Consolidated Financial Statements of

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2008

Financial Statements

March 31, 2008

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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, 2008

Consolidated Statement of Operations for the year ended March 31, 2008

Consolidated Statement of Changes in Net Assets for the year ended March 31, 2008

Consolidated Statement of Cash Flows for the year ended March 31, 2008

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 consolidated financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2008 and the results of its operations and changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants
Licensed Public Accountants

May 23, 2008

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets		
Cash and cash equivalents	$ 46,018,727	$ 35,562,931
Accounts receivable	4,675,048	5,216,768
Grants receivable	3,644,204	3,728,890
Inventories	1,440,263	1,647,919
Prepaid expenses	542,513	474,513
Current portion of receivable from Student Union (Note 3)	140,695	137,927
	56,461,450	46,768,948
Receivable from Student Union (Note 3)	5,353,624	5,494,319
Investments (Note 4)	23,919,806	22,964,938
Derivative financial instruments	3,056,074	3,214,246
Capital assets (Note 5)	180,601,851	167,186,195
	$ 269,392,805	$ 245,628,646
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 7,600,848	$ 8,187,480
Accrued vacation pay	7,405,331	6,948,236
Deferred revenue-short term	37,054,071	34,132,052
Current portion of bank loans (Note 6)	831,184	781,860
	52,891,434	50,049,628
Bank loans (Note 6)	28,682,137	29,513,321
Derivative financial instruments	4,550,565	3,894,965
Other post employment benefits (Note 8)	1,993,015	1,892,897
Sick leave benefits	4,226,550	4,178,195
Deferred contributions		
Restricted contributions	9,886,087	9,192,555
Capital assets	96,076,353	84,953,627
	105,962,440	94,146,182
Net assets		
Investment in capital assets (Note 9)	60,506,496	57,564,633
Endowments	6,908,661	4,981,752
Internally restricted	199,544	209,092
Unrestricted	3,471,963	(802,019)
	71,086,664	61,953,458
Commitments (Note 7 and Note 11)		
Contingencies (Note 14)		
	$ 269,392,805	$ 245,628,646

See accompanying notes to financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Revenue		
Government grants	$ 82,761,185	$ 83,095,578
Enrolment revenue	43,218,689	39,908,167
Ancillary revenue	17,567,440	17,058,236
Other revenue		
Restricted contributions	8,017,202	6,747,174
Investment income	677,912	543,976
Amortization of deferred contributions related to capital assets (Note 9)	5,548,492	5,151,155
Loss on derivative financial instruments	(813,772)	(170,955)
Unrealized loss on investments	(1,072,283)	-
Miscellaneous	7,434,431	6,340,487
	163,339,296	158,673,818
Expenditures		
Instructional service	86,527,809	81,016,689
Instructional support service	13,908,231	11,024,254
Student service	14,777,467	14,317,681
College service	13,132,879	14,776,733
Ancillary service	14,586,985	14,617,309
Facility service	13,773,309	12,065,706
(See Schedule 1)	156,706,680	147,818,372
Excess of revenue over expenditures	$ 6,632,616	$ 10,855,446

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, 2008, with comparative figures for 2007

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	2008 Total	2007 Total
Balance, beginning of year	$ -	$ -	$ -	$ -	$ -	$ -
As previously reported	57,564,633	4,981,752	209,092	(802,019)	61,953,458	50,543,580
Implementation of Financial Instruments (Note 1(d) and Note 2)	-	-	-	583,229	583,229	-
As restated	57,564,633	4,981,752	209,092	(218,790)	62,536,687	50,543,580
Excess of revenue over expenditures (expenditures over revenue) (Note 9)	(7,778,250)	-	-	14,410,866	6,632,616	10,855,446
Endowment contributions (net)	-	1,864,735	-	-	1,864,735	439,180
Internally restricted (net)	-	-	2,019	-	2,019	(38,573)
Net change in investment in capital assets (Note 9)	10,720,113	-	-	(10,720,113)	-	-
Transfers	-	62,174	(11,567)	-	50,607	153,825
Balance, end of year	$ 60,506,496	$ 6,908,661	$ 199,544	$ 3,471,963	$ 71,086,664	$ 61,953,458

