Consolidated Financial Statements of

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2005

Financial Statements

March 31, 2005

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Auditors' Report

The Board of Governors of
The Fanshawe College of Applied Arts and Technology

We have audited the following consolidated financial statements of The Fanshawe College of Applied Arts and Technology:

Consolidated Statement of Financial Position as at March 31, 2005

Consolidated Statement of Operations for the year ended March 31, 2005

Consolidated Statement of Changes in Net Assets for the year ended March 31, 2005

Consolidated Statement of Cash Flows for the year ended March 31, 2005

These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Deloitte & Touche LLP

Chartered Accountants
May 27, 2005

THE FANSHAWE COLLEGE OF
APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2005, with comparative figures for 2004

	2005	2004 (Restated)
Assets		
Current assets		
Cash and cash equivalents	$ 39,807,641	$ 36,934,120
Accounts receivable	5,011,490	5,895,628
Grants receivable	9,241,060	2,151,743
Inventories	1,500,170	1,197,514
Prepaid expenses	459,212	489,954
Current portion of receivable from Student Union (Note 3)	138,684	87,927
	56,158,257	46,756,886
Receivable from Student Union (Note 3)	5,777,843	3,975,504
Investments (Note 4)	1,114,253	1,108,437
Unrecognized SWAP loss (Note 1(a))	3,530,590	-
Capital assets (Note 5)	146,607,683	137,044,575
	$ 213,188,626	$ 188,885,402
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 5,207,490	$ 5,674,759
Accrued vacation pay	6,197,316	6,006,431
Deferred revenue - short-term	40,379,992	34,258,032
Restructuring obligations	305,719	505,092
Current portion of bank loans (Note 6)	691,875	606,642
	52,782,392	47,050,956
Bank loans payable (Note 6)	31,030,662	29,766,770
SWAP liability (Note 1(a))	3,768,442	-
Other post-employment benefits (Note 8)	3,556,449	3,403,329
Sick leave benefits payable (Note 1(c))	5,309,080	5,735,140
Deferred contributions		
Restricted contributions	6,347,924	5,411,716
Capital assets	68,591,532	62,624,848
	74,939,456	68,036,564
Net assets		
Investment in capital assets (Note 9)	52,165,141	43,382,313
Endowments	4,033,996	3,245,680
Internally restricted	179,604	181,726
Unrestricted	(14,576,596)	(11,917,076)
	41,802,145	34,892,643
Commitments (Note 7 and Note 11)		
Contingencies (Note 14)		
	$ 213,188,626	$ 188,885,402

See accompanying notes to financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004 (Restated)
Revenue		
Operations (Schedule 1)	$ 133,328,668	$ 126,030,937
Donations	1,296,490	1,710,099
Other	3,671,782	3,961,512
	138,296,940	131,702,548
Expenditures		
Academic (Schedule 2)	73,342,997	72,707,955
Student services (Schedule 3)	13,437,289	10,889,171
Administrative (Schedule 4)	12,505,918	10,809,115
Plant (Schedule 5)	9,969,104	9,924,492
Supplementary (Schedule 6)	2,447,991	2,417,829
Ancillary (Schedule 7)	15,502,061	13,255,555
	127,205,360	120,004,117
Awards	1,296,490	1,710,099
Other	3,671,782	3,961,512
	132,173,632	125,675,728
Excess of revenue over expenditures	$ 6,123,308	$ 6,026,820

See accompanying notes to financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2005, with comparative figures for 2004

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	2005 Total	2004 Total
Balance, beginning of year						
As previously reported	$ 43,382,313	$ 3,245,680	$ 181,726	$ (2,384,369)	$ 44,425,350	$ 37,352,752
Change in accounting policy						
Revenue recognition (Note 1(b))	-	-	-	(3,797,567)	(3,797,567)	(3,090,441)
Sick leave benefits (Note 1(c))	-	-	-	(5,735,140)	(5,735,140)	(5,620,622)
As restated	43,382,313	3,245,680	181,726	(11,917,076)	34,892,643	28,641,689
Excess of revenue over expenditures (expenditures over revenue)	(7,648,549)	-	-	13,771,857	6,123,308	6,026,820
Endowment contributions (net)	-	685,438	-	-	685,438	222,181
Net change in investment in capital assets (Note 9)	16,431,377	-	-	(16,431,377)	-	-
Transfers	-	102,878	(2,122)	-	100,756	1,953
Balance, end of year	$ 52,165,141	$ 4,033,996	$ 179,604	$ (14,576,596)	$ 41,802,145	$ 34,892,643

