Consolidated Financial Statements of

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2010

Financial Statements

March 31, 2010

Deloitte.

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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, 2010
- Consolidated Statement of Operations for the year ended March 31, 2010
- Consolidated Statement of Changes in Net Assets for the year ended March 31, 2010
- Consolidated Statement of Cash Flows for the year ended March 31, 2010

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

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
May 17, 2010

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets		
Cash and cash equivalents	$ 63,779,536	$ 32,237,203
Restricted cash (Note 3)	461,586	1,838,490
Accounts receivable	4,963,615	5,658,984
Grants receivable	1,258,431	3,766,215
Inventories	1,766,000	1,735,566
Prepaid expenses	276,266	79,036
Current portion of receivable from Student Union (Note 4)	159,168	150,533
	72,664,602	45,466,027
Receivable from Student Union (Note 4)	5,043,923	5,203,091
Investments (Note 5)	28,931,628	21,988,337
Derivative financial instruments	2,739,730	2,897,902
Capital assets (Note 6)	220,781,499	198,027,172
	$ 330,161,382	$ 273,582,529
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 13,086,883	$ 8,457,957
Accrued vacation pay	8,277,483	7,968,225
Deferred revenue-short term	39,862,988	33,933,438
Current portion of bank loans (Note 7)	1,212,099	885,247
	62,439,453	51,244,867
Bank loans (Note 7)	46,584,791	27,796,890
Derivative financial instruments	5,181,059	8,403,438
Pensions and other post employment benefits (Note 9)	1,780,117	1,823,408
Sick leave benefits	3,411,842	3,727,359
	56,957,809	41,751,095
Deferred contributions		
Restricted contributions	12,879,080	11,662,111
Capital assets	108,660,928	102,517,906
	121,540,008	114,180,017
Net assets		
Investment in capital assets (Note 10)	69,526,772	72,180,753
Endowments	10,873,682	7,990,285
Internally restricted	184,302	181,551
Unrestricted	8,639,356	(13,946,039)
	89,224,112	66,406,550
Commitments (Note 8 and Note 12)		
Contingencies (Note 15)		
	$ 330,161,382	$ 273,582,529

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Revenue		
Government grants	$ 95,061,856	$ 83,085,713
Enrolment revenue	54,764,468	47,970,515
Ancillary revenue	21,064,243	17,844,469
Other revenue		
Restricted contributions	8,922,335	8,469,949
Investment income	571,178	625,820
Amortization of deferred contributions related to capital assets (Note 10)	6,171,894	5,878,971
Gain (loss) on derivative financial instruments	3,064,207	(4,011,045)
Unrealized gain (loss) on investments	2,423,111	(3,250,774)
Miscellaneous	8,482,097	7,920,733
	200,525,389	164,534,351
Expenditures		
Instructional service	98,672,723	92,247,210
Instructional support service	18,011,303	16,905,109
Student service	16,743,646	16,368,799
College service	15,645,751	15,837,732
Ancillary service	17,576,242	14,670,546
Facility service	13,944,310	14,274,761
(Schedule 1)	180,593,975	170,304,157
Excess (deficiency) of revenue over expenditures	$ 19,931,414	$ (5,769,806)

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	2010 Total	2009 Total
Balance, beginning of year	$ 72,180,753	$ 7,990,285	$ 181,551	$ (13,946,039)	$ 66,406,550	$ 71,086,664
Excess (deficiency) of revenue over expenditures (Note 10)	(7,534,611)	-	-	27,466,025	19,931,414	(5,769,806)
Endowment contributions (net)	-	2,797,640	-	-	2,797,640	820,344
Internally restricted (net)	-	-	5,501	-	5,501	3,816
Net change in investment in capital assets (Note 10)	4,880,630	-	-	(4,880,630)	-	-
Transfers	-	85,757	(2,750)	-	83,007	265,532
Balance, end of year	$ 69,526,772	$ 10,873,682	$ 184,302	$ 8,639,356	$ 89,224,112	$ 66,406,550

