The Confederation College of Applied Arts and Technology
Financial Statements
For the year ended March 31, 2009

Contents

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and Advisors

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Auditors' Report

To the Chairman and Board of Governors
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, 2009 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, 2009 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 26, 2009

The Confederation College of Applied Arts and Technology
Balance Sheet

March 31	2009	2008
Assets		
Current		
Cash (Note 2)	$ 7,808,383	$ 9,085,132
Temporary investment (Note 3)	5,000,000	-
Grants receivable	966,888	1,109,132
Accounts receivable (Note 4)	4,444,097	7,244,190
Inventories	514,739	437,563
Prepaid expenses	243,371	136,797
Current portion of notes and loans receivable	47,678	38,299
	19,025,156	18,051,113
Notes and loans receivable	64,021	50,804
Investment portfolio - endowments restricted (Notes 5 and 16)	4,435,559	4,722,398
Sinking fund investments (Note 6)	2,353,122	2,149,329
Capital assets (Note 7)	34,745,618	37,292,778
	$ 60,623,476	$ 62,266,422
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 3,500,666	$ 3,405,823
Accrued vacation pay (Note 9)	2,594,052	2,393,460
Deferred revenue and contributions (Note 10)	9,921,208	8,127,159
Current portion of long term debt	1,055,884	824,915
Current portion of obligations under capital leases	44,852	86,989
	17,116,662	14,838,346
Accrued sick leave liability (Note 9)	1,032,649	1,056,269
Employee future benefits (Note 9)	721,623	889,379
Long term debt (Note11)	5,240,953	5,826,921
Obligations under capital leases (Note 12)	21,541	67,813
Deferred capital contributions (Note 13)	27,492,266	28,232,176
	51,625,694	50,910,904
Net assets		
General unrestricted	4,581,112	5,080,528
Employee future benefits unrestricted (Note 9)	(4,348,324)	(4,339,108)
Internally restricted	191,530	205,803
Externally restricted (Note 14)	894,661	1,279,911
Investment in capital assets (Note 15)	3,243,244	4,403,294
Endowments restricted (Note 16)	4,435,559	4,725,090
	8,997,782	11,355,518
	$ 60,623,476	$ 62,266,422

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							2009	2008
	General Unrestricted	Employee Future Benefits Unrestricted	Internally Restricted	Externally Restricted	Investment In Capital Assets	Endowments Restricted	Total	Total
		(Note 9)		(Note 14)	(Note 15)	(Note 16)		
Balance, beginning 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
Transitional adjustment	-	-	-	-	-	-	-	392,116
Deficiency of revenue over expenditure for the year	(1,918,532)	-	-	-	-	-	(1,918,532)	(811,082)
Change in tuition set aside for student assistance	-	-	-	(149,673)	-	-	(149,673)	178,630
Change in other restricted net assets	235,577	-	-	(235,577)	-	-	-	-
Transfer to restricted from unrestricted	9,216	(9,216)	-	-	-	-	-	-
Transfer to internally restricted from unrestricted	14,273	-	(14,273)	-	-	-	-	-
Change in investment in capital assets	1,160,050	-	-	-	(1,160,050)	-	-	-
Endowment contributions and investment income, net of awards	-	-	-	-	-	(289,531)	(289,531)	(137,428)
Other	-	-	-	-	-	-	-	1,910
Net change for the year	(499,416)	(9,216)	(14,273)	(385,250)	(1,160,050)	(289,531)	(2,357,736)	(375,854)
Balance, end of year	$ 4,581,112	$ (4,348,324)	$ 191,530	$ 894,661	$ 3,243,244	$ 4,435,559	$ 8,997,782	$ 11,355,518