See accompanying notes to financial statements

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used in):		
Cash flows from operating activities		
Excess of revenue over expenditures	$ 6,123,308	$ 6,026,820
Items not involving cash:		
Change in non-cash working capital items	(631,517)	2,041,458
Amortization of capital assets	11,787,238	11,626,399
Amortization of deferred contributions related to capital assets	(4,138,689)	(3,750,766)
Loss recognized on SWAP liability	237,852	-
Net increase in deferred contributions related to restricted contributions	936,208	(667,248)
Increase (decrease) in other post-employment benefits	153,120	(268,445)
(Decrease) increase in sick leave benefits	(426,060)	114,518
	14,041,460	15,122,736
Cash flows from investing activities		
(Increase) decrease in investments	(5,816)	(210,952)
Additions to capital assets	(21,350,346)	(29,370,922)
Increase in endowments	788,316	225,323
Decrease in internally restricted net assets	(2,122)	(1,189)
Increase in deferred contributions related to capital assets	10,105,373	10,207,811
	(10,464,595)	(19,149,929)
Cash flows from financing activities		
Advances to Student Union	(2,000,000)	(4,000,000)
Repayments from Student Union	146,904	21,569
Proceeds from bank loan payable	2,000,000	21,500,000
Repayment of bank loan payable	(650,875)	(441,550)
(Decrease) increase in restructuring obligations	(199,373)	330,092
Obligations under capital leases	-	(32,065)
	(703,344)	17,378,046
Increase in cash and cash equivalents	2,873,521	13,350,853
Cash and cash equivalents, beginning of year	36,934,120	23,583,267
Cash and cash equivalents, end of year	$ 39,807,641	$ 36,934,120

See accompanying notes to financial statements.

The Fanshawe College of Applied Arts and Technology ("the College") is an incorporated entity that provides quality education and learning for employment to its communities. The College is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Changes in Accounting Policy and Other Changes

(a) Hedging relationships:

Effective April 1, 2004, the College prospectively adopted the recommendations of Accounting Guideline 13 "Hedging Relationships" (" AcG-13 ") and those of Emerging Issues Committee Abstract 128 "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments (" EIC-128 "). AcG-13 deals with the identification, designation, documentation and measurement of effectiveness of hedging relationships for the purpose of applying hedge accounting. AcG-13 is effective for fiscal years beginning on or after July 1, 2003 and upon implementation of AcG-13, accounting in accordance with EIC-128 is required. Under EIC-128, freestanding derivative instruments that give rise to a financial asset or financial liability and do not qualify for hedge accounting under AcG-13 or are entered into for trading or speculative purposes should be recognized in the balance sheet and measured at fair value, with changes in fair value recognized in earnings for the year. As a result of applying AcG-13 and EIC-128, interest rate swaps no longer qualify for hedge accounting. Therefore, a derivative financial instrument liability measured at fair value and a corresponding unrecognized loss of $3,688,762 has been recorded on the balance sheet as at April 1, 2004.

(b) Post-secondary tuition revenue:

In past years, the College has recorded post-secondary tuition revenue in the fiscal year when the activity started. At the beginning of the 2004-2005 fiscal year the College introduced a new accounting software that enables the College to recognize post-secondary tuition revenue in the fiscal year in which it was earned.

This change in accounting policy, which was adopted effective April 1, 2004, was applied retroactively and comparative figures for the year ended March 31, 2004 have been restated to reflect this change.

The effects of this change in accounting policy on March 31, 2004 comparative figures are shown below.

