The Confederation College of Applied Arts and Technology
Financial Statements
For the year ended March 31, 2010

Contents

BDO

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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, 2010 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario
May 21, 2010

The Confederation College of Applied Arts and Technology
Balance Sheet

March 31	2010	2009
Assets		
Current		
Cash (Note 2)	$ 8,781,503	$ 7,808,383
Temporary investment (Note 3)	5,000,000	5,000,000
Grants receivable	1,365,698	966,888
Accounts receivable (Note 4)	2,985,196	4,444,097
Inventories	491,402	514,739
Prepaid expenses	135,466	243,371
Current portion of notes and loans receivable	57,986	47,678
	18,817,251	19,025,156
Notes and loans receivable	71,254	64,021
Investment portfolio - endowments restricted (Notes 5 and 16)	5,298,745	4,435,559
Sinking fund investments (Note 6)	2,576,211	2,353,122
Capital assets (Note 7)	36,243,760	34,745,618
	$ 63,007,221	$ 60,623,476
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 4,652,742	$ 3,500,666
Accrued vacation pay (Note 9)	2,593,018	2,594,052
Deferred revenue and contributions (Note 10)	7,290,666	9,921,208
Current portion of long term debt	1,299,928	1,055,884
Current portion of obligations under capital leases	21,541	44,852
	15,857,895	17,116,662
Accrued sick leave liability (Note 9)	947,974	1,032,649
Employee future benefits (Note 9)	707,000	721,623
Long term debt (Note11)	4,387,140	5,240,953
Obligations under capital leases (Note 12)	-	21,541
Deferred capital contributions (Note 13)	28,299,560	25,247,911
	50,199,569	49,381,339
Net assets		
General unrestricted	5,550,394	4,581,112
Employee future benefits unrestricted (Note 9)	(4,247,992)	(4,348,324)
Internally restricted	458,530	191,530
Externally restricted (Note 14)	892,558	894,661
Investment in capital assets (Note 15)	4,855,417	5,487,599
Endowments restricted (Note 16)	5,298,745	4,435,559
	12,807,652	11,242,137
	$ 63,007,221	$ 60,623,476

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							2010	2009
	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, as previously stated	$ 4,581,112	$ (4,348,324)	$ 191,530	$ 894,661	$ 3,243,244	$ 4,435,559	$ 8,997,782	$ 11,355,518
Prior period adjustment (Note 25)	-	-	-	-	2,244,355	-	2,244,355	-
As restated	4,581,112	(4,348,324)	191,530	894,661	5,487,599	4,435,559	11,242,137	11,355,518
Excess of revenue over expenditure for the year	635,127	-	-	-	-	-	635,127	325,823
Change in tuition set aside for student assistance	-	-	-	67,202	-	-	67,202	(149,673)
Change in other restricted net assets	69,305	-	-	(69,305)	-	-	-	-
Change in unrestricted net assets	(100,332)	100,332	-	-	-	-	-	-
Transfer from unrestricted to internally restricted	(267,000)	-	267,000	-	-	-	-	-
Change in investment in capital assets	632,182	-	-	-	(632,182)	-	-	-
Endowment contributions and investment income, net of awards	-	-	-	-	-	863,186	863,186	(289,531)
Net change for the year	969,282	100,332	267,000	(2,103)	(632,182)	863,186	1,565,515	(113,381)
Balance, end of year	$ 5,550,394	$ (4,247,992)	$ 458,530	$ 892,558	$ 4,855,417	$ 5,298,745	$12,807,652	$ 11,242,137

