Consolidated Financial Statements of

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year Ended March 31, 2012

Financial Statements

March 31, 2012

Deloitte.

Deloitte & Touche LLP
One London Place
255 Queens Avenue
Suite 700
London ON N6A 5R8
Canada

Tel: 519-679-1880
Fax: 519- 640-4625
www.deloitte.ca

Independent Auditor's Report

To the Board of Governors of:
Fanshawe College of Applied Arts and Technology

We have audited the accompanying consolidated financial statements of Fanshawe College of Applied Arts and Technology (the "College"), which comprise the consolidated statement of financial position as at March 31, 2012, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fanshawe College of Applied Arts and Technology as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
Licensed Public Accountants
June 28, 2012

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

As at March 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Current assets		
Cash and cash equivalents (Note 3)	$ 30,076,940	$ 38,560,960
Guaranteed investment certificates (Note 3)	42,807,289	12,501,722
Accounts receivable	8,092,979	7,218,581
Grants receivable	6,975,103	1,155,031
Inventories	1,981,383	1,652,362
Prepaid expenses	35,889	2,746
Current portion of receivable from Student Union (Note 4)	158,853	149,816
	90,128,436	61,241,218
Receivable from Student Union (Note 4)	4,331,618	4,490,471
Investments (Note 5)	38,572,858	46,970,966
Derivative financial instruments	2,423,386	2,581,558
Capital assets (Note 6)	252,372,501	251,817,014
	$ 387,828,799	$ 367,101,227
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 13,623,953	$ 13,255,006
Accrued vacation pay	8,812,734	8,589,241
Deferred revenue-short term	44,371,503	40,668,758
Current portion of bank loans (Note 7)	1,331,937	1,254,078
	68,140,127	63,767,083
Bank loans (Note 7)	43,186,656	44,518,595
Derivative financial instruments	7,076,064	4,963,917
Pensions and other post employment benefits (Note 9)	2,315,440	2,006,984
Sick leave benefits	2,659,147	3,190,024
	55,237,307	54,679,520
Deferred contributions		
Restricted contributions	13,496,065	13,852,569
Capital assets	131,521,839	128,805,592
	145,017,904	142,658,161
Net assets		
Investment in capital assets (Note 10)	80,428,011	81,470,555
Endowments	15,905,602	12,059,683
Internally restricted	214,592	209,127
Unrestricted	22,885,256	12,257,098
	119,433,461	105,996,463
Commitments (Note 8 and Note 12)		
Contingencies (Note 15)		
	$ 387,828,799	$ 367,101,227

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended As at March 31, 2012, with comparative figures for 2011

	2012	2011
Revenue		
Government grants	$ 98,024,682	$ 98,635,862
Enrolment revenue	69,816,791	60,740,548
Ancillary revenue	23,122,179	22,010,579
Other revenue		
Restricted contributions	10,338,116	9,922,318
Investment income (loss)	594,738	(310,163)
Amortization of deferred contributions related to capital assets (Note 10)	7,093,514	6,655,288
(Loss) gain on derivative financial instruments	(2,270,319)	58,970
Unrealized (loss) gain on investments	(161,383)	2,639,803
Miscellaneous	7,511,951	7,918,598
	214,070,269	208,271,803
Expenditures		
Instructional service	109,255,014	106,188,447
Instructional support service	22,019,141	19,329,288
Student service	20,545,521	17,161,113
College service	17,157,017	16,815,876
Ancillary service	19,942,751	19,391,556
Facility service	15,565,211	13,823,998
(Schedule 1)	204,484,655	192,710,278
Excess of revenue over expenditures	$ 9,585,614	$ 15,561,525

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended As at March 31, 2012, with comparative figures for 2011

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	2012 Total	2011 Total
Balance, beginning of year	$ 81,470,555	$ 12,059,683	$ 209,127	$ 12,257,098	$ 105,996,463	$ 89,224,112
Excess (deficiency) of revenue over expenditures (Note 10)	(8,006,884)	-	-	17,592,498	9,585,614	15,561,525
Endowment contributions (net)	-	1,466,368	-	-	1,466,368	1,112,879
Internally restricted (net)	-	-	7,964	-	7,964	7,242
Net change in investment in capital assets (Note 10)	6,964,340	-	-	(6,964,340)	-	-
Transfers	-	2,379,551	(2,499)	-	2,377,052	90,705
Balance, end of year	$ 80,428,011	$ 15,905,602	$ 214,592	$ 22,885,256	$ 119,433,461	$ 105,996,463

See accompanying notes to consolidated financial statements.