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures	$ 19,931,414	$ (5,769,806)
Change in non-cash working capital items (Note 11)	13,843,223	(2,638,403)
Items not involving cash:		
Amortization of capital assets	13,706,505	13,205,856
Amortization of deferred contributions related to capital assets	(6,171,894)	(5,878,971)
(Gain) loss on derivative financial instruments	(3,064,207)	4,011,045
Unrealized (gain) loss on investments	(2,423,111)	3,250,774
Net increase in deferred contributions related to restricted contributions	1,216,969	1,776,024
Decrease in other post employment benefits	(43,291)	(169,607)
Decrease in sick leave benefits	(315,517)	(499,191)
	36,680,091	7,287,721
Cash flows from investing activities		
Decrease (increase) in restricted cash	1,376,904	(1,838,490)
Purchase of investments	(4,520,180)	(1,319,305)
Additions to capital assets	(36,460,832)	(30,631,177)
Increase in endowments	2,883,397	1,107,685
Increase (decrease) in internally restricted net assets	2,751	(17,993)
Increase in deferred contributions related to capital assets	12,314,916	12,320,524
	(24,403,044)	(20,378,756)
Cash flows from financing activities		
Repayments from Student Union	150,533	140,695
Proceeds from bank loans	20,000,000	-
Repayment of bank loans	(885,247)	(831,184)
	19,265,286	(690,489)
Increase (decrease) in cash and cash equivalents	31,542,333	(13,781,524)
Cash and cash equivalents, beginning of year	32,237,203	46,018,727
Cash and cash equivalents, end of year	$ 63,779,536	$ 32,237,203

See accompanying notes to consolidated 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 and reflect the following significant accounting policies:

(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 net realizable value.

(d) Financial Instruments:

As permitted for non-profit organizations, the College has decided to apply Section 3861, Financial Instruments-Disclosure and Presentation, in place of Section 3862, Financial Instruments-Disclosure and Section 3863, Financial Instruments-Presentation.

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
Restricted cash	Held for trading
Accounts receivable	Loans and receivables
Grants receivable	Loans and receivables
Receivable from Student Union	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 revenue.

Derivative financial instruments

Derivative financial instruments are recognized on the balance sheet at their fair value, with changes in fair value recognized in operations. Gains or losses are recognized in operations.

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) Employee future benefits:

The College accrues its obligations under employee benefit plans and the related costs, net of plan assets, in accordance with the following policies:

The cost of pensions earned by employees is actuarially determined using the Retrospective Approach prorated on service, an estimate of expected plan investment performance, salary escalation and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, these assets are valued at fair value.

Using this approach, the amount of unamortized actuarial gain or loss in excess of 10% of the greater of the accrued benefit obligation and the market related value of plan assets at the beginning of the fiscal year is amortized in the current year's expense.

(i) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions 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.

(j) 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 statement concepts

In February 2008, the CICA amended Section 1000 of the Handbook-which eliminated the matching principle and amended the Financial Statement Concepts to clarify the items that meet the definition of an asset. With the removal of the matching principle from Section 1000 of the CICA Handbook, for contributions to be recorded as deferred revenue, they must meet the definition of restricted contributions. The adoption of this section had no impact on the financial statements.

Related party transactions

Effective April 1, 2009, the College adopted retroactively the recommendations of amended CICA 4460: Disclosure of related party transactions by not-for-profit organizations. The adoption of these recommendations had no impact on the financial statements.

Financial statement presentation

Effective April 1, 2009, the College adopted amendments to several of the existing sections in the 4400 series-*Financial Statements by Not-For-Profit Organizations.* The amendments included: a) removal of the requirement to report separately net assets invested in capital assets; b) requirement to disclose revenues and expenses in accordance with EIC 123, *Reporting Revenue Gross as a Principal Versus Net as an Agent;* c) requirement to include a statement of cash flows in accordance with Section 1540, *Cash Flow Statements;* d) requirement to apply Section 1751, *Interim Financial Statements,* when preparing interim financial statements in accordance with GAAP; e) requirement for non-for-profit organizations that recognize capital assets to depreciate and assess these capital assets for impairment in the same manner as other entities reporting on a GAAP basis. The adoption of these amendments had no impact on the financial statements.

EIC-173

In April 2009, the College adopted EIC-173, Credit risk and the fair value of financial assets and financial liabilities issued by the Emerging Issues Committee. This abstract requires that an entity's own credit risk (for financial liabilities) and the credit risk of the counterparty (for financial assets) should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this abstract had no impact on the financial statements.

