially recognized at fair value. Transaction costs are expensed as incurred. They are subsequently held at fair value with gains and losses arising from changes in fair value being recognized in other comprehensive income in the statement of comprehensive income when they have a quoted market price in an active market. Where a decline in the fair value is determined to be other than temporary, the amount of the loss is removed from other comprehensive income and recognized in the income statement. Investments in equity instruments classified as available for sale that do not have a quoted market price in an active market are measured at cost less any provision for impairment.

The investment portfolio has been classified as available for sale.

Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities and include accounts payable and accrued liabilities. These instruments are initially recognized at fair value including direct and incremental transaction costs. They are subsequently measured at amortized cost using the effective interest method.

Accounts payable and long term debt have been classified as other financial liabilities.

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

March 31, 2008

Financial Instruments (cont'd)

Held to Maturity

Held to maturity investments include financial assets with fixed or determinable payments that the College's management has the intention and ability to hold to maturity. They are initially recognized at fair value including direct and incremental transaction costs . They are subsequently valued at amortized cost using the effective interest method less any provision for impairment.

Sinking fund investments have been classified as held to maturity.

Inventories

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

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, 2008. 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.

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.

Operating grants from the Ministry of Training, Colleges and Universities and other government agencies are recorded as revenue in the year to which they relate. Grants approved but not received at the end of the fiscal year are accrued. Where a portion of a grant relates to a future year it is deferred and recognized in the subsequent year.

Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

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

March 31, 2008

Revenue Recognition (cont'd)

Tuition is recognized as revenue when courses and seminars are held. Tuition fees are deferred to the extent that the related courses extend beyond the fiscal year of the College.

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, 2008

1. Nature of Operations

The Confederation College of Applied Arts and Technology was established under the Ministry of Colleges and Universities Act as a corporation in 1967 under the laws of the Province of Ontario. The College is a publicly-funded, post-secondary institution serving education needs in Northwestern Ontario and beyond. The College offers a full range of programs and educational services including full-time post-secondary programs, part-time credit and non-credit courses, specialty programs for business and industry, pre-employment and skills training programs, apprenticeship and cooperative/workplace training programs.

The College is a not-for-profit organization and as such is exempt from income taxes under Section 149 of the Income Tax Act (Canada).

2. Cash

The College's bank accounts are held at one chartered bank. The bank accounts earn interest at prime less 1.75%.

3. Accounts Receivable

	2008	2007
Students	**$ 1,915,195**	$ 1,442,548
General	**3,626,099**	3,147,288
The Confederation College of Applied Arts and Technology Foundation	**1,748,394**	622,840
	$ 7,289,688	$ 5,212,676

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

March 31, 2008

4. 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:

	2008		2007	
	Market	**Cost**	Market	Cost
Endowed				
Canadian Equities	**$ 595,454**	**$ 551,546**	$ 610,398	$ 497,487
Canadian Bonds	**2,133,641**	**2,074,182**	1,952,707	1,939,447
Foreign Equities	**1,591,675**	**1,721,357**	1,979,899	1,713,954
Cash Account	**401,628**	**401,665**	304,127	304,127
	$ 4,722,398	**$ 4,748,750**	$ 4,847,131	$ 4,455,015

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 4.5% over the term of the investments.

As described in Note 16, the College adopted the new standards for accounting for financial instruments. In accordance with the transitional provisions, the difference between the market and cost values of investments at March 31, 2007 of $392,116 was recorded as a transitional adjustment in the endowment fund as at April 1, 2007.

5. 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.

	2008	2007
Cost	**$ 558,234**	$ 558,234
Accumulated investment income	**1,591,095**	1,404,505
	$ 2,149,329	$ 1,962,739

The market value of the bonds at March 31, 2008 is approximately $2,654,764 (2007 - $2,509,919). At maturity, the proceeds of the investment will be used to retire the $3,100,000 Ontario Ministry of Housing mortgage described in Note 10.