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	2009	2008
Revenue		
Grants and reimbursements (Schedule)	**$ 34,827,389**	$ 35,896,479
Student tuition (Schedule)	**9,015,776**	8,305,814
Other academic activities (Schedule)	**15,193,968**	11,300,177
Ancillary operations	**3,453,704**	3,273,727
Supplementary	**2,397,963**	2,721,337
Amortization of deferred capital contributions (Note 13)	**1,665,856**	3,503,096
Donations and fundraising	**186,744**	445,269
Other operating revenue	**2,244,423**	2,578,595
	68,985,823	68,024,494
Expenditure		
Academic	**29,057,741**	26,822,727
Other academic activities	**12,733,845**	9,455,725
Education resources and student services	**5,395,132**	4,754,375
Administrative	**7,752,408**	6,953,593
Plant and property	**5,906,632**	7,668,744
Ancillary operations	**3,444,900**	3,589,936
Supplementary	**2,398,028**	2,721,337
Amortization of capital assets	**3,915,467**	6,129,032
Scholarships, donations and fundraising	**290,985**	377,897
Change in employee future benefits	**(167,755)**	105,736
Change in accrued vacation pay and sick leave liability	**176,972**	256,474
	70,904,355	68,835,576
Deficiency of revenue over expenditure for the year	**$ (1,918,532)**	$ (811,082)

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	2009	2008
Cash flows from operating activities		
Deficiency of revenue over expenditure for the year	$ (1,918,532)	$ (811,082)
Items not involving cash		
Amortization of deferred capital contributions	(1,665,856)	(3,503,096)
Amortization of capital assets	4,230,203	6,443,844
Gain on sale of capital assets	-	(14,806)
Other	-	1,910
Change in employee future benefits	(167,756)	105,736
Change in accrued sick leave liability	(23,620)	43,613
	454,439	2,266,119
Change in non-cash working capital balances (Note 20)	4,848,071	(1,955,127)
	5,302,510	310,992
Cash flows from investing activities		
(Increase) decrease in notes and loans receivable	(22,596)	(6,069)
(Increase) decrease in investment portfolio - Endowment Restricted	286,839	(267,383)
Purchase of capital assets	(1,683,043)	(3,516,855)
Proceeds on disposal of capital assets	-	138,308
Increase (decrease) in tuition set aside for student assistance	(149,673)	178,630
Purchase of temporary investment	(5,000,000)	-
Increase (decrease) in endowments, net of awards	(289,531)	254,688
	(6,858,004)	(3,218,681)
Cash flows from financing activities		
Long term debt advances	475,088	435,000
Repayment of long term debt	(830,087)	(812,688)
Repayment of capital lease obligations	(88,409)	(188,873)
Deferred capital contributions	722,153	3,044,495
	278,745	2,477,934
Decrease in cash for the year	(1,276,749)	(429,755)
Cash, beginning of year	9,085,132	9,514,887
Cash, end of year	$ 7,808,383	$ 9,085,132

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

March 31, 2009

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 operations. They are subsequently measured at fair value and gains and losses arising from changes in fair value of these instruments are recorded in the statement of operations.

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

March 31, 2009

Financial Instruments (cont'd)

Held for Trading (cont'd)

Cash and temporary investments have 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, notes and loans 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 statement of operations. 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 (cont'd)

March 31, 2009

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, 2009. 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, 2009

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.

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 and Credit Facilities

The College's bank accounts are held at one chartered bank and as a result is exposed to the credit risk arising from this concentration to the extent that account balances exceed federally insured limits. The bank accounts earn interest at prime less 1.75%.

The College's credit facilities include an approved operating line of credit with the Royal Bank of $1,500,000 with interest at bank prime less 0.6%. At year end the outstanding balance under this credit facility agreement was $nil (2008 - $nil).

In addition, the College has an approved revolving credit facility with the Royal Bank in the amount of $1,650,000. Of this amount, $1,166,265 was outstanding with respect to the Royal Bank loans described in Note 11 and the obligations under capital leases described in Note 12.

3. Temporary Investment

The temporary investment consists of a Guaranteed Investment Certificate bearing interest at 0.91% and maturing July 17, 2009.