In addition, previously reported unrestricted net assets as at April 1, 2003 were reduced by $3,090,441 as a result of adopting of this change in accounting policy.

(c) Sick leave benefits:

The College is liable to pay 50% of certain employees' accumulated sick leave credits on termination or retirement after ten years service, to a maximum of six months salary. In the past the Ministry of Training, Colleges and Universities undertook the annual funding of these expenditures as they were paid and accordingly, no provision was made for sick leave benefits in the financial statements. However, beginning the year ended March 31, 2005, the Ministry of Training, Colleges and Universities no longer provides the annual funding and as a result a provision is now required. This change has been retroactively applied to the financial statements of the College. As at March 31, 2005, the approximate value of sick leave benefits accruing to all employees is $5,309,080 (2004 – $5,735,140).

The effects of this change in accounting policy on March 31, 2004 comparative figures are shown below.

In addition, previously reported unrestricted net assets as at April 1, 2003 were reduced by $5,620,622 as a result of adopting of this change in accounting policy.

(d) Other changes:

In past years, the College has recorded the tuition fee holdback as a restricted contribution. In order to be consistent with the Ministry of Training, Colleges and Universities and with the College Financial Information System, beginning the 2004-2005 fiscal year the college is now recording the tuition fee holdback as an operating activity.

This change results in a reclassification of amounts and the comparative figures for the year ended March 31, 2004 have been reclassified to reflect this change.

The effects of this reclassification on March 31, 2004 comparative figures are shown below.

In addition, previously reported Restricted Contributions as at April 1, 2003 were reduced by $992,649 as a result of adopting of this reclassification.

	As Previously Reported	As Restated	Net Change
Statement of Financial Position			
Assets			
Receivable from Student Union	$ 3,960,760	$ 3,975,504	$ 14,744
Liabilities & Net Assets			
Deferred revenue - short-term	28,622,316	34,258,032	5,635,716
Sick leave benefits payable	-	5,735,140	5,735,140
Restricted contributions	7,235,121	5,411,716	(1,823,405)
Unrestricted net assets	(2,384,369)	(11,917,076)	(9,532,707)
Statement of Operations			
Operating revenue	$ 126,738,063	$ 126,030,937	$ (707,126)
Full-time Teaching Salaries	28,468,229	28,582,747	114,518

2. Significant accounting policies:

(a) General:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Revenue recognition:

The College follows the deferral method of accounting for contributions, which include donations and government grants.

Under the Ontario Colleges of Applied Arts and Technology Act, the College is funded by the Ministry of Training, Colleges and Universities. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Deferred restricted contributions represent unspent donations for bursaries and scholarships, programs and other purposes. Deferred contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets.

Endowment contributions, having externally imposed restrictions requiring that the principal be maintained intact, are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from student fees, ancillary operations and other revenue is recognized when the services are provided or the products are sold.

(c) Inventories:

Inventories are stated at the lower of cost and replacement cost.

(d) Investments:

Non-equity and equity investments are carried at cost. A write-down of carrying value is charged against income when evidence indicates a permanent decline in the underlying value and earning power of an individual investment. Gains and losses on disposal of investments are determined on a completed transaction basis.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

Buildings occupied and equipment used by the former Ontario Vocational Centre, London were donated to the College as of September 1, 1967 by the Ontario Department of Works and Education and have been recorded at the original capital cost incurred by those departments. Land donated to the College by the Department of Public Works has been recorded at the nominal value of $6. Subsequent additions to capital assets have been recorded at cost.

Capital assets are amortized on a straight-line basis using the following estimated useful lives:

Buildings	40 years
Site improvements	10 years
Leasehold improvements	over lease term
Furniture and equipment	5 years
Library books	15 years

(f) Cost allocation:

Expenditures are recorded on the accrual basis and allocated among academic programs on the basis of direct charges wherever possible and otherwise on the basis of full-time equivalent students or teaching contact hours.

(g) Vacation pay:

Vacation pay is accrued, as entitlement is earned.

(h) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets, liabilities, contingencies, revenues and expenditures. Management estimates take into account prospects as well as prevailing business and economic conditions. Actual results could differ from those estimates.