See accompanying notes to financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Cash flows from operating activities		
Excess of revenue over expenditures	$ 6,632,616	$ 10,855,446
Items not involving cash:		
Change in non-cash working capital items (Note 10)	3,558,544	(219,129)
Amortization of capital assets	13,326,742	12,856,822
Amortization of deferred contributions related to capital assets	(5,548,492)	(5,151,155)
Loss on derivative financial instruments	813,772	170,955
Unrealized loss on investments	1,072,283	-
Net increase in deferred contributions related to restricted contributions	693,532	1,608,790
Increase in other post employment benefits	100,118	132,124
Increase (decrease) in sick leave benefits	48,355	(994,631)
	20,697,470	19,259,222
Cash flows from investing activities		
Increase in investments	(1,443,922)	(7,452,560)
Additions to capital assets	(26,742,398)	(23,372,186)
Increase in endowments	1,926,909	504,791
(Decrease) increase in internally restricted net assets	(9,548)	49,641
Increase in deferred contributions related to capital assets	16,671,218	10,028,156
	(9,597,741)	(20,242,158)
Cash flows from financing activities		
Repayments from Student Union	137,927	145,598
Repayment of bank loans	(781,860)	(735,482)
	(643,933)	(589,884)
Increase (decrease) in cash and cash equivalents	10,455,796	(1,572,820)
Cash and cash equivalents, beginning of year	35,562,931	37,135,751
Cash and cash equivalents, end of year	$ 46,018,727	$ 35,562,931

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. 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) Financial Instruments:

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the College's designation of such instruments. Settlement date accounting is used.

Classification

Cash and cash equivalents	Held for trading
Accounts receivable/Grants receivable	Loans and receivables
Investments	Held for trading
Derivative financial instruments	Held for trading
Accounts payable and accrued liabilities	Other liabilities
Bank loans	Other liabilities

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

(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
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 subsidiaries Fanshawe International Corporation and the Fanshawe College Foundation.

2. Changes in accounting policies:

Financial Instruments

The College adopted the following recommendations of the CICA Handbook:

(a) Section 3855, *Financial Instruments–Recognition and Measurement.* This Section describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments classified as financial assets or liabilities held for trading, financial assets available-for-sale and derivative financial instruments, part of a hedging relationship or not, have to be measured at fair value on the balance sheet at each reporting date, whereas other financial instruments are measured at amortized cost using the effective interest method.

(b) Section 4400, *Financial Statement Presentation by Not-for-profit Organizations.* This Section has been amended to require that certain gains and losses should be recorded initially as direct entries to the Statement of Changes in Net Assets for the period, rather than in the Statement of Operations for the period. These gains and losses must eventually be reclassified and reported in the Statement of Operations of a subsequent period in accordance with Section 3855 and Section 3865, when a specific event occurs.

(c) Section 3861, *Financial Instruments–Disclosure and Presentation.* This Section establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

(d) Section 3251, *Equity.* This Section establishes standards for the presentation of equity and changes in equity during the reporting period.

The College has made the following classifications:

- Cash and cash equivalents are classified as financial assets held for trading and are measured at fair value.
- Accounts receivable and grants receivable are classified as loans and receivables and are recorded at amortized cost using the effective interest method.

- Equity investments and fixed income investments are classified as financial assets held for trading and are measured at fair value.
- Accounts payable and accrued liabilities, and bank loans are classified as other liabilities and measured at amortized cost using the effective interest method.

These changes were adopted retroactively without restatement of comparative figures. As a result of these new standards, an adjustment to Investments and the opening balance of the Unrestricted Fund of $583,229 was made as of April 1, 2007 and an unrealized loss on Investments and decrease in Investments of $489,054 were recognized in the Unrestricted Fund during the year end ended March 31, 2008.

Future accounting changes

Financial Instruments

In December 2006, the CICA issued Section 3862, Financial Instruments-Disclosures; Section 3863, Financial Instruments-Presentation; and Section 1535, Capital Disclosures. These Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the College will adopt the new standards for its fiscal year beginning April 1, 2008. Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments establishes standards for presentation of financial instruments and non-financial derivatives. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital.

The College is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

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 (2007 - $5,000), the final principal repayment of $5,000 was repaid on June 1, 2007. The receivable was non-interest bearing.