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended As at March 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Cash flows from operating activities		
Excess of revenue over expenditures	$ 9,585,614	$ 15,561,525
Change in non-cash working capital items (Note 11)	(2,761,449)	(478,757)
Items not involving cash:		
Amortization of capital assets	15,100,398	14,465,221
Amortization of deferred contributions related to capital assets	(7,093,514)	(6,655,288)
Loss (gain) on derivative financial instruments	2,270,319	(58,970)
Unrealized loss (gain) on investments	161,383	(2,639,803)
Net (decrease) increase in deferred contributions related to restricted contributions	(356,504)	973,489
Increase in other post employment benefits	308,456	226,867
Decrease in sick leave benefits	(530,877)	(221,818)
	16,683,826	21,172,466
Cash flows from investing activities		
Purchase of guaranteed investment certificates	(30,305,567)	(12,501,722)
Maturity (purchase) of long term investments	8,236,725	(15,399,535)
Additions to capital assets	(15,655,885)	(45,500,736)
Increase in endowments	3,845,919	1,186,001
Increase in internally restricted net assets	5,465	24,825
Increase in deferred contributions related to capital assets	9,809,761	26,799,952
	(24,063,582)	(45,391,215)
Cash flows from financing activities		
Repayments from Student Union	149,816	562,804
Repayment of bank loans-non capital	(135,864)	(971,285)
Repayment of bank loans-capital	(1,118,216)	(1,052,932)
	(1,104,264)	(1,461,413)
Decrease in cash and cash equivalents	(8,484,020)	(25,680,162)
Cash and cash equivalents, beginning of year	38,560,960	64,241,122
Cash and cash equivalents, end of year	$ 30,076,940	$ 38,560,960

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 consolidated 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 ("MTCU"). 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
Guaranteed investment certificates	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:

Future accounting changes, New accounting framework

The College will transition to Public Sector Accounting Standards (PSAS) for the College's fiscal year ended March 31, 2013. PSAS has incorporated the CICA Handbook 4400 series into the PSAS Handbook and relabeled it as the 4200 series. Institutions transitioning to PSAS have the option of choosing full PSAS or PSAS plus the 4200 series. The College has decided to proceed in following the new 4200 series upon transition to PSAS. This minimizes the changes expected upon transition to PSAS. Standards which currently do not fall within the existing CICA 4400/PSAS 4200 series will be subject to the underlying equivalent PSAS standards which differ from current standards.

The key areas of change upon transition are currently being investigated.

3. Cash and cash equivalents and Guaranteed investment certificates:

The College held cash and cash equivalents and guaranteed investment certificates of $1,513,176 as at March 31, 2012 (2011-$173,565) which is restricted for specific purposes.

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.

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:

	2012	2011
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.	$ 3,296,426	$ 3,402,765
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.	799,518	829,042
Loan receivable from the London Campus Student Union with an effective fixed interest rate of 3.77% repayable over 20 years with the interest rate being renewed in 4 years. No specific security has been received.	394,527	408,480
	4,490,471	4,640,287
Less current portion	158,853	149,816
	$ 4,331,618	$ 4,490,471

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

2013	$	158,853
2014		168,449
2015		178,639
2016		189,459
2017		200,950

5. Investments:

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

	2012		2011	
	Estimated Fair Value	Book Value	Estimated Fair Value	Book Value
Bonds	$ 18,188,811	$ 17,497,751	$ 17,186,244	$ 17,274,688
Canadian equities	8,655,365	8,305,386	8,488,053	7,012,316
U.S. equities	4,821,267	4,098,897	4,747,693	4,297,623
International equities	1,311,792	1,287,088	1,546,114	1,407,823
Short term	555,878	554,642	-	-
Guaranteed invest. certificate	5,039,745	5,039,745	15,002,862	15,002,862
	$ 38,572,858	$ 36,783,509	$ 46,970,966	$ 44,995,312

6. Capital assets:

			2012	2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 5,474,471	$ -	$ 5,474,471	$ 4,828,346
Buildings	290,496,124	73,132,878	217,363,246	193,486,700
Construction in progress	3,714,922	-	3,714,922	30,808,491
Site improvements	22,113,963	20,939,942	1,174,021	1,749,961
Furniture and equipment	122,331,439	101,089,799	21,241,640	17,738,747
Library books	6,090,631	2,686,430	3,404,201	3,204,769
	$ 450,221,550	$ 197,849,049	$ 252,372,501	$ 251,817,014

7. Bank loans:

The debt noted below 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.