4. Accounts Receivable

	2009	2008
Students	$ 1,560,962	$ 1,811,899
General	2,379,993	3,729,395
The Confederation College of Applied Arts and Technology Foundation	503,142	1,702,896
	$ 4,444,097	$ 7,244,190

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

March 31, 2009

5. Investment Portfolio - Endowments Restricted

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:

	2009		2008	
	Market	**Cost**	Market	Cost
Endowed				
Canadian Equities	**$ 463,923**	**$ 624,493**	$ 595,454	$ 551,546
Canadian Bonds	**2,168,903**	**2,058,561**	2,133,641	2,074,182
Foreign Equities	**1,176,119**	**1,709,798**	1,591,675	1,721,357
Cash Account	**626,614**	**624,144**	401,628	401,665
	$ 4,435,559	**$ 5,016,996**	$ 4,722,398	$ 4,748,750

The cash account earns interest at 0.3%. Canadian bonds are comprised of a number of different bonds, with varying maturity dates, and yield an average of 4.4% over the term of the investments. The fair value of investments approximate market values.

6. 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.

	2009	2008
Cost	**$ 558,234**	$ 558,234
Accumulated investment income	**1,794,888**	1,591,095
	$ 2,353,122	$ 2,149,329

The market value of the bonds at March 31, 2009 is approximately $2,857,739 (2008 - $2,654,764). At maturity, the proceeds of the investment will be used to retire the $3,100,000 Ontario Ministry of Housing mortgage described in Note 11.

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

March 31, 2009

7. Capital Assets

	2009		2008	
	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**	**29,228,787**	54,682,354	27,943,519
Leasehold improvements	**333,188**	**306,738**	333,187	293,288
Furniture and equipment	**58,789,136**	**52,825,238**	57,205,673	50,416,962
Library books	**20,000**	**20,000**	20,000	20,000
Major equipment	**5,232,096**	**2,403,338**	5,232,096	1,880,129
Projects in progress	**177,888**	**-**	78,309	-
	$121,544,705	**$ 86,799,087**	$119,861,662	$ 82,568,884
Net book value		**$ 34,745,618**		$ 37,292,778

Assets held under capital lease totaling $1,284,485 (2008 - $1,284,485) with related accumulated amortization in the amount of $1,001,566 (2008 - $912,974) are included in capital assets.

Projects in progress at year end relate to a renewable energy solution project, the Confederation College Biomass Learning and Research Center Project, which has a balance of $177,888 spent to date. This $5,200,000 project is designed to install a biomass wood waste burning heat system combined with the use of other green technologies, such as, solar/thermal energy capture and a green roof. This project is expected to be completed in March 2010 and is to be funded by various federal and provincial grants, donations and bank financing. The bank financing is structured so that the amount of guaranteed energy cost savings from the project contractor will exactly offset the required loan repayment during the term of the loan. The prior year balance of $78,309 relates to the renovation of the HVAC system at the Kenora campus, which was completed during the year.

8. Accounts Payable and Accrued Liabilities

	2009	2008
Trade accounts payable	**$ 2,018,775**	$ 1,309,171
Accrued liabilities	**378,986**	623,077
Accrued salaries and employees' deductions	**1,102,905**	1,473,575
	$ 3,500,666	$ 3,405,823

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

	2009	2008
Accrued vacation pay	**$ 2,594,052**	$ 2,393,460
Accrued sick leave liability	**$ 1,032,649**	$ 1,056,269
Employee future benefits		
Non-pension post-retirement benefits	**$ 374,000**	$ 423,000
Post-employment benefits		
Premium waiver during long term disability	**69,000**	63,000
Contribution of medical and dental benefits during long term disability	**373,000**	345,000
WSIB future benefits	**11,623**	162,379
	827,623	993,379
Value of Assets		
Post-employment benefits	**106,000**	104,000
	$ 721,623	$ 889,379
	$ 4,348,324	$ 4,339,108

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, 2009 of the future benefits was determined using a discount rate of 5.50% (2008 - 5.50%).

b) *Drug Costs*

Drug costs were assumed to increase at a 10.5% rate for 2009 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.