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

March 31, 2008

6. Capital Assets

	2008		**2007**	
	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	**54,682,354**	**27,943,519**	55,142,561	26,954,064
Leasehold improvements	**333,187**	**293,288**	333,188	279,838
Furniture and equipment	**57,205,673**	**50,940,172**	53,613,324	45,836,202
Library books	**20,000**	**20,000**	20,000	20,000
Major equipment	**5,232,096**	**1,356,919**	5,232,096	1,356,919
Projects in progress	**78,309**	**-**	154,066	-
	$119,861,662	**$ 82,568,884**	$116,805,278	$ 76,462,009
Net book value		**$ 37,292,778**		$ 40,343,269

Assets held under capital lease totaling $1,284,485 (2007 - $1,284,485) with related accumulated amortization in the amount of $912,974 (2007 - $709,327) are included in capital assets.

Projects in progress at year end relate to the renovation of the HVAC system in Kenora, which is scheduled for completion during the 2009 fiscal year. The prior year balance relates to this renovation, as well as, the start up costs for the CAMP project.

7. Accounts Payable and Accrued Liabilities

	2008	2007
Trade accounts payable	**$ 1,309,171**	$ 1,345,005
Accrued liabilities	**623,077**	428,139
Accrued salaries and employees' deductions	**1,473,575**	2,075,033
The Confederation College of Applied Arts and Technology Foundation	**45,498**	47,603
	$ 3,451,321	$ 3,895,780

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

March 31, 2008

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

	2008	2007
Accrued vacation pay	**$ 2,393,460**	$ 2,180,599
Accrued sick leave liability	**$ 1,056,269**	$ 1,012,656
Employee future benefits		
Non-pension post-retirement benefits	**$ 423,000**	$ 446,000
Post-employment benefits		
Premium waiver during long term disability	**63,000**	64,000
Contribution of medical and dental benefits during long term disability	**345,000**	310,000
WSIB future benefits	**162,379**	71,643
	993,379	891,643
Value of Assets		
Post-employment benefits	**104,000**	108,000
	$ 889,379	$ 783,643
	$ 4,339,108	$ 3,976,898

The major actuarial assumptions employed for the valuation of employee future benefits are as follows:

a) *Interest (Discount) Rate*

The present value as at March 31, 2008 of the future benefits was determined using a discount rate of 5.50% (2007 - 4.85%).

b) *Drug Costs*

Drug costs were assumed to increase at a 10.5% rate for 2008 and decrease proportionately thereafter to an ultimate rate of 5.5% in 2018.

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 7.5% per annum and decrease proportionately thereafter to an ultimate rate of 4.5% in 2014.

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

March 31, 2008

9. Deferred Revenue and Contributions

	2008	2007
Ontario Ministry of Training, Colleges and Universities		
Aboriginal Educational and Training Strategy	$ 71,500	$ 360,000
Apprenticeship training	629,666	869,548
Bursaries	169,845	171,738
Campus safety	25,134	39,417
Clinical	156,401	-
Collaborative nursing	1,308,479	1,386,290
Employment programs	315,565	165,798
Facilities Renewal	1,500,007	-
Lease grant	215,532	117,851
Special needs tutoring	41,058	38,201
Centre for Applied Media Production	633,484	1,967,741
Centre for Continuing Education	281,098	233,568
College service fee	125,234	146,818
Contract training	-	204,619
First Nations Youth Employment	241,771	-
Full-time post secondary tuition deferral	841,425	931,970
Human Resources and Development Canada	83,188	-
IT residence infrastructure	47,972	20,382
Miscellaneous contracts and projects	1,047,013	808,625
School College Work Initiative	314,913	-
Student IT fee	46,435	21,447
Student tech fee	31,439	156,969
	$ 8,127,159	$ 7,640,982