	2012	2011
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.	$ 19,442,506	$ 19,728,851
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.	8,061,562	8,338,291
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.	6,747,881	7,104,050
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.	6,170,700	6,369,674
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.	3,296,426	3,402,765

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.	799,518	829,042
	44,518,593	45,772,673
Less current portion	1,331,937	1,254,078
	$ 43,186,656	$ 44,518,595

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

2013	$ 1,331,937
2014	1,414,658
2015	1,502,550
2016	1,595,937
2017	1,695,160

8. Operating leases:

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

2013	$ 219,185
2014	59,230
2015	59,230
2016	59,230
2017	29,615

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 2012 were $8,563,167 (2011–$8,365,890).

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 1, 2011 and the next required valuation will be as of March 1, 2014.

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

	2012	2011
Pension plans	$ 8,990,033	$ 8,499,805
Other post-employment benefit plans	308,455	226,867

The valuation of non-pension post-employment benefits is based on membership data as at March 1, 2011 for fiscal 2012 expense computation and year end disclosure purposes. College membership data is provided by the College Employer Council. Details are as follows:

	2012	2011
Accrued benefit obligation	$ 2,582,440	$ 2,284,984
Fair value of plan assets	267,000	278,000
Funded status, plan deficit	2,315,440	2,006,984
Accrued benefit liability	$ 2,315,440	$ 2,006,984

Benefits paid during the year for other post-employment benefit plans were $125,189 (2011–$133,226).

The significant assumptions used are as follows:

	2012	2011
Accrued benefit obligation as at March 31		
Discount rate	4.20%	4.75%
Benefit costs for the years ending March 31		
Discount rate	4.20%	4.75%

The health care trend rates for fiscal 2012 are as follows:

Medical care cost	
Hospital	4.5% per annum
Drugs	10.5% per annum in 2011, grading down to 4.5% in 2026
Other medical	4.5% per annum
Vision/Hearing care	4.5% per annum
Medical premium	8.0% per annum in 2011, grading down to 4.5% in 2026
Dental care	4.5% per annum

10. Investment in capital assets:

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

		2012	2011
Capital assets		$ 252,372,501	$ 251,817,014
Amounts financed by:	Deferred contributions	(131,521,839)	(128,805,592)
	Bank loans	(40,422,651)	(41,540,867)
		$ 80,428,011	$ 81,470,555

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

		2012	2011
Excess of expenditures over revenue:			
Amortization of deferred contributions related to capital assets		$ 7,093,514	$ 6,655,288
Amortization of capital assets		(15,100,398)	(14,465,221)
		$ (8,006,884)	$ (7,809,933)
Net change in investment in capital assets:			
Additions to capital assets		$ 15,655,885	$ 45,500,736
Amount financed by:	Deferred contributions	(9,809,761)	(26,799,952)
	Bank loans	1,118,216	1,052,932
		$ 6,964,340	$ 19,753,716

11. Supplemental cash flow information:

	2012	2011
Change in non-cash working capital items:		
Accounts receivable	$ (874,398)	$ (2,254,966)
Grants receivable	(5,820,072)	103,400
Inventories	(329,021)	113,638
Prepaid expenses	(33,143)	273,520
Accounts payable and accrued liabilities	368,947	168,123
Accrued vacation pay	223,493	311,758
Deferred revenue-short term	3,702,745	805,770
	$ (2,761,449)	$ (478,757)

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

	2012	2011
Interest revenue	$ 2,996,306	$ 2,136,185
Interest expense	(2,776,486)	(2,851,178)

12. Commitments:

As at March 31, 2012, outstanding capital asset commitments approximate $145,119 (2011–$2,900,444) primarily relating to the construction and expansion of various facilities.