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	2010	2009
Revenue		
Grants and reimbursements (Schedule)	$ 37,030,348	$ 34,827,389
Student tuition (Schedule)	10,209,903	9,015,776
Other academic activities (Schedule)	15,997,343	15,193,968
Ancillary operations	3,427,694	3,453,704
Supplementary	2,229,572	2,397,963
Amortization of deferred capital contributions (Note 13)	3,260,025	3,910,211
Donations and fundraising	241,019	186,744
Other operating revenue	2,193,190	2,244,423
	74,589,094	71,230,178
Expenditure		
Academic	32,954,926	29,057,741
Other academic activities	11,956,346	12,733,845
Education resources and student services	5,652,406	5,395,132
Administrative	8,012,202	7,752,408
Plant and property	4,664,636	5,906,632
Ancillary operations	3,207,412	3,444,900
Supplementary	2,228,444	2,398,028
Amortization of capital assets	5,067,604	3,915,467
Scholarships, donations and fundraising	310,324	290,985
Change in employee future benefits	(14,624)	(167,755)
Change in accrued vacation pay and sick leave liability	(85,709)	176,972
	73,953,967	70,904,355
Excess of revenue over expenditure for the year	$ 635,127	$ 325,823

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	2010	2009
Cash flows from operating activities		
Excess of revenue over expenditure for the year	$ 635,127	$ 325,823
Items not involving cash		
Amortization of deferred capital contributions	(3,260,025)	(3,910,211)
Amortization of capital assets	5,360,487	4,230,203
Change in employee future benefits	(14,623)	(167,756)
Change in accrued sick leave liability	(84,675)	(23,620)
	2,636,291	454,439
Change in non-cash working capital balances (Note 20)	(288,167)	4,848,071
	2,348,124	5,302,510
Cash flows from investing activities		
(Increase) decrease in notes and loans receivable	(17,541)	(22,596)
(Increase) decrease in investment portfolio - Endowment Restricted	(863,186)	286,839
Purchase of capital assets	(6,858,629)	(1,683,043)
Increase (decrease) in tuition set aside for student assistance	67,202	(149,673)
Purchase of temporary investment	-	(5,000,000)
Increase (decrease) in endowments, net of awards	863,186	(289,531)
	(6,808,968)	(6,858,004)
Cash flows from financing activities		
Long term debt advances	480,994	475,088
Repayment of long term debt	(1,090,763)	(830,087)
Repayment of capital lease obligations	(44,852)	(88,409)
Deferred capital contributions	6,088,585	722,153
	5,433,964	278,745
Increase (decrease) in cash for the year	973,120	(1,276,749)
Cash, beginning of year	7,808,383	9,085,132
Cash, end of year	$ 8,781,503	$ 7,808,383

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, 2010

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.

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

March 31, 2010

Financial Instruments (cont'd)

Held for Trading (cont'd)

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.

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.

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

March 31, 2010

Financial Instruments (cont'd)

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.

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, 2010. 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, 2010

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. 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	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, 2010

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 (2009 - $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, $1,135,590 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 0.65% and maturing June 28, 2010.

4. Accounts Receivable

	2010	2009
Students and sponsors	$ 749,959	$ 1,560,962
General	1,739,308	2,379,993
The Confederation College of Applied Arts and Technology Foundation	495,929	503,142
	$ 2,985,196	$ 4,444,097

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

March 31, 2010

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:

	2010		2009	
	Market	**Cost**	Market	Cost
Endowed				
Canadian Equities	$ 844,065	$ 790,344	$ 463,923	$ 624,493
Canadian Bonds	2,140,946	2,054,507	2,168,903	2,058,561
Foreign Equities	1,757,215	2,011,659	1,176,119	1,709,798
Cash Account	556,519	303,106	626,614	624,144
	$ 5,298,745	$ 5,159,616	$ 4,435,559	$ 5,016,996

The cash account does not earn interest. 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. 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.

	2010	2009
Cost	$ 558,234	$ 558,234
Accumulated investment income	2,017,977	1,794,888
	$ 2,576,211	$ 2,353,122

The market value of the bonds at March 31, 2010 is approximately $2,959,109 (2009 - $2,857,739). 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.