With respect to the London campus (2008 - $5,494,319; 2007 - $5,627,246), principal repayments are due in accordance to the amortization schedule relating to the long term debt identified in Note 6. The following is a summary of the total amount receivable from the Student Union:

	2008	2007
Loan receivable from the London Campus Student Union with an effective fixed interest rate of 6.42% repayable over 25 years. No specific security has been received.	$ 3,683,821	$ 3,766,134
Loan receivable from the London Campus Student Union with an effective fixed interest rate of 3.92% repayable over 25 years with the interest rate being renewed every 5 years. No specific security has been received.	448,963	462,481
Loan receivable from the London Campus Student Union with an effective fixed interest rate of 4.42% repayable over 25 years with the interest rate being renewed every 7 years. No specific security has been received.	452,063	464,851
Loan receivable from the London Campus Student Union with an effective fixed interest rate of 4.87% repayable over 25 years with the interest rate being renewed every 10 years. No specific security has been received.	909,472	933,780
Loan receivable from the St. Thomas Campus Student Union non-interest bearing due June 1, 2007.	-	5,000
	5,494,319	5,632,246
Less current portion	140,695	137,927
	$ 5,353,624	$ 5,494,319

The principal repayments required during the next 5 years are as follows:

2009	$ 140,695
2010	148,933
2011	157,668
2012	166,928
2013	176,750

4. Investments:

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

	2008		2007	
	Estimated Fair Value	Cost	Estimated Fair Value	Cost
Bonds	$ 13,008,199	$ 13,222,996	$ 13,566,531	$ 13,735,438
Canadian equities	6,502,452	6,301,174	5,773,773	5,446,243
U.S. equities	3,328,513	3,724,637	2,925,444	2,725,425
International equities	1,080,642	1,160,058	1,282,419	1,057,832
	$ 23,919,806	$ 24,408,865	$ 23,548,167	$ 22,964,938

5. Capital assets:

	Cost	Accumulated amortization	2008 Net book value	2007 Net book value
Land	$ 2,293,471	$ -	$ 2,293,471	$ 2,093,472
Buildings	202,645,008	49,770,020	152,874,988	137,393,534
CIP	93,436	-	93,436	4,550,475
Site improvements	21,964,689	16,966,521	4,998,168	4,630,251
Furniture and equipment	95,352,312	77,922,247	17,430,065	15,760,456
Library books	5,033,891	2,122,168	2,911,723	2,758,007
	$ 327,382,807	$ 146,780,956	$ 180,601,851	$ 167,186,195

6. Bank loans:

The College has debt with certain financial institutions as detailed in this note. The debt is structured with fixed repayment terms which will retire the debt over an agreed period of time. The College is not in violation of any covenants at year end and it is the intent of the College to repay the debt in accordance with the repayment schedules. The banks have the right to demand repayment; however the College has no requirement or intention of prepayment in the next twelve months and therefore the debt has been classified as long-term.

	2008	2007
Bank loan 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.	$ 8,055,928	$ 8,337,947
Bank loan 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 and in May 2023. The SWAP agreement matures May 2028. No specific security has been pledged.	9,069,186	9,283,086
Bank loan 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 and in November 2023. The SWAP agreement matures November 2028. No specific security has been pledged.	6,893,888	7,046,902
Bank loan with a notional amount of $4,000,000 and an effective fixed interest rate of 6.420%, facilitated through a SWAP agreement. Both the College and the bank have the option to terminate the agreement in January 2014 and in January 2024. The SWAP agreement matures January 2029. No specific security has been pledged.	3,683,822	3,766,134
Bank loan with 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.	448,963	462,481

Bank loan with 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.	452,062	464,851
Bank loan with 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.	909,472	933,780
	29,513,321	30,295,181
Less current portion	831,184	781,860
	$ 28,682,137	$ 29,513,321

Principal payments required in each of the next 5 years are as follows:

2009	$ 831,184
2010	883,647
2011	939,450
2012	998,798
2013	1,061,930

7. Operating leases:

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

	Operating
2009	$ 146,926
2010	48,191
2011	48,191
2012	48,191
2013	28,111

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 fiscal 2008 were $5,224,325 (2007 – $4,783,678).

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 College measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at March 31 each year. The most recent actuarial valuation of the post-retirement benefits and other post-employment benefit plans for funding purposes was on March 31, 2008 and the next required valuation will be as of March 31, 2011.