10. Long Term Debt

	2008	2007
Royal Bank mortgage on Sibley Hall, repayable $6,924 monthly including interest at 4.75% due 2009	**$ 139,256**	$ 213,790
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	**743,616**	994,318
Toronto Dominion Bank term loan financing Banner ISIS computer system, repayable $36,723 monthly including interest at 4.69%, due March 2013	**1,960,188**	2,300,000
Royal Bank demand loan for Banner ISIS computer system, repayable at $3,916 monthly plus interest at prime (currently 6.0%) less 1.0%, due 2012	**130,693**	235,000
Royal Bank demand loan for CRM project, repayable at $2,365 monthly including interest at 5.16%, due 2012	**102,481**	125,000
Royal Bank loan for film van, repayable at $1,176 monthly including interest at 4.75%, due 2008	**6,961**	20,383
Royal Bank loan for plant tractor, repayable at $776 monthly including interest at 5.16%, due 2012	**33,641**	41,033
Royal Bank loan for Banner Project #2, repayable at $3,728 monthly including interest at 4.5%, due 2013	**200,000**	-
Royal Bank loan for Fitness Centre flooring, repayable at $4,288 monthly including interest at 3.6%, due 2013	**235,000**	-
	6,651,836	7,029,524
Current portion	**824,915**	750,820
	$ 5,826,921	$ 6,278,704

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

Date	Amount
2009	$ 824,915
2010	824,601
2011	779,861
2012	3,663,718
2013	558,741
	$ 6,651,836

In addition, the College has an approved operating line of credit with the Royal Bank of $1,500,000 with interest at bank prime less 0.6%.

The Royal Bank loans have been advanced through the lease line of credit referred to in Note 11.

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

March 31, 2008

11. Obligations under Capital Leases

	2008	2007
Royal Bank capital leases, repayable $16,891 monthly, including interest at rates from 5.08% - 7.914%, due April 2008 to March 2011	**$ 154,802**	$ 343,675
Current portion	**86,989**	184,872
	$ 67,813	$ 158,803

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

Date	Amount
2009	$ 93,968
2010	47,119
2011	22,189
	163,276
Less imputed interest	8,474
	$ 154,802

The above Royal Bank capital leases are part of an approved revolving credit facility with the Royal Bank in the amount of $1,650,000. Of this amount, $880,689 was in use at March 31, 2008 to cover the capital leases and additional Royal Bank loans included in Note 10.

12. 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:

	2008	2007
Balance, beginning of year	**$ 28,504,187**	$ 29,220,388
Add contributions for capital purposes	**3,044,495**	2,210,708
Add sinking fund investment income	**186,590**	169,957
Less amortization of deferred capital contributions	**(3,503,096)**	(3,096,866)
Balance, end of year	**$ 28,232,176**	$ 28,504,187

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

March 31, 2008

13. 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	$ 417,051	$ -	$ (178,630)	**$ 595,681**
Scholarships and bursaries	92,623	198,748	210,855	**80,516**
Contributions for capital expenditures	392,895	246,521	167,042	**472,374**
Proceeds on sale of College property directly funded by Provincial government	131,340	-	-	**131,340**
	$ 1,033,909	$ 445,269	$ 199,267	**$ 1,279,911**

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.

14. Net Assets - Investment in Capital Assets

	2008	2007
Capital assets, net book value	**$ 37,292,778**	$ 40,343,269
Less amounts financed by:		
Working capital	**-**	43,451
Long term debt	**(6,651,835)**	(7,029,524)
Obligations under capital lease	**(154,802)**	(343,675)
Deferred capital contributions	**(28,232,176)**	(28,504,187)
Add sinking fund investments	**2,149,329**	1,962,739
Invested in capital assets, end of year	**$ 4,403,294**	$ 6,472,073

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

March 31, 2008

15. 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 ("OSOTF") Phase I and II and the Ontario Trust for Student Support ("OTSS") programs 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 and the Ontario Trust for Student Support 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 and the OTSS 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:

OSOTF I

	2008	2007
Schedule of Changes in Endowment Fund Balance		
Fund balance, beginning of year	**$ 3,512,324**	$ 3,510,984
Cash donations received	**840**	1,340
Fund balance, end of year	**3,513,164**	3,512,324
Schedule of Changes in Expendable Funds Available for Awards		
Fund balance, beginning of year	**286,650**	338,381
Realized investment income net of direct investment-related expenses and preservation of capital contributions	**205,255**	146,943
Bursaries awarded (2008 = 320, 2007 = 378)	**(108,025)**	(198,674)
Expendable fund balance, end of year	**383,880**	286,650
Total Endowment fund balance, end of year	**$ 3,897,044**	$ 3,798,974
Market value of fund, end of year	**$ 3,894,823**	$ 4,119,118