Future accounting changes

New accounting framework

The CICA will be issuing a new accounting framework applicable to not-for-profit organizations. Effective for fiscal years beginning on January 1, 2011, not-for-profit organizations will have to choose between International Financial Reporting Standards (IFRSs) and accounting standards for not-for-profit organizations, whichever suits them best. The College currently plans to adopt the new accounting standards for not-for-profit organizations for its fiscal year beginning on April 1, 2011; however the date of transition to the new standards and the impact on this transition have not yet been determined.

3. Restricted cash:

The College held restricted cash of $461,586 as at March 31, 2010 (2009-$1,838,490) awaiting investment. These contributions have externally imposed restrictions requiring that the principal be maintained intact.

4. Receivable from Student Union:

The receivable represents the Student Union's share in support of the construction costs related to the new student center located on the London campus.

With respect to the London campus (2010-$5,203,091; 2009-$5,353,624), principal repayments are due in accordance to the amortization schedule relating to the long term debt identified in Note 7. The following is a summary of the total amount receivable from the Student Union:

	2010	2009
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.	$ 3,502,509	$ 3,596,067
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.	857,165	883,954
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.	424,729	438,697
Loan receivable from the London Campus Student Union with an effective fixed interest rate of 2.94% repayable over 20 years with the interest rate being renewed every 2 years. No specific security has been received.	418,688	434,906
	5,203,091	5,353,624
Less current portion	159,168	150,533
	$ 5,043,923	$ 5,203,091

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

2011	$ 159,168
2012	168,319
2013	178,022
2014	188,309
2015	199,217

5. Investments:

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

	2010		2009	
	Estimated Fair Value	Book Value	Estimated Fair Value	Book Value
Bonds	$ 15,369,163	$ 15,375,777	$ 11,953,456	$ 12,550,929
Canadian equities	7,822,900	7,854,741	5,933,745	8,258,366
U.S. equities	4,371,175	5,265,844	3,193,466	4,383,607
International equities	1,368,390	1,848,923	907,670	1,575,624
	$ 28,931,628	$ 30,345,285	$ 21,988,337	$ 26,768,526

6. Capital assets:

			2010	2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 2,598,421	$ -	$ 2,598,421	$ 2,293,471
Buildings	246,200,887	60,397,024	185,803,863	158,128,058
Construction in progress	8,564,057	-	8,564,057	14,582,034
Site improvements	21,995,483	19,474,316	2,521,167	3,637,151
Furniture and equipment	106,348,984	88,143,059	18,205,925	16,311,073
Library books	5,459,759	2,371,693	3,088,066	3,075,385
	$ 391,167,591	$ 170,386,092	$ 220,781,499	$ 198,027,172

7. 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.

	2010	2009
Loan with a notional amount of $20,000,000 and an effective fixed interest rate of 5.49%. The loan is repayable over 30 years. No specific security has been pledged.	$ 20,000,000	$ -
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.	8,597,766	8,841,061
Bank loan with a notional amount of $10,000,000 and an effective fixed interest rate of 5.85%, facilitated through a SWAP agreement. The SWAP agreement matures September 2024. No specific security has been pledged.	7,440,029	7,756,962
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.	6,556,004	6,730,490
Bank loan 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 and in January 2024. The SWAP agreement matures January 2029. No specific security has been pledged.	3,502,509	3,596,067

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.	857,165	883,954
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.	424,729	438,697
Bank loan with an effective fixed interest rate of 2.94%. The bank term loan is repayable over 20 years with the interest rate being renewed every 2 years. No specific security has been pledged.	418,688	434,906
	47,796,890	28,682,137
Less current portion	1,212,099	885,247
	$ 46,584,791	$ 27,796,890

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

2011	$ 1,212,099
2012	1,286,534
2013	1,365,594
2014	1,449,565
2015	1,538,748

8. Operating leases:

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

2011	$ 94,691
2012	48,191
2013	28,111

9. 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 2010 were $7,408,676 (2009–$6,307,154).

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:

	2010	2009
Pension plans	$ 7,449,046	$ 6,337,340
Other post-employment benefit plans	(43,291)	(169,607)

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:

	2010	2009
Accrued benefit obligation	$ 2,088,117	$ 2,072,408
Fair value of plan assets	308,000	249,000
Funded status, plan deficit	1,780,117	1,823,408
Accrued benefit liability	$ 1,780,117	$ 1,823,408

Benefits paid during the year for other post-employment benefit plans were $111,800 (2009 – $135,000).