(i) Principles of consolidation:

The consolidated financial statements reflect the operations of the College and its wholly owned subsidiary, Fanshawe International Corporation.

(j) Derivative financial instruments:

Derivative financial instruments held for trading or speculative purposes or that are not eligible for hedge accounting are recognized on the balance sheet at their fair value, with changes in fair value recognized in net earnings. Gains or losses on instruments not qualifying for hedge accounting upon adoption of AcG-13 and EIC-128 are recognized in earnings in the same period as those on the hedged item.

3. Receivable from Student Union:

The receivable represents the Student Union's share in support of the construction costs related to the student lounge space with the St. Thomas Campus expansion and the new student center located on the London campus.

With respect to the St. Thomas campus (2005 - $45,000; 2004 - $65,000), principal repayments of $5,000 are due June 1, September 1, December 1, and March 1 of each year until fully paid. The receivable is non-interest bearing.

With respect to the London campus (2005 - $5,871,527; 2004 - $3,983,687), principal repayments are due in accordance to the amortization schedule relating to the long-term debt identified in Note 6. The principal repayments required during the next 5 years are as follows:

2006	$ 118,684
2007	125,597
2008	132,927
2009	140,695
2010	153,374

4. Investments:

The book values and estimated fair values as at March 31 were:

	2005		2004	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Bonds	$ 861,191	$ 937,745	$ 847,172	$ 927,323
Canadian equities	253,062	358,471	261,265	341,150
	$ 1,114,253	$ 1,296,216	$ 1,108,437	$ 1,268,473

5. Capital assets:

	Cost	Accumulated amortization	2005 Net book value	2004 Net book value
Land	$ 1,107,506	$ -	$ 1,107,506	$ 1,107,506
Buildings	156,400,560	36,751,983	119,648,577	106,896,180
Site improvements	19,854,561	11,799,171	8,055,390	9,822,863
Furniture and equipment	78,116,568	62,728,105	15,388,463	16,900,147
Library books	4,261,353	1,853,606	2,407,747	2,317,879
	$ 259,740,548	$ 113,132,865	$ 146,607,683	$ 137,044,575

6. Bank loans payable:

	2005	2004
Bank loan payable with a notional amount of $10,000,000 and an effective fixed interest rate of 5.85%, facilitated through a SWAP agreement. Both the College and the bank have the option to terminate the agreement in September 2009. The SWAP agreement matures September 2024. No specific security has been pledged.	$ 8,854,929	$ 9,091,656
Bank loan payable with a notional amount of $10,000,000 and an effective fixed interest rate of 6.1655%, facilitated through a SWAP agreement. Both the College and the bank have the option to terminate the agreement in May 2013. The SWAP agreement matures September 2028. No specific security has been pledged.	9,671,707	9,848,039
Bank loan payable with a notional amount of $7,500,000 and an effective fixed interest rate of 6.294%, facilitated through a SWAP agreement. Both the College and the bank have the option to terminate the agreement in November 2013. The SWAP agreement matures November 2028. No specific security has been pledged.	7,324,374	7,450,030

Bank loan payable with a notional amount of $4,000,000 and an effective fixed interest rate of 6.42%, facilitated through a SWAP agreement. Both the College and the bank have the option to terminate the agreement in January 2014. The SWAP agreement matures January 2029. No specific security has been pledged.	3,915,760	3,983,687
Bank loan payable with a notional amount of $500,000 and an effective fixed interest rate of 3.92%. The bank term loan is repayable over 25 years with the interest rate being renewed every 5 years. No specific security has been pledged.	487,980	
Bank loan payable with a notional amount of $500,000 and an effective fixed interest rate of 4.42%. The bank term loan is repayable over 25 years with the interest rate being renewed every 7 years. No specific security has been pledged.	488,797	
Bank loan payable with a notional amount of $1,000,000 and an effective fixed interest rate of 4.87%. The bank term loan is repayable over 25 years with the interest rate being renewed every 10 years. No specific security has been pledged.	978,990	
	$ 31,722,537	$ 30,373,412
Less current portion	691,875	606,642
	$ 31,030,662	$ 29,766,770

The loans are based on 25-year terms and the banks have waived their right to demand repayment within the next 12 months.