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

OSOTF II Second Phase

	2008	2007
Schedule of Changes in Endowment Fund Balance		
Fund balance, beginning of year	$ 223,666	$ 223,666
Cash donations received	-	-
Preservation of capital (where applicable)	-	-
Fund balance, end of year	223,666	223,666
Schedule of Changes in Expendable Funds Available for Awards		
Fund balance, beginning of year	32,064	20,130
Realized investment income net of direct investment-related expenses and preservation of capital contributions	13,923	14,184
Bursaries awarded (2008 = 13, 2007 = 6)	(5,500)	(2,250)
Fund balance, end of year	40,487	32,064
Total endowment fund balance, end of year	$ 264,153	$ 255,730
Market value of fund, end of year	$ 264,003	$ 277,281

OTSS

	2008	2007
Cash donations matched	$ 54,287	$ 54,287
Schedule of Changes in Endowment Fund Balance		
Fund balance, beginning of year	$ 394,345	$ 294,463
Eligible cash donations received	67,290	46,558
Ineligible donations	-	(963)
Matching funds received from MTCU	61,636	54,287
Fund balance, end of year	523,271	394,345
Schedule of Changes in Expendable Funds Available for Awards		
Fund balance, beginning of year	21,353	15,247
Realized investment income net of direct investment-related expenses and preservation of capital contributions	28,794	11,706
Bursaries awarded (2008 = 11, 2007 = 10)	(9,525)	(5,600)
Fund balance, end of year	40,622	21,353
Total endowment fund balance, end of year	$ 563,893	$ 415,698
Market value of fund, end of year	$ 563,572	$ 450,732

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

March 31, 2008

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

Report of OTSS awards issued for the period of April 1, 2007 to March 31, 2008:

Status of Recipients	OSAP Recipients Number	OSAP Recipients Amount	Non-OSAP Recipients Number	Non-OSAP Recipients Amount	Total Number	Total Amount
Full-Time	6	$2,125	5	$7,400	11	$9,525
Part-Time	n/a	n/a	n/a	n/a	n/a	n/a
Total	6	$2,125	5	$7,400	11	$9,525

	2008	2007
Grand total of endowment funds, end of year	**$ 4,725,090**	$ 4,470,402

16. Change in Accounting Policy

On April 1, 2007 the College adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"). These standards were: Comprehensive Income (handbook "Section 1530"), Financial Instruments – Recognition and Measurement (handbook "Section 3855"), Financial Instruments – Disclosure and Presentation (handbook "Section 3861"), and Hedges (handbook "Section 3865"). The adoption of these new standards resulted in changes in the accounting for financial assets and liabilities, non-financial derivatives, hedge accounting (which is optional), as well as the recognition of certain transition adjustments that have been recorded in the opening retained earnings or opening accumulated other comprehensive income. In accordance with the transitional requirements, the comparative amounts have not been restated.

17. Pension Plans

Employees are participants in the contributory retirement pension plans administered by the Colleges of Applied Arts and Technology Plan, a multi-employer defined benefit plan. Under this arrangement, the College makes contributions to these plans equal to those of the employees. For the year ended March 31, 2008, charges to expenditure for these plans amounted to approximately $2,405,383 (2007 - $2,119,450).

18. 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 $154,000 with expiry dates between 2008 and 2012.

19. Statement of Cash Flows

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

	2008	2007
Grants receivable	$ (26,561)	$ 1,845,268
Accounts receivable	(2,077,012)	(1,702,313)
Inventories	(338)	2,756
Prepaid expenses	(105,795)	(185,883)
Accounts payable and accrued liabilities	(444,459)	385,741
Accrued vacation pay	212,861	185,356
Deferred revenue and contributions	486,177	417,316
	$ (1,955,127)	$ 948,241

20. Comparative Figures

Certain prior years figures have been reclassified to conform with current year's presentation.