10. Deferred Revenue and Contributions

	2009	2008
Ontario Ministry of Training, Colleges and Universities		
Aboriginal Educational and Training Strategy	**$ 158,224**	$ 71,500
Apprenticeship training	**263,411**	629,666
Bursaries	**329,353**	169,845
Campus safety	**17,308**	25,134
Clinical	**-**	156,401
Collaborative nursing	**1,498,320**	1,308,479
Employment programs	**173,774**	315,565
Facilities renewal	**177,959**	1,500,007
Lease grant	**93,311**	215,532
Other	**72,661**	-
Second career	**110,815**	-
Special needs tutoring	**103,276**	41,058
Centre for Applied Media Production	**3,435,164**	633,484
Centre for Continuing Education	**328,344**	281,098
College service fee	**83,924**	125,234
Contract training	**146,846**	-
First Nations Youth Employment	**250,000**	241,771
Full-time post secondary tuition deferral	**972,609**	841,425
Human Resources and Development Canada	**79,851**	83,188
IT residence infrastructure	**46,904**	47,972
Miscellaneous contracts and projects	**1,004,262**	1,047,013
School College Work Initiative	**410,455**	314,913
Student IT fee	**55,462**	46,435
Student tech fee	**108,975**	31,439
	$ 9,921,208	$ 8,127,159

11. Long Term Debt

		2009		2008
Royal Bank mortgage on Sibley Hall, repayable $6,924 monthly including interest at 4.75% due 2009	$	**61,100**	$	139,256
Royal Bank loan for bio-digester project, repayable at $14,965 monthly including interest at 1.75%, due 2010		**177,888**		-
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		**492,914**		743,616
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
Royal Bank demand loan for Banner ISIS computer system, repayable at $2,507 monthly plus interest at 5.68%, due 2012		**107,429**		130,693
Royal Bank demand loan for CRM project, repayable at $2,365 monthly including interest at 5.16%, due 2012		**78,784**		102,481
Royal Bank loan for plant tractor, repayable at $776 monthly including interest at 5.16%, due 2012		**25,862**		33,641
Royal Bank loan for motorcycles, repayable at $1,111 monthly plus interest at prime (currently 4.75%) less 1.0%, due 2012		**40,000**		-
Toronto Dominion Bank term loan financing Banner ISIS computer system, repayable $36,723 monthly including interest at 4.69%, due March 2013		**1,604,051**		1,960,188
Royal Bank loan for Banner Project #2, repayable at $3,728 monthly including interest at 4.5%, due 2013		**163,509**		200,000
Royal Bank loan for Fitness Centre flooring, repayable at $4,288 monthly including interest at 4.5%, due 2013		**193,086**		235,000
Royal Bank loan for welding equipment, repayable at $1,116 monthly including interest at 5.09%, due 2014		**64,157**		-
Royal Bank loan for garbage compactor, repayable at $602 monthly including interest at 3.45%, due 2014		**33,154**		-
Royal Bank loan for region cars, repayable at $2,814 monthly including interest at 3.45%, due 2014		**154,903**		-
Royal Bank loan for film van		**-**		6,961
		6,296,837		6,651,836
Current portion		**1,055,884**		824,915
	$	**5,240,953**	$	5,826,921

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

Date		Amount
2010	$	1,055,884
2011		840,160
2012		3,724,440
2013		611,512
2014		52,476
Thereafter		12,365
	$	6,296,837

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

March 31, 2009

12. Obligations under Capital Leases

	2009	2008
Royal Bank capital leases, repayable $4,965 monthly, including interest at rates from 5.08% - 5.50%, due November 2009 to March 2011	**$ 66,393**	$ 154,802
Current portion	**44,852**	86,989
	$ 21,541	$ 67,813

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

Date	Amount
2010	$ 47,119
2011	22,189
	69,308
Less imputed interest	2,915
	$ 66,393

13. 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:

	2009	2008
Balance, beginning of year	**$ 28,232,176**	$ 28,504,187
Add contributions for capital purposes	**722,153**	3,044,495
Add sinking fund investment income	**203,793**	186,590
Less amortization of deferred capital contributions	**(1,665,856)**	(3,503,096)
Balance, end of year	**$ 27,492,266**	$ 28,232,176

14. 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	$ 595,681	$ 739,550	$ 889,223	**$ 446,008**
Scholarships and bursaries	80,516	5,345	-	**85,861**
Contributions for capital expenditures	472,374	181,401	290,983	**362,792**
Proceeds on sale of College property directly funded by Provincial government	131,340	-	131,340	**-**
	$ 1,279,911	$ 926,296	$ 1,311,546	**$ 894,661**

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.