Principal payments required in each of the next five years are as follows:

2006	$ 691,875
2007	735,482
2008	781,860
2009	831,184
2010	888,088

Accordingly, interest on the bank loans is recorded based on the swap rate. The loss on the SWAP agreements has been recorded on the Consolidated Statement of Operations in Operations Revenue.

7. Operating leases:

The College leases premises and equipment. The remaining aggregate minimum rental payments under operating leases are as follows:

		Operating
2006	$	544,530
2007		210,945
	$	755,475

8. Pensions and other post-employment benefits:

Employees are participants in multi-employer contributory retirement pension plans under which the College makes contributions equal to those of the employees. Contributions to these plans for the year 2005 were $4,210,291 (2004 – $3,354,120).

The College also participates in a group plan, with other Colleges in Ontario, which effectively provides post-retirement benefits and other post-employment benefits. These benefits are provided to current retired employees and future early retirees, as well as claimants for long-term disability.

The net expense for the College's benefit plan is as follows:

		2005		2004
Pension Plans	$	3,625,334	$	3,605,453
Other post-employment benefit plans		153,120		(268,445)

Information about the College's other post-employment benefit plans, calculated as a percentage of the total amounts for the College plans, are as follows:

		2005		2004
Accrued benefit obligation	$	3,834,449	$	3,688,329
Fair value of plan assets		278,000		285,000
Funded status, plan deficit		3,556,449		3,403,329
Accrued benefit liability	$	3,556,449	$	3,403,329

The discount rate used to value the accrued benefit obligations was 5.25% (2004 – 5.5%).

Benefits paid during the year for the other post-employment benefit plans were $192,713 (2004 – $158,449).

The health care trend rates for fiscal 2004 and fiscal 2005 are as follows:

Medical care cost increases	
Hospital	5% per annum
Drugs	9% per annum in 2004, grading down to 5% in 2010
Other medical	5% per annum
Vision/Hearing care	None
Dental cost increases	4% per annum

9. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

		2005	2004
Capital assets		$146,607,683	$ 137,044,575
Amounts financed by:	Deferred contributions	(68,591,532)	(62,624,848)
	Planned bank loan payable	-	(4,647,689)
	Bank loan payable	(25,851,010)	(26,389,725)
		$ 52,165,141	$ 43,382,313

(b) Change in net assets invested in capital assets is calculated as follows:

		2005	2004
Excess of expenditures over revenue:			
Amortization of deferred contributions related to capital assets		$ 4,138,689	$ 3,750,766
Amortization of capital assets		(11,787,238)	(11,626,399)
		$ (7,648,549)	$ (7,875,633)
Net change in investment in capital assets:			
Capital assets acquired		$ 21,350,346	$ 29,370,922
Amount funded by:	Deferred contributions	(10,105,373)	(10,207,811)
	Other financing arrangements	4,647,689	7,001,623
	Bank loan payable	538,715	(17,074,763)
		$ 16,431,377	$ 9,089,971

10. Supplemental cash flow information:

During the year, the following cash amounts were received (paid):

	2005	2004
Interest revenue	$ 1,318,370	$ 1,241,541
Interest expense	(1,991,546)	(1,284,546)

11. Commitments:

As at March 31, 2005, outstanding capital asset commitments approximate $6,854,969 (2004 – $3,540,128) primarily relating to the construction and expansion of various facilities under the Superbuild program, for which funds have already been received.

12. Ontario Student Opportunities Trust Fund:

Endowments include donations and matching funds from the Ontario Student Opportunity Trust Fund of the Government of Ontario (Phase 1 and Phase 2), which was created to fund student aid awards. The number of bursaries awarded in the year ended March 31, 2005 was 32 (2004 – 33).