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:

	2012	2011
Endowment balance, beginning of year	$ 1,206,271	$ 1,153,110
Preservation of capital	5,333	4,985
Market value adjustment	(931)	82,557
Realized gain (loss)	7,286	(34,381)
Endowment balance, end of year	$ 1,217,959	$ 1,206,271

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

	2012	2011
Expendable funds available for awards, beginning of year	$ 122,091	$ 120,616
Realized investment income	45,323	42,375
Bursaries awarded (2012-81; 2011-70)	(51,750)	(40,900)
Expendable funds available for awards, end of year	115,664	122,091
Endowment total based on fair value	$ 1,333,623	$ 1,328,362

Schedule of Changes in Endowment Fund Balances-Phase 2:

	2012	2011
Endowment balance, beginning of year	$ 931,058	$ 890,565
Preservation of capital	4,074	3,773
Market value adjustment	(716)	62,699
Realized gain (loss)	5,533	(25,979)
Endowment balance, end of year	$ 939,949	$ 931,058

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

	2012	2011
Expendable funds available for awards, beginning of year	$ 77,770	$ 71,515
Realized investment income	34,626	32,066
Bursaries awarded (2012-37; 2011-39)	(25,900)	(25,811)
Expendable funds available for awards, end of year	86,496	77,770
Endowment total based on fair value	$ 1,026,445	$ 1,008,828

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:

	2012	2011
Cash donations matched	$ 528,305	$ 209,922
Unmatched cash donations	662,068	-
Total cash donations	$ 1,190,373	$ 209,922

Schedule of Changes in Endowment Fund Balances:

	2012	2011
Endowment balance, beginning of year	$ 6,749,604	$ 5,922,747
Eligible cash donations received	1,190,373	209,922
Matching funds received/receivable from MTCU	908,741	322,574
Preservation of capital	30,835	25,307
Market value adjustment	(19,494)	438,438
Realized gain (loss)	38,759	(169,384)
Endowment balance, end of year	$ 8,898,818	$ 6,749,604

Schedule of Changes in Expendable Funds Available for Awards:

	2012	2011
Expendable funds available for awards, beginning of year	$ 304,920	$ 207,163
Realized investment income	262,096	215,112
Bursaries awarded (2012-165; 2011-125)[1]	(160,977)	(117,355)
Expendable funds available for awards, end of year	406,039	304,920
Endowment total based on fair value	$ 9,304,857	$ 7,054,524

[1]Report of OTSS awards issued

Status of Recipients	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-Time	93	$ 68,468	57	$ 81,450	150	$ 149,918
Part-Time	-	-	15	11,059	15	11,059
Total	93	$ 68,468	72	$ 92,509	165	$ 160,977

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 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 62% of the College's accounts receivable as at March 31, 2012 (2011-63%).

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.

20. 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 As at March 31, 2012, with comparative figures for 2011

	2012	2011
Expenditures		
Salaries and benefits	$ 117,134,352	$ 113,567,021
Student assistance	14,942,429	13,395,264
Operating supplies	5,058,451	4,874,865
Ancillary cost of sales	10,046,257	10,653,596
Contract services	14,183,754	12,300,655
Utilities and maintenance	13,155,911	11,103,855
Loan interest	2,776,486	2,851,178
Amortization expense	15,100,398	14,465,221
Other operating costs	12,086,617	9,498,623
	$ 204,484,655	$ 192,710,278

THE FANSHAWE COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Restricted Contributions and Endowments

Schedule 2

Year ended As at March 31, 2012, with comparative figures for 2011

	Balance, beginning of year	Revenues			Expenditures		Transfers	Balance, end of year
		Donations	Interest	Other	Awards	Other		
Restricted contributions								
Bursaries and scholarships	$ 1,748,119	$ 731,675	$ 55,836	$ 1,108,668	$ (1,505,040)	$ -	$ (2,131,887)	$ 7,371
Student activity fees	50,000	-	-	8,139,319	-	(8,139,319)	-	50,000
Fundraising Campaigns	9,924,078	1,226,162	397,109	-	-	(6,098)	(330,519)	11,210,732
Alumni activities	141,853	-	9,784	254,657	-	(15,312)	(187,891)	203,091
Employee Stability Fund	337,504	-	4,544	44,300	-	(15,541)	3,428	374,235
Other	1,651,015	28,598	22,728	1,308,100	-	(656,806)	(702,999)	1,650,636
	13,852,569	1,986,435	490,001	10,855,044	(1,505,040)	(8,833,076)	(3,349,868)	13,496,065
Endowments	12,059,683	325,968	500,088	974,950	(309,715)	(24,923)	2,379,551	15,905,602
Internally restricted	209,127	-	7,964	-	-	-	(2,499)	214,592
	$ 26,121,379	$ 2,312,403	$ 998,053	$ 11,829,994	$ (1,814,755)	$ (8,857,999)	$ (972,816)	$ 29,616,259