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

	2008	2007
Pension Plans	$ 5,249,734	$ 4,787,406
Other post-employment benefit plans	100,118	132,124

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:

	2008	2007
Accrued benefit obligation	$ 2,240,015	$ 2,145,897
Fair value of plan assets	247,000	253,000
Funded status, plan deficit	1,993,015	1,892,897
Accrued benefit liability	$ 1,993,015	$ 1,892,897

Benefits paid during the year for the other post-employment benefit plans were $86,429 (2007 – $156,306).

The significant assumptions used are as follows:

		2008	2007
Accrued benefit obligation as at March 31			
Discount rate		4.85%	4.85%
Benefit costs for the years ending March 31			
Discount rate	April – August	5.00%	5.00%
	September – March	5.00%	5.00%

The health care trend rates for fiscal 2008 are as follows:

Medical care cost increases	
Hospital	5% per annum
Drugs	10.5% per annum in 2008, grading down to 5.5% in 2018
Other medical	5% per annum
Vision/Hearing care	0% per annum
Dental care	7.5% per annum in 2008, grading down to 4.5% in 2014

9. Investment in capital assets:

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

		2008	2007
Capital assets		$ 180,601,851	$ 167,186,195
Amounts financed by:	Deferred contributions	(96,076,353)	(84,953,627)
	Bank loans	(24,019,002)	(24,667,935)
		$ 60,506,496	$ 57,564,633

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

		2008	2007
Excess of expenditures over revenue:			
Amortization of deferred contributions related to capital assets		$ 5,548,492	$ 5,151,155
Amortization of capital assets		(13,326,742)	(12,856,822)
		$ (7,778,250)	$ (7,705,667)
Net change in investment in capital assets:			
Capital assets acquired		$ 26,742,398	$ 23,372,196
Amount funded by:	Deferred contributions	(16,671,218)	(10,028,156)
	Bank loans	648,933	609,885
		$ 10,720,113	$ 13,953,925

10. Supplemental cash flow information:

	2008	2007
Change in non-cash working capital items:		
Accounts receivable	$ 541,720	$ (1,949,093)
Grants receivable	84,686	(672,762)
Inventories	207,656	(184,103)
Prepaid expenses	(68,000)	(28,051)
Accounts payable and accrued liabilities	(586,632)	1,284,890
Accrued vacation pay	457,095	521,349
Deferred revenue - short term	2,922,019	808,641
	$ 3,558,544	$ (219,129)

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

	2008	2007
Interest revenue	$ 3,615,028	$ 3,055,078
Interest expense	(1,869,522)	(1,890,207)

11. Commitments:

As at March 31, 2008, outstanding capital asset commitments approximate $4,681,164 (2007 – $4,051,409) primarily relating to the construction and expansion of various facilities.

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 2), which were created to fund student aid bursaries.

The College has recorded the following amounts under the program:

Schedule of Changes in Endowment Fund Balances - Phase 1: [1]

	2008	2007
Endowment balance, beginning of year	$ 1,183,521	$ 1,176,698
Preservation of capital	5,194	6,823
Endowment balance, end of year	$ 1,188,715	$ 1,183,521

Schedule of Changes in Expendable Funds Available for Awards - Phase 1: [1]

	2008	2007
Expendable funds available for awards, beginning of year	$ 116,905	$ 85,683
Realized investment income	44,147	57,992
Bursaries awarded (total number: 50; 2007 - 46)	(38,039)	(26,770)
Expendable funds available for awards, end of year	123,013	116,905
Endowment total based on book value	$ 1,311,728	$ 1,300,426

The market value of the endowment as March 31, 2008 was $ 1,305,346

Schedule of Changes in Endowment Fund Balances - Phase 2: [1]

	2008	2007
Endowment balance, beginning of year	$ 914,470	$ 909,390
Preservation of capital	3,928	5,080
Endowment balance, end of year	$ 918,398	$ 914,470

Schedule of Changes in Expendable Funds Available for Awards - Phase 2: [1]

	2008	2007
Expendable funds available for awards, beginning of year	$ 60,910	$ 20,732
Realized investment income	33,389	43,178
Bursaries awarded (total number: 20; 2007 - 7)	(12,113)	(3,000)
Expendable funds available for awards, end of year	82,186	60,910
Endowment total based on book value	$ 1,000,584	$ 975,380

The market value of the endowment as March 31, 2008 was $ 995,716

1. Schedules based on book value.

13. Ontario Trust for Student Support:

Endowments include donations and matching funds from the Ontario Trust for Student Support Fund of the Government of Ontario, which was created to fund students with financial need bursaries.