15. Net Assets - Investment in Capital Assets

	2009	2008
Capital assets, net book value	**$ 34,745,618**	$ 37,292,778
Less amounts financed by:		
Long term debt	**(6,296,837)**	(6,651,835)
Obligations under capital lease	**(66,393)**	(154,802)
Deferred capital contributions	**(27,492,266)**	(28,232,176)
Add sinking fund investments	**2,353,122**	2,149,329
Invested in capital assets, end of year	**$ 3,243,244**	$ 4,403,294

16. 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

	2009	2008
Schedule of Changes in Endowment Fund Balance		
Fund balance, beginning of year	**$ 3,546,640**	$ 3,512,324
Corrections to Endowed/Realized Gain Amounts	**-**	33,476
Impairment of Endowed Amount (unrealized loss)	**(74,547)**	-
Cash donations received	**525**	840
Fund balance, end of year	**3,472,618**	3,546,640
Schedule of Changes in Expendable Funds Available for Awards		
Fund balance, beginning of year	**329,767**	286,650
Corrections to Endowed/Realized Gain Amounts	**-**	(54,113)
Realized investment income (loss) net of direct investment-related expenses and preservation of capital contributions	**(329,767)**	205,255
Bursaries awarded (2009 = nil, 2008 = 320)	**-**	(108,025)
Expendable fund balance, end of year	**-**	329,767
Total endowment fund balance, end of year	**$ 3,472,618**	$ 3,876,407
Market value of fund, end of year	**$ 3,472,618**	$ 3,894,823

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

March 31, 2009

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

OSOTF II Second Phase

		2009		2008
Schedule of Changes in Endowment Fund Balance				
Fund balance, beginning of year	$	**223,676**	$	223,666
Corrections to Endowed/Realized Gain Amounts		**-**		10
Endowed donations (shares)		**28,402**		-
Fund balance, end of year		**252,078**		223,676
Schedule of Changes in Expendable Funds Available for Awards				
Fund balance, beginning of year		**39,078**		32,064
Corrections to Endowed/Realized Gain Amounts		**-**		(1,408)
Realized investment income (loss) net of direct investment-related expenses and preservation of capital contributions		**(39,078)**		13,922
Bursaries awarded (2009 = nil, 2008 = 13)		**-**		(5,500)
Expendable fund balance, end of year		**-**		39,078
Total endowment fund balance, end of year	**$**	**252,078**	$	262,754
Market value of fund, end of year	**$**	**252,078**	$	264,003

OTSS

		2009		2008
Cash donations matched	**$**	**54,287**	$	54,287
Schedule of Changes in Endowment Fund Balance				
Fund balance, beginning of year	**$**	**545,294**	$	394,345
Impairment of Endowed Amount (unrealized loss)		**(41,218)**		-
Corrections to Endowed/Realized Gain Amounts		**-**		22,023
Eligible cash donations received		**76,492**		67,290
Ineligible donations		**-**		-
Matching funds received from MTCU		**130,295**		61,636
Fund balance, end of year		**710,863**		545,294
Schedule of Changes in Expendable Funds Available for Awards				
Fund balance, beginning of year		**40,635**		21,353
Realized investment income (loss) net of direct investment-related expenses and preservation of capital contributions		**(40,635)**		28,807
Bursaries awarded (2009 = nil, 2008 = 11)		**-**		(9,525)
Fund balance, end of year		**-**		40,635
Total endowment fund balance, end of year	**$**	**710,863**	$	585,929
Market value of fund, end of year	**$**	**710,863**	$	563,572

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

Report of OTSS awards issued for the period of April 1, 2008 to March 31, 2009:

Status of Recipients	OSAP Recipients Number	OSAP Recipients Amount	Non-OSAP Recipients Number	Non-OSAP Recipients Amount	Total Number	Total Amount
Full-Time	-	$ -	-	$ -	-	$ -
Part-Time	n/a	n/a	n/a	n/a	n/a	n/a
Total	-	$ -	-	$ -	-	$ -

	2009	2008
Grand total of endowment funds, end of year	**$ 4,435,559**	$ 4,725,090
Total market value of funds, end of year	**$ 4,435,559**	$ 4,722,398

17. Pension Plans

Substantially all of the employees of the College are members of the Colleges of Applied Arts and Technology ("CAAT") Pension Plan (the "Plan"), which is a multi-employer plan available to all eligible employees of the participating members of CAAT. Under this arrangement, the College makes contributions to this plan equal to those of the employees. The Plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees and members will receive benefits based on the length of service and rates of pay. The Plan is administered by the College of Applied Arts and Technology Board of Trustees and the most recent actuarial valuation of the Plan was conducted at December 31, 2007. The results of this valuation disclosed total actuarial liabilities of $5,452,000,000 in respect of benefits accrued for service with actuarial assets at that date of $5,612,000,000 indicating an actuarial surplus of $160,000,000. Because the Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the College does not recognize any share of the Plan's pension surplus or deficit. The employer portion of pension contributions included in the statement of operations for the year was $2,839,109 (2008 - $2,405,383).

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 2010 and 2012.

19. Contingencies

In the normal course of operations, the College is involved in a number of grievances and disputes. As of the date of this financial statement preparation, the likelihood and impact of these matters on the College's financial statements is unknown. Should any costs be incurred as a result of these matters, they will be expensed in the year of settlement.

20. Statement of Cash Flows

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

	2009	2008
Grants receivable	$ **142,244**	$ (26,561)
Accounts receivable	**2,800,093**	(2,077,012)
Inventories	**(77,176)**	(338)
Prepaid expenses	**(106,574)**	(105,795)
Accounts payable and accrued liabilities	**94,843**	(444,459)
Accrued vacation pay	**200,592**	212,861
Deferred revenue and contributions	**1,794,049**	486,177
	$ **4,848,071**	$ (1,955,127)

21. Capital Disclosures

The College considers its capital to be the balance retained in net assets, which is generally the difference between its assets and liabilities as reported on the balance sheet and includes general unrestricted net assets, employee future benefits unrestricted net assets, internally restricted net assets, externally restricted net assets, investment in capital assets and restricted endowment net assets. The College receives funding from the provincial government for the delivery of its programs. These funds are maintained and disbursed under the terms of the funding agreements and management is responsible for adhering to the provisions of these agreements.

The College's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide delivery of its programs to the public. Colleges are required under the current Ministry guidelines, to balance their budgets each year through a combination of managing expenses and utilizing reserves. Any in year deficit not covered by reserves (accumulated deficits) must be recovered within two successive years under the Ministry's deficit recovery procedures.

Management maintains its capital by ensuring that annual operating and capital budgets are developed and approved by the Board of Governors based on both known and estimated sources of funding and financing available each year. These budgets are shared with all management to ensure that the capital of the College is maintained and are also published on the College's website or distributed to the public in hard copy upon request.

22. Comparative Figures

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

23. Lottery Activity

		2009		2008
Revenue				
Raffle proceeds	$	8,850	$	8,690
Expenditure				
Licence fee		-		191
Net proceeds		8,850		8,499
Fund balance, beginning of year		29,519		28,588
Distributions, scholarships and bursaries		(37,619)		(7,568)
Fund balance, end of year	$	750	$	29,519

24. New Accounting Pronouncements

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

Cash Flow Statements

Section 1540 was amended to include not-for-profit organizations within its scope. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The College is currently assessing the impact of the new standard.

Financial Statement Presentation by Not-for-Profit Organizations

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The College is currently assessing the impact of the new standard.

Disclosure of Related Party Transactions by Not-for-Profit Organizations

Section 4460 has been amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The College is currently assessing the impact of the new standard.

24. New Accounting Pronouncements (cont'd)

Disclosure of Allocated Expenses by Not-for-Profit Organizations

This new Section 4470 establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The College is currently assessing the impact of the new standard.

25. 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

	2009	2008
Total assets	$ 179,250	$ 923,762
Total liabilities	$ 503,467	$ 1,445,019
Total net assets	(324,217)	(521,257)
	$ 179,250	$ 923,762

Results of Operation and Net Assets

	2009	2008
Total revenue	$ 838,230	$ 821,607
Total expenditures	233,965	155,124
Net revenue available for donations	604,265	666,483
Donations made to the Confederation College of Applied Arts and Technology	(407,225)	(929,811)
Excess (deficiency) of revenue over expenditure	197,040	(263,328)
Net assets, beginning of year	(521,257)	(257,929)
Net assets, end of year	$ (324,217)	$ (521,257)

26. Fednor Funded Projects

Accumulated funding and expenditure for multi-year projects funded by Fednor, which were active during the 2009 fiscal year, are as follows:

Use of Forest Origin Biomass for Bioenergy (2006 - 2009)

Revenue	
Fednor	$ 318,848
NOHFC	85,411
MNR	85,000
Other in-kind contributions	234,421
	$ 723,680
Expenditure	
Contractors services and other operating expenses	$ 723,680

Virtual Data Warehouse (2008 - 2009)

Revenue	
Fednor	$ 115,335
Other	9,943
	$ 125,278
Expenditure	
Capital furniture and equipment	$ 32,082
Non-capital computer equipment	77,307
Contract services	60,132
Other	3,128
	$ 172,649

27. Financial Instruments

a) Fair Values

The College's financial instruments are comprised of cash, temporary investments, grants, accounts, notes and loans receivable, the investment portfolio - endowments restricted, accounts payable and accrued liabilities and long term debt.

The fair values of cash, temporary investments, grants, accounts, notes and loans receivable, and accounts payable and accrued liabilities approximate their carrying value because of the short term nature of these instruments. The fair value of the investment portfolio - endowments restricted is determined using published fair market values of the individual investments as at the balance sheet date. The fair values of long term debt instruments are not practical to determine due to the specific nature and terms of these debts and assumptions that would be required.

b) Risks arising from Financial Instruments

Credit Risk
Credit risk is the risk of financial loss to the College if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the College's accounts and grants receivable and investments in bonds. The College mitigates its potential credit risk from accounts receivable through credit evaluation, approval and monitoring processes. Furthermore, it evaluates the collectibility of accounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount management reasonably believes will be collected. Credit risk with respect to investments in bonds is managed through the investment policies noted below.

Market Risk
Market risk arises from the College's investment portfolio, which contains various Canadian, U.S. and international fixed income and equity instruments. It is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in interest rates or other market factors affecting equity prices. The College mitigates its market risk through the use of investment policies and managers, whose objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

For the year ended March 31	2009	2008
Grants and reimbursements		
Post secondary	**$ 31,319,521**	$ 31,200,180
Apprenticeship training	**1,928,097**	2,182,886
Facilities renewal	**1,579,771**	2,513,413
	$ 34,827,389	$ 35,896,479
Student tuition		
Full-time post secondary	**$ 6,693,494**	$ 6,100,911
Part-time post secondary	**755,733**	719,209
Student services fees	**1,566,549**	1,485,694
	$ 9,015,776	$ 8,305,814
Other academic activities		
Provincially funded direct training grants	**$ 3,234,540**	$ 3,356,014
Contract training - Federal domestic	**1,142,528**	1,140,017
- Other contract training	**6,312,684**	3,615,822
- International	**579,824**	275,283
	8,035,036	5,031,122
Other academic services and projects	**3,924,392**	2,913,041
	$ 15,193,968	$ 11,300,177