21. Lottery Activity

	2008	2007
Revenue		
Nevada proceeds	$ **8,690**	$ 8,845
Seller commission	**-**	(1,639)
Net proceeds - Nevada	**8,690**	7,206
Raffle proceeds	**-**	6,850
	8,690	14,056
Expenditure		
Tickets	**-**	1,523
Licence fee	**191**	722
Other	**-**	3,296
	191	5,541
Net proceeds	**8,499**	8,515
Fund balance, beginning of year	**28,588**	20,634
Distributions, scholarships and bursaries	**(7,568)**	(561)
Fund balance, end of year	$ **29,519**	$ 28,588

22. New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Organization, are as follows:

Financial instruments – Disclosures and Presentation

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments – Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The College is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

22. New Accounting Pronouncements (cont'd)

General Standards on Financial Statement Presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning on or after January 1, 2008. The College does not expect the adoption of these changes to have a material impact on its financial statements.

23. The Confederation College Foundation

The College has an economic interest in The Confederation College of Applied Arts and Technology Foundation. The Foundation was incorporated without share capital on February 18, 2005 under the Ontario Corporations Act. The operations of the Foundation are not included in these financial statements. The objectives of the Foundation are to empower the long-term vision, mission and success of the College through continued financial support and resources. The following summarizes the financial position and results of operation of the Foundation:

Financial Position

	2008	2007
Total assets	$ 1,861,265	$ 1,502,741
Total liabilities	$ 1,734,701	$ 567,489
Total net assets	126,564	935,252
	$ 1,861,265	$ 1,502,741

Results of Operation and Net Assets

	2008	2007
Total revenue	$ 573,718	$ 1,882,993
Total expenditures	409,486	266,965
Net revenue available for donations	164,232	1,616,028
Donations made to the Confederation College of Applied Arts and Technology	(972,920)	(680,776)
Excess (deficiency) of revenue over expenditure	(808,688)	935,252
Net assets, beginning of year	935,252	-
Net assets, end of year	$ 126,564	$ 935,252

24. Fednor Funded Projects

Accumulated funding and expenditure for multi-year projects funded by Fednor, which were active during the 2008 fiscal year, are as follows:

Advanced Technology Project E-classrooms (2007 - 2008)

Revenue	
Fednor	$ 500,000
Other Ontario government ministries	1,000,000
	$ 1,500,000
Expenditure	
Capital furniture and equipment	$ 1,315,751
Non capital computer equipment	181,424
Other	2,850
	$ 1,500,025

Energy Connection Project (2004 - 2008)

Revenue	
Fednor	$ 300,000
Other Ontario government ministries	600,000
	$ 900,000
Expenditure	
Capital furniture and equipment	$ 595,416
Non capital computer equipment	28,400
Labour	159,777
Instructional supplies	71,086
Contract services	16,258
Other	34,601
	$ 905,538

24. Fednor Funded Projects (cont'd)

Use of Forest Origin Biomass for Bioenergy (2006 - 2008)

Revenue	
Fednor	$ 26,822
Other Ontario government ministries	92,206
	$ 119,028
Expenditure	
Capital furniture and equipment	$ 116,933
Non capital computer equipment	2,095
	$ 119,028

Virtual Data Warehouse (2008)

Revenue	
Fednor	$ 132,499
Other	22,500
	$ 154,999
Expenditure	
Capital furniture and equipment	$ 32,082
Non capital computer equipment	76,999
Contract services	60,132
Other	3,128
	$ 172,341

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

For the year ended March 31	2008	2007
Grants and reimbursements		
Post secondary	$ 31,200,180	$ 31,256,432
Apprenticeship training	2,182,886	2,377,961
Facilities renewal	2,513,413	1,005,235
	$ 35,896,479	$ 34,639,628
Student tuition		
Full-time post secondary	$ 6,100,911	$ 5,813,268
Part-time post secondary	719,209	665,885
Student services fees	1,485,694	1,417,524
	$ 8,305,814	$ 7,896,677
Other Academic Activities		
Provincially funded direct training grants	$ 3,356,014	$ 3,144,170
Contract training - Federal domestic	1,140,017	1,168,565
- Other contract training	3,615,822	4,395,725
- International	275,283	533,669
	5,031,122	6,097,959
Other academic services and projects	2,913,041	2,100,314
	$ 11,300,177	$ 11,342,443

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