The College has recorded the following amounts under the program:

Phase 1:

	2005	2004
Endowment balance, beginning of year	$ 1,169,980	$ 1,167,091
Donations received	-	-
Preservation of Capital	2,907	2,889
Endowment balance, end of year	$ 1,172,887	$ 1,169,980

Expendable funds available for awards, beginning of year	$ 78,764	$ 73,655
Investment income	24,710	24,557
Bursaries awarded	(18,979)	(19,448)
Expendable funds available for awards, end of year	$ 84,495	$ 78,764

Phase 2:

		2005		2004
Endowment balance, beginning of year	$	199,869	$	-
Donations received		352,390		99,863
Preservation of Capital		889		144
Matching funds:				
Received from Government of Ontario		352,389		99,862
Endowment balance, end of year	$	905,537	$	199,869

		2005		2004
Expendable funds available for awards, beginning of year	$	1,225	$	-
Investment income		7,554		1,225
Bursaries awarded		(1,000)		-
Expendable funds available for awards, end of year	$	7,779	$	1,225

13. Subsequent Event:

On April 28, 2005, Fanshawe College purchased the title to the Fanshawe College campus in Simcoe, Ontario, previously being leased from International Recorder Co. Ltd., for $1,877,400. The campus is located at 634 Ireland Road.

14. Contingencies:

In the normal course of operations there are outstanding claims against the College, primarily as a result of grievances filed under the provisions of the collective agreements between the College and The Ontario Public Services Employees Union ("OPSEU"). The amount of these claims is not determinable at this time and accordingly losses, if any, as a result of these claims will be expensed in the period in which the claims are resolved.

15. Fanshawe International Corporation:

In March 2003, the College formally created a subsidiary corporation named Fanshawe International Corporation to conduct teaching and training activities primarily outside Canada.

16. Financial Instruments:

The fair value of the College's cash and term deposits, accounts and grants receivable, receivable from Student Union, accounts payable and accrued liabilities, and restructuring obligations are not materially different from their carrying amounts because of their short terms to maturity. Since it is the College's intent to make payments on the bank loan payable until maturity, it is not cost effective to determine the fair market value of the debt.

The College reduces its interest rate risk by entering into interest rate swap agreements. Refer to Note 6 of the financial statements for details regarding the interest rate swap agreements.

Management monitors its credit risk related to diversified sources.

17. Comparative amounts:

Certain of the 2004 comparative amounts have been reclassified to conform with the presentation adopted in the current year.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Operating Revenue

Schedule 1

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004 (Restated)
Grants and reimbursements		
Operating grants	$ 55,812,364	$ 51,867,203
Other government grants	3,703,130	4,428,171
Adult training and special programs	2,265,191	2,617,293
Apprentice training	5,184,323	4,888,572
Job Connect	2,351,278	2,265,494
Literacy and Basic Skills	948,475	849,867
Grants in lieu of municipal taxes	815,250	789,173
	71,080,011	67,705,773
Other revenue		
Student fees	33,373,773	33,288,964
Investment income	496,334	39,793
Sale of course products and services	1,914,562	1,866,614
Miscellaneous	6,555,688	3,820,633
Amortization of deferred contributions related to capital assets (Note 9)	4,138,689	3,750,766
SWAP loss	(237,852)	-
Ancillary operations	16,007,463	15,558,394
	$ 133,328,668	$ 126,030,937

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Academic Expenditures

Schedule 2

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004 (Restated)
Salaries		
Full-time teaching	$ 28,759,478	$ 28,582,747
Part-time teaching	6,914,712	6,294,112
Support staff	9,822,453	10,269,798
Administration	3,040,868	3,067,286
Employee benefits	8,750,760	7,666,074
Furniture and equipment	272,654	284,281
Amortization of capital assets	7,478,754	7,483,860
Bad debts	116,093	96,639
Contract services	2,738,341	2,848,895
Cost of goods sold	450,081	495,467
Equipment maintenance	528,185	495,809
Field work	55,097	55,437
Instructional supplies	2,350,925	3,051,146
Other expenses and supplies	498,906	648,191
Professional development	118,254	117,031
Public relations and promotions	795,392	713,785
Telecommunications	132,533	107,486
Travel	519,511	429,911
	$ 73,342,997	$ 72,707,955