The College has recorded the following amounts under the program:

Schedule of Donations Received: [1]

	2008	2007
Cash donations received	$ 600,771	$ 158,216
Unmatched cash donations	-	-
Total cash donations	$ 600,771	$ 158,216

Schedule of Changes in Endowment Fund Balances : [1]

	2008	2007
Endowment balance, beginning of year	$ 575,847	$ 257,414
Eligible Cash donations received	600,771	158,216
Matching funds received/receivable from MTCU in 2007-08	1,195,995	158,216
Preservation of capital	3,485	2,001
Endowment balance, end of year	$ 2,376,098	$ 575,847

Schedule of Changes in Expendable Funds Available for Awards : [1]

	2008	2007
Expendable funds available for awards, beginning of year	$ 19,990	$ 2,984
Realized investment income	29,616	17,006
Bursaries awarded (total number: 11; 2007 - 0) [2]	(6,500)	-
Expendable funds available for awards, end of year	43,106	19,990
Endowment total based on book value	$ 2,419,204	$ 595,837

The market value of the endowment as March 31, 2008 was $ 2,407,435

1. Schedule based on book value.

2. Report of OTSS Awards Issued for the Period of April 1, 2007 to March 31, 2008

Status of Recipients	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-Time	6	$ 4,000	5	$ 2,500	11	$ 6,500
Part-Time	n/a	n/a	-	-	-	-
Total	6	$ 4,000	5	$ 2,500	11	$ 6,500

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. Fanshawe College Foundation:

In December 2006, the College formally created a charitable organization named Fanshawe College Foundation to co-ordinate fundraising activities in association with Fanshawe College. The Fanshawe College Foundation received charity status in June 2007.

17. 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 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 loans until maturity, it is not cost effective to determine the fair market value of the debt. The fair value of temporary investments and bonds included in Note 4 is based on quoted market prices.

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.

The College provides credit to its students in the normal course of its operations. It maintains provisions for contingent credit losses. Student receivables represent 50% of the College's accounts receivable as at March 31, 2008.

18. Comparative Figures:

Certain comparative figures have been reclassified to conform to the current year's presentation.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Expenditures

Schedule 1

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Expenditures		
Salaries and benefits	$ 90,978,129	$ 85,079,599
Student assistance	11,165,024	11,066,655
Operating supplies	4,034,017	4,137,614
Ancillary cost of sales	8,982,092	8,624,646
Contract services	8,760,030	7,741,743
Utilities and maintenance	10,259,850	9,578,582
Long term debt interest	1,869,522	1,890,207
Amortization expense	13,326,742	12,856,822
Other operating costs	7,331,274	6,842,504
	$ 156,706,680	$ 147,818,372

THE FANSHAWE COLLEGE OF
APPLIED ARTS AND TECHNOLOGY

Analysis of Restricted Contributions and Endowments

Schedule 2

Year ended March 31, 2008, with comparative figures for 2007

	Balance, beginning of year	Revenues Donations	Revenues Interest	Revenues Other	Expenditures Awards	Expenditures Other	*Transfers*	Balance, end of year
Restricted contributions								
Bursaries and scholarships	$ 2,011,367	$ 562,355	$ 68,709	$ 1,402,962	$ (1,875,854)	-	$ (367,293)	$ 1,802,246
Student activity fees	50,000	-	-	5,575,930	-	(5,575,930)	-	50,000
Fundraising Campaigns	5,387,166	938,856	224,913	-	-	(1,171)	(139,273)	6,410,491
Alumni activities	77,770	-	6,156	186,945	-	(31,864)	(152,457)	86,550
Employee Stability Fund	300,806	-	8,317	25,237	-	(6,698)	-	327,662
Other	1,365,446	-	27,938	476,344	-	(525,685)	(134,905)	1,209,138
	9,192,555	1,501,211	336,033	7,667,418	(1,875,854)	(6,141,348)	(793,928)	9,886,087
Endowments	4,981,752	1,775,707	201,302	-	(112,274)	-	62,174	6,908,661
Internally restricted	209,092	-	7,519	-	(5,500)	-	(11,567)	199,544
	$ 14,383,399	$ 3,276,918	$ 544,854	$ 7,667,418	$ (1,993,628)	$ (6,141,348)	$ (743,321)	$ 16,994,292