The significant assumptions used are as follows:

	2010	2009
Accrued benefit obligation as at March 31		
Discount rate	4.75%	5.50%
Benefit costs for the years ending March 31		
Discount rate	4.75%	5.50%

The health care trend rates for fiscal 2010 are as follows:

Medical care cost	
Hospital	4.5% per annum
Drugs	10.5% per annum in 2008, grading down to 4.5% in 2023
Other medical	4.5% per annum
Vision/Hearing care	4.5% per annum
Medical premium	8.0% per annum in 2008, grading down to 4.5% in 2023
Dental care	7.5% per annum in 2008, grading down to 4.5% in 2023

10. Investment in capital assets:

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

		2010	2009
Capital assets		$ 220,781,499	$ 198,027,172
Amounts financed by:	Deferred contributions	(108,660,928)	(102,517,906)
	Bank loans	(42,593,799)	(23,328,513)
		$ 69,526,772	$ 72,180,753

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

		2010	2009
Excess of expenditures over revenue:			
Amortization of deferred contributions related to capital assets		$ 6,171,894	$ 5,878,971
Amortization of capital assets		(13,706,505)	(13,205,856)
		$ (7,534,611)	$ (7,326,885)
Net change in investment in capital assets:			
Additions to capital assets		$ 36,460,832	$ 30,631,177
Amount financed by:	Deferred contributions	(12,314,916)	(12,320,524)
	Bank loans	(19,265,286)	690,489
		$ 4,880,630	$ 19,001,142

11. Supplemental cash flow information:

	2010	2009
Change in non-cash working capital items:		
Accounts receivable	$ 695,369	$ (983,936)
Grants receivable	2,507,784	(122,011)
Inventories	(30,434)	(295,303)
Prepaid expenses	(197,230)	463,477
Accounts payable and accrued liabilities	4,628,926	857,109
Accrued vacation pay	309,258	562,894
Deferred revenue-short term	5,929,550	(3,120,633)
	$ 13,843,223	$ (2,638,403)

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

	2010	2009
Interest revenue	$ 1,534,519	$ 2,398,845
Interest expense	(1,948,353)	(1,772,438)

12. Commitments:

As at March 31, 2010, outstanding capital asset commitments approximate $21,671,935 (2009–$13,247,398) primarily relating to the construction and expansion of various facilities including the Centre for Applied Transportation Technologies.

13. 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:

	2010	2009
Endowment balance, beginning of year	$ 1,037,959	$ 1,188,715
Preservation of capital	4,641	5,231
Market value adjustment	110,510	(155,987)
Endowment balance, end of year	$ 1,153,110	$ 1,037,959

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

	2010	2009
Expendable funds available for awards, beginning of year	$ 122,068	$ 123,013
Realized investment income	39,446	44,460
Bursaries awarded (2010-74; 2009-83)	(40,898)	(45,405)
Expendable funds available for awards, end of year	120,616	122,068
Endowment total based on fair value	$ 1,273,726	$ 1,160,027

Schedule of Changes in Endowment Fund Balances-Phase 2:

	2010	2009
Endowment balance, beginning of year	$ 803,584	$ 918,398
Preservation of capital	3,509	3,978
Market value adjustment	83,472	(118,792)
Endowment balance, end of year	$ 890,565	$ 803,584

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

	2010	2009
Expendable funds available for awards, beginning of year	$ 79,788	$ 82,186
Realized investment income	29,826	33,818
Bursaries awarded (2010-57; 2009-41)	(38,099)	(36,216)
Expendable funds available for awards, end of year	71,515	79,788
Endowment total based on fair value	$ 962,080	$ 883,372

14. 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:

	2010	2009
Cash donations matched	$ 363,457	$ 350,740
Unmatched cash donations	-	363,571
Total cash donations	$ 363,457	$ 714,311

Schedule of Changes in Endowment Fund Balances:

	2010	2009
Endowment balance, beginning of year	$ 3,637,399	$ 2,376,098
Eligible cash donations received	363,457	714,311
Matching funds received/receivable from MTCU	1,371,859	1,031,106
Preservation of capital	20,517	12,173
Market value adjustment	529,515	(496,289)
Endowment balance, end of year	$ 5,922,747	$ 3,637,399

Schedule of Changes in Expendable Funds Available for Awards:

	2010	2009
Expendable funds available for awards, beginning of year	$ 104,183	$ 43,106
Realized investment income	173,483	109,685
Bursaries awarded (2010-84; 2009-62) '	(70,503)	(48,608)
Expendable funds available for awards, end of year	207,163	104,183
Endowment total based on fair value	$ 6,129,910	$ 3,741,582

'' Report of OTSS awards issued

Status of Recipients	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-Time	46	$ 27,950	31	$ 38,748	77	$ 66,698
Part-Time	n/a	n/a	7	3,805	7	3,805
Total	46	$ 27,950	38	$ 42,553	84	$ 70,503

15. 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 known.

16. 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.

17. Fanshawe College Foundation:

In December 2006, the College formally created a charitable organization named Fanshawe College Foundation to coordinate fundraising activities in association with Fanshawe College. The Fanshawe College Foundation received charity status in June 2007, and became active in April 2008.

18. Financial Instruments:

The fair value of the College's cash and term deposits, accounts and grants receivable, short term receivable from the Student Union, accounts payable and accrued liabilities are not materially different from their carrying amounts because of their short terms to maturity. Fair value information for the long term portion of the receivable from the Student Union has not been disclosed because the fair value cannot be measured reliably due to the nature of the loans. A description of the instruments and their carrying amounts are disclosed in Note 4.

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 5 is based on quoted market prices.

The College reduces its interest rate risk by entering into interest rate swap agreements. Refer to Note 7 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 60% of the College's accounts receivable as at March 31, 2010.

19. Capital Management:

The College's objectives when managing capital are to develop and maintain a financial model and a capital expenditure process which supports the strategic directions of the College, and safeguards the College's ability to continue to provide benefits to the community.

Capital at the College is comprised of net assets. In order to maintain or adjust the capital structure, the College must obtain additional funding.

Endowment contributions have externally imposed restrictions requiring that the principal be maintained intact.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Expenditures

Schedule 1

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Expenditures		
Salaries and benefits	$ 107,761,427	$ 100,488,312
Student assistance	13,022,167	12,429,262
Operating supplies	4,500,458	4,442,143
Ancillary cost of sales	11,397,627	10,241,812
Contract services	11,101,195	9,402,392
Utilities and maintenance	9,195,929	9,726,183
Loan interest	1,948,353	1,772,438
Amortization expense	13,706,505	13,205,856
Other operating costs	7,960,314	8,595,759
	$ 180,593,975	$ 170,304,157

Analysis of Restricted Contributions and Endowments

Schedule 2

Year ended March 31, 2010, with comparative figures for 2009

	Balance, beginning of year	Revenues			Expenditures			Balance, end of year
		Donations	Interest	Other	Awards	Other	*Transfers*	
Restricted contributions								
Bursaries and scholarships	$ 1,615,058	$ 614,814	$ 70,552	$ 1,875,653	$ (1,629,037)	$ -	$ (513,695)	$ 2,033,345
Student activity fees	50,000	-	-	6,571,800	-	(6,571,800)	-	50,000
Fundraising Campaigns	8,174,129	1,294,933	320,194	-	-	(9,599)	(1,051,798)	8,727,859
Alumni activities	119,083	-	7,937	227,647	-	(41,787)	(191,378)	121,502
Employee Stability Fund	357,015	-	1,683	21,600	-	(19,349)	-	360,949
Other	1,346,826	-	28,371	742,759	-	(688,800)	156,269	1,585,425
	11,662,111	1,909,747	428,737	9,439,459	(1,629,037)	(7,331,335)	(1,600,602)	12,879,080
Endowments	7,990,285	1,706,230	358,015	943,418	(210,023)	-	85,757	10,873,682
Internally restricted	181,551	-	6,937	-	(1,436)	-	(2,750)	184,302
	$ 19,833,947	$ 3,615,977	$ 793,689	$ 10,382,877	$ (1,840,496)	$ (7,331,335)	$ (1,517,595)	$ 23,937,064