7. Capital Assets

	2010		2009	
	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	30,472,158	54,682,354	29,228,787
Leasehold improvements	333,188	319,888	333,188	306,738
Furniture and equipment	62,820,452	56,405,993	58,789,136	52,825,238
Library books	20,000	20,000	20,000	20,000
Major equipment	5,232,096	2,926,548	5,232,096	2,403,338
Projects in progress	3,005,200	-	177,888	-
	$ 128,403,333	$ 92,159,573	$ 121,544,705	$ 86,799,087
Net book value		$ 36,243,760		$ 34,745,618

Projects in progress

Projects in progress consist of three construction projects. The first project relates to a renewable energy solution project, the Bio-Energy Learning and Research Centre Project, on which $441,580 (2009 - $177,888) has been spent to date. This three year, $5,068,942 project has been undertaken to design and 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, funded by various federal and provincial grants, donations, and bank financing, is scheduled for completion in the next fiscal year.

Second, the three year, Trades and Technology Project relates to a building addition and renovation project. This $10,800,00 project, on which $6,463,673 has been spent to date, has been undertaken to upgrade and renew the trades buildings. This project, funded by the Ministry of Training, Colleges & Universities and other fundraising efforts through the Confederation College Foundation, is scheduled for completion in the next fiscal year.

Third, the College began a new building project during the year, the Regional Education Alliance for Community Health project, on which $2,447,019 has been spent to date. This $20,460,000 project has been undertaken to construct a new building for the Health Sciences program. This project is funded primarily by the Ministry of Training, Colleges & Universities and is scheduled for completion in the next fiscal year.

8. Accounts Payable and Accrued Liabilities

	2010	2009
Trade accounts payable	$ 1,800,931	$ 2,018,775
Accrued liabilities	661,951	378,986
Accrued salaries and employees' deductions	2,189,860	1,102,905
	$ 4,652,742	$ 3,500,666

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

	2010	2009
Accrued vacation pay	$ 2,593,018	$ 2,594,052
Accrued sick leave liability	$ 947,974	$ 1,032,649
Employee future benefits		
Non-pension post-retirement benefits	$ 331,000	$ 374,000
Post-employment benefits		
Premium waiver during long term disability	75,000	69,000
Contribution of medical and dental benefits during long term disability	432,000	373,000
WSIB future benefits	-	11,623
	838,000	827,623
Value of Assets		
Post-employment benefits	131,000	106,000
	$ 707,000	$ 721,623
	$ 4,247,992	$ 4,348,324

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, 2010 of the future benefits was determined using a discount rate of 4.75% (2009 - 5.50%).

9. Accrued Vacation Pay, Accrued Sick Leave Liability and Employee Future Benefits (cont'd)

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 4.5% in 2020.

c) *Hospital and Other Medical*

Hospital and other medical costs were assumed to increase at 4.5% per annum.

d) *Dental Costs*

Dental costs were assumed to increase at 7.5% per annum for 2008 and decrease proportionately thereafter to an ultimate rate of 4.5% in 2023.

10. Deferred Revenue and Contributions

	2010	2009
Ontario Ministry of Training, Colleges and Universities		
Aboriginal Educational and Training Strategy	$ 293,704	$ 158,224
Apprenticeship training	233,346	263,411
Bursaries	423,570	329,353
Campus safety	17,912	17,308
Campus Renewal Program	42,279	101,055
Collaborative nursing	1,536,196	1,498,320
College Equipment Renewal Fund	40,416	-
College Facilities Infrastructure Program	-	76,904
Employment programs	149,262	173,774
Lease grant	995	93,311
Other	51,222	72,661
Second career	1,260,895	110,815
Special needs and tutoring	124,619	103,276
Centre for Applied Media Production	430,519	633,484
Centre for Continuing Education	25,439	328,344
College service fee	60,464	83,924
Contract training	220,552	146,846
First Nations Youth Employment	-	250,000
Full-time post secondary tuition deferral	806,607	972,609
Human Resources and Development Canada	-	79,851
IT residence infrastructure	1,398	46,904
Miscellaneous contracts and projects	739,715	1,004,262
School College Work Initiative	185,149	410,455
Student IT fee	86,928	55,462
Student tech fee	-	108,975
Trades and Technology Project	559,479	2,801,680
	$ 7,290,666	$ 9,921,208