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Student Services Expenditures — Schedule 3

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Salaries		
Academic	$ 1,121,322	$ 1,074,883
Support staff	4,052,489	3,547,310
Administration	710,705	809,346
Employee benefits	1,302,381	1,136,250
Student assistance from tuition fees	3,549,945	1,944,608
Amortization of capital assets	1,014,111	1,054,328
Contract services	291,797	215,545
Instructional supplies	81,598	79,297
Other expenses and supplies	643,150	380,888
Public relations and promotions	446,851	445,225
Travel	222,940	201,491
	$ 13,437,289	$ 10,889,171

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Administrative Expenditures

Schedule 4

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Salaries		
Support staff	$ 2,909,072	$ 2,056,897
Administration	2,707,413	2,606,481
Employee benefits	1,143,638	869,863
Furntiture and equipment purchases - non-instructior	465,432	525,227
Amortization of capital assets	1,523,688	1,323,250
Bank service charges	299,914	311,757
Contract services	429,718	633,459
Equipment maintenance	380,904	324,633
Insurance	324,829	146,858
Other expenses and supplies	1,173,794	923,632
Professional development	253,165	170,454
Professional fees	623,276	694,095
Public relations and promotions	64,667	64,656
Telecommunications	104,055	96,118
Travel	102,353	61,735
	$ 12,505,918	$ 10,809,115

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Plant Expenditures

Schedule 5

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Salaries		
Support staff	$ 2,100,543	$ 2,540,455
Administration	367,643	201,724
Employee benefits	532,595	520,132
Amortization of capital assets	1,065,545	1,236,141
Building and grounds maintenance	292,483	362,355
Contract services	1,313,073	733,602
Equipment maintenance	763,681	625,008
Premise rentals	618,706	474,209
Telecommunications	197,186	227,888
Utilities, services, fees and other expenses	2,717,649	3,002,978
	$ 9,969,104	$ 9,924,492

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Supplementary Expenditures

Schedule 6

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Student allowances	$ 24,910	$ 30,392
Participants' stipends	1,585,166	1,584,648
Municipal taxes	837,915	802,789
	$ 2,447,991	$ 2,417,829

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Ancillary Expenditures

Schedule 7

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Salaries		
Support staff	$ 887,554	$ 804,295
Administration	190,640	182,664
Employee benefits	162,350	131,362
Amortization of capital assets	705,140	528,820
Contract services	2,104,594	2,208,187
Costs of goods sold - ancillary operations	7,633,213	7,179,710
Equipment and grounds maintenance	323,563	244,243
Long term debt interest	1,991,546	1,284,546
Other expenses and supplies	1,503,461	691,728
	$ 15,502,061	$ 13,255,555

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Restricted Contributions and Endowments

Schedule 8

Year ended March 31, 2005, with comparative figures for 2004

	Balance, beginning of year	Revenues: Donations	Revenues: Interest	Revenues: Other	Expenditures: Awards	Expenditures: Other	*Transfers*	Balance, end of year
Restricted contributions								
Bursaries and scholarships	$ 1,978,037	$ 1,096,759	$ 78,508		$ (1,296,490)		$ 83,080	$ 1,939,894
Student activity fees	(179,090)			3,427,225		(3,198,427)		49,708
Fundraising Campaigns	2,059,769	944,469					(192,467)	2,811,771
Alumni activities	100,017	137,533				(26,649)	(156,092)	54,809
Employee Stability Fund	211,944			39,717		(8,264)		243,397
Other	1,241,039	504,679				(438,442)	(58,931)	1,248,345
	5,411,716	2,683,440	78,508	3,466,942	(1,296,490)	(3,671,782)	(324,410)	6,347,924
Endowments	3,245,680	663,192	75,920		(53,674)		102,878	4,033,996
Internally restricted	181,726		7,012		(134,950)		125,816	179,604
	$ 8,839,122	$ 3,346,632	$ 161,440	$ 3,466,942	$ (1,485,114)	$ (3,671,782)	$ (95,716)	$ 10,561,524