



**Niagara
College
Canada**
APPLIED DREAMS.

Niagara College

2011-2012

Annual Report

May 2012

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Message from the Chair of the Board

I am pleased to present Niagara College's 2011-2012 Annual Report. This has been exciting year where many ideas laid out in our strategic plan have come to fruition. The redevelopment of the Welland Campus was substantially completed, with the new Applied Health Institute becoming fully operational in the fall and coming to life as it filled with students. The last major space relocation was completed when the Black Walnut Building was vacated in December 2011 and the programs that had been located in this space moved in to new accommodations inside the main complex. The whole college felt the sense of renewal, leading to a heightened sense of engagement and satisfaction.

At the heart of everything, learning and student success continues to drive our staff. We ensure our students receive the knowledge and skills they require to succeed in their chosen field, and with applied experience and problem-solving skills needed for the economy of the 21st century. While each student will have their own definition, an important measure of our students' success is in the number who graduate and their subsequent employment. In this regard we have improved, with our graduation rate at 65.7%, improving by nearly 2% and now above the provincial average. We also continued to have strong graduate employment, above the provincial average despite a very challenging economy in the Niagara region.

Niagara College has continued to ensure that our financial results are positive, ending the year with an operating surplus of \$1 million, an improvement over our balanced budget. Our continued ability to invest in quality initiatives is a direct result of our sound fiscal policies. As always, the surplus comes from a complex mix of factors, including strong international enrolment demand and careful management of expenditures. As a result of our prudent capital spending and investment of cash reserves, the College has been able to defer debt financing and fund its Master Plan projects from cash reserves. Interest savings have contributed to keeping our Master Plan costs down and provided resources for additional improvements.

The strength of Niagara College continues to be in the community it builds. On behalf of the Board of Governors, I would like to express our gratitude to the dedicated staff, who make an impact on people's lives every day. The strength of our team was evident, as President Patterson was able to undertake a sabbatical leave part way through the year, with Acting President Hudson and the senior leadership able to effect a smooth transition and provide the leadership for the remainder of the year. The on-going commitment of everyone to our vision of *Enriching Lives and fulfilling dreams* is what makes Niagara College such an inviting place for both our students and the public.

We are deeply engaged with our community, with thousands of individuals coming to the College to attend events, take courses or engage with our students in research or program activities. The importance of postsecondary education in our community was clear from the level and breadth of support received.

The community has also been incredibly generous. The Seafood Gala, Golf Tournament and a number of activities were undertaken this year to support the Building Futures campaign. A final push resulted in the completion of the campaign on April 17th, where it was announced that we exceeded our goal of \$16.5 million, with \$17.7 million raised for capital improvements, bursaries and equipment. The campaign benefited from strong leadership by the Niagara College Foundation, and I would like to thank them for their on-going support to our College. I also want to thank the countless volunteers and supporters and Program Advisory members who's insights make our programs better. And lastly, my thanks to my fellow Governors, who are key to our success



Len Crispino
Chair, Niagara College Board of Governors

Message from the College President

I am pleased to provide the annual report on 2011-2012, our goals and results. This year has been filled with revitalization and rejuvenation, flowing from the completion of