11. Long Term Debt

	2010	2009
Royal Bank loan for Bio-Energy Learning and Research Centre project, interest only at prime (currently 2.50%) plus 1%, due March 2011	$ 437,380	$ 177,888
Toronto Dominion Bank term loan financing Honeywell HVAC system, repayable $20,916 monthly including interest at prime (currently 2.25%) less 0.75%, due March 2011	242,213	492,914
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	82,810	107,429
Royal Bank demand loan for CRM project, repayable at $2,365 monthly including interest at 5.16%, due 2012	53,849	78,784
Royal Bank loan for plant tractor, repayable at $776 monthly including interest at 5.16%, due 2012	17,677	25,862
Royal Bank loan for motorcycles, repayable at $1,111 monthly plus interest at prime (currently 2.50%) less 1.0%, due 2012	15,008	40,000
Toronto Dominion Bank term loan financing Banner ISIS computer system, repayable $36,723 monthly including interest at 4.69%, due March 2013	1,230,806	1,604,051
Royal Bank loan for Banner Project #2, repayable at $3,728 monthly including interest at 4.5%, due 2013	125,342	163,509
Royal Bank loan for Fitness Centre flooring, repayable at $4,288 monthly including interest at 4.5%, due 2013	149,621	193,086
Royal Bank demand loan for Fitness Centre HVAC system, repayable at $1,869 monthly including interest at 2.69%, due April 2011	23,915	-
Royal Bank loan for welding equipment, repayable at $1,116 monthly including interest at 5.09%, due 2013	53,784	64,157
Royal Bank loan for garbage compactor, repayable at $602 monthly including interest at 3.45%, due 2014	27,267	33,154
Royal Bank loan for region cars, repayable at $2,814 monthly including interest at 3.45%, due 2014	127,396	154,903
Royal Bank mortgage on Sibley Hall	-	61,100
	5,687,068	6,296,837
Current portion	1,299,928	1,055,884
	$ 4,387,140	$ 5,240,953

11. Long Term Debt (cont'd)

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

Date	Amount
2011	$ 1,299,928
2012	3,713,685
2013	602,569
2014	58,521
2015	12,365
	$ 5,687,068

12. Obligations under Capital Leases

	2010	2009
Royal Bank capital lease, repayable $4,965 monthly, including interest at 5.50%, due March 2011	$ 21,541	$ 66,393
Current portion	21,541	44,852
	$ -	$ 21,541

Obligations under capital leases are secured by certain plant and office equipment.

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:

	2010	2009
Balance, beginning of year	$25,247,911	$ 28,232,176
Add contributions for capital purposes	6,088,585	722,153
Add sinking fund investment income	223,089	203,793
Less amortization of deferred capital contributions	(3,260,025)	(3,910,211)
Balance, end of year	$28,299,560	$ 25,247,911

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

March 31, 2010

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	$ 446,008	$ 67,202	$ -	$ **513,210**
Scholarships and bursaries	85,861	7,337	3,160	**90,038**
Contributions for capital expenditures	362,792	233,682	307,164	**289,310**
	$ 894,661	$ 308,221	$ 310,324	$ **892,558**

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

	2010	2009
Capital assets, net book value	**$ 36,243,760**	$ 34,745,618
Less amounts financed by:		
Working capital	**43,615**	-
Long term debt	**(5,687,068)**	(6,296,837)
Obligations under capital lease	**(21,541)**	(66,393)
Deferred capital contributions	**(28,299,560)**	(25,247,911)
Add sinking fund investments	**2,576,211**	2,353,122
Invested in capital assets, end of year	**$ 4,855,417**	$ 5,487,599

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

March 31, 2010

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

	2010	2009
Schedule of Changes in Endowment Fund Balance		
Fund balance, beginning of year	$ 3,472,618	$ 3,546,640
Unrealized gain (unrealized loss)	74,547	(74,547)
Cash donations received	115,990	525
Fund balance, end of year	3,663,155	3,472,618
Schedule of Changes in Expendable Funds Available for Awards		
Fund balance, beginning of year	-	329,767
Unrealized gain	372,124	-
Realized investment income (loss) net of direct investment-related expenses and preservation of capital contributions	-	(329,767)
Bursaries awarded (2010 = 321, 2009 = nil)	(141,600)	-
Expendable fund balance, end of year	230,524	-
Total endowment fund balance, end of year	$ 3,893,679	$ 3,472,618
Market value of fund, end of year	$ 3,893,679	$ 3,472,618

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

March 31, 2010

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

OSOTF II Second Phase

	2010	2009
Schedule of Changes in Endowment Fund Balance		
Fund balance, beginning of year	$ 252,078	$ 223,676
Endowed donations (shares)	-	28,402
Fund balance, end of year	252,078	252,078
Schedule of Changes in Expendable Funds Available for Awards		
Fund balance, beginning of year	-	39,078
Unrealized gain	30,274	-
Realized investment income (loss) net of direct investment-related expenses and preservation of capital contributions	-	(39,078)
Bursaries awarded (2010 = 28, 2009 = nil)	(12,825)	-
Expendable fund balance, end of year	17,449	-
Total endowment fund balance, end of year	$ 269,527	$ 252,078
Market value of fund, end of year	$ 269,527	$ 252,078

OTSS

	2010	2009
Cash donations matched	$ 184,582	$ 54,287
Schedule of Changes in Endowment Fund Balance		
Fund balance, beginning of year	$ 710,863	$ 545,294
Unrealized gain (unrealized loss)	41,218	(41,218)
Eligible cash donations received	117,445	76,492
Matching funds received from MTCU	239,333	130,295
Fund balance, end of year	1,108,859	710,863
Schedule of Changes in Expendable Funds Available for Awards		
Fund balance, beginning of year	-	40,635
Realized investment income (loss) net of direct investment-related expenses and preservation of capital contributions	45,805	(40,635)
Bursaries awarded (2010 = 40, 2009 = nil)	(19,125)	-
Fund balance, end of year	26,680	-
Total endowment fund balance, end of year	$ 1,135,539	$ 710,863
Market value of fund, end of year	$ 1,135,539	$ 710,863

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

Report of OTSS awards issued for the period of April 1, 2009 to March 31, 2010:

Status of Recipients	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-Time	15	$8,075	25	$16,350	40	$24,425
Part-Time	n/a	n/a	n/a	n/a	n/a	n/a
Total	15	$8,075	25	$16,350	40	$24,425

	2010	2009
Grand total of endowment funds, end of year	**$ 5,298,745**	$ 4,435,559
Total market value of funds, end of year	**$ 5,298,745**	$ 4,435,559

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 January 1, 2008. The results of this valuation disclosed a going concern surplus and a solvency deficit. 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 $3,213,312 (2009 - $2,839,109).

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

March 31, 2010

18. Commitments

The College has leased realty for the Aviation Centre of Excellence at an annual rental of approximately $68,000, with annual increases of 2.5%, and an expiry date of 2053.

The College has leased other realty at a total annual rental of approximately $283,000 with expiry dates between 2011 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:

	2010	2009
Grants receivable	$ (398,810)	$ 142,244
Accounts receivable	1,458,901	2,800,093
Inventories	23,337	(77,176)
Prepaid expenses	107,905	(106,574)
Accounts payable and accrued liabilities	1,152,076	94,843
Accrued vacation pay	(1,034)	200,592
Deferred revenue and contributions	(2,630,542)	1,794,049
	$ (288,167)	$ 4,848,071

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. 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

	2010	2009
Total assets	$ 843,562	$ 179,250
Total liabilities	$ 495,929	$ 548,862
Total net assets	347,633	(369,612)
	$ 843,562	$ 179,250

Results of Operation and Net Assets

	2010	2009
Total revenue	$ 1,158,947	$ 838,230
Total expenditures	184,008	233,965
Net revenue available for donations	974,939	604,265
Donations made to the Confederation College of Applied Arts and Technology	(257,694)	(407,225)
Excess of revenue over expenditure	717,245	197,040
Net assets, beginning of year	(369,612)	(566,652)
Net assets, end of year	$ 347,633	$ (369,612)

24. 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.

25. Prior Period Adjustment

During the year, the College made a prior period adjustment to correct an error in the calculation of amortization of deferred capital contributions. This change has been applied on a retroactive basis. As a result of this change, deferred capital contributions were decreased and net assets invested in capital assets were increased $2,244,355 in 2009. The impact on the prior year statement of operations was to increase amortization of deferred capital contributions and increase the excess of revenue over expenditure by $2,244,355.

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

For the year ended March 31	2010	2009
Grants and reimbursements		
Post secondary	$ 31,662,606	$ 31,319,521
Apprenticeship training	1,212,814	1,928,097
Facilities renewal	4,154,928	1,579,771
	$ 37,030,348	$ 34,827,389
Student tuition		
Full-time post secondary	$ 7,852,555	$ 6,693,494
Part-time post secondary	661,670	755,733
Student services fees	1,695,678	1,566,549
	$ 10,209,903	$ 9,015,776
Other academic activities		
Provincially funded direct training grants	$ 4,121,084	$ 3,234,540
Contract training - Federal domestic	986,600	1,142,528
- Other contract training	5,249,427	6,312,684
- International	524,696	579,824
	6,760,723	8,035,036
Other academic services and projects	5,115,536	3,924,392
	$ 15,997,343	$ 15,193,968

The Confederation College of Applied Arts and Technology
Schedule 2 - First Generation Access Program

For the year ended March 31

Fiscal Year 2007/08	Budget	Actual	Variance
Admin salary/benefits	$ 175,500	$ 199,820	$ (24,320)
Support staff salary/benefits	38,250	24,888	13,362
Part-time	11,250	11,381	(131)
Total salary/benefits	225,000	236,089	(11,089)
Travel 18,750	9,859	8,891	
Hardware/software	9,375	10,070	(695)
Supplies	14,000	21,467	(7,467)
Assessment tools	18,750	-	18,750
Marketing	9,375	17,765	(8,390)
Orientation	4,750	4,846	(96)
Total other expenses	75,000	64,007	10,993
Total expenses	$ 300,000	$ 300,096	$ (96)

Fiscal Year 2008/09	Budget	Actual	Variance
Admin salary/benefits	$ 189,500	$ -	$ 189,500
Support staff salary/benefits	40,250	192,343	(152,093)
Part-time	10,250	20,284	(10,034)
Total salary/benefits	240,000	212,627	27,373
Travel 20,000	12,415	7,585	
Hardware/software	10,000	36,731	(26,731)
Supplies	15,000	10,237	4,763
Assessment tools	20,000	-	20,000
Marketing	10,000	33,486	(23,486)
Orientation	5,000	11,273	(6,273)
Total other expenses	80,000	104,142	(24,142)
Total expenses	$ 320,000	$ 316,769	$ 3,231

Fiscal Year 2009/10	Budget	Actual	Variance
Admin salary/benefits	$ 195,000	$ -	$ 195,000
Support staff salary/benefits	40,000	285,656	(245,656)
Part-time	11,000	-	11,000
Total salary/benefits	246,000	285,656	(39,656)
Travel	24,000	4,125	19,875
Hardware/software	12,000	13,275	(1,275)
Supplies	16,000	5,731	10,269
Assessment tools	22,000	-	22,000
Marketing	13,500	33,838	(20,338)
Orientation	6,500	9,020	(2,520)
Total other expenses	94,000	65,989	28,011
Total expenses	$ 340,000	$ 351,645	$ (11,645)

We have audited the financial statement of The Confederation College of Applied Arts and Technology as at March 31, 2010 and reported thereon dated May 21, 2010. The financial information presented in Schedule 2 was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and ,in our opinion, it is fairly stated in all material respects in relation to the financial statements taken as a whole.

We do not express a separate audit opinion on this schedule of supplemental financial information.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants
May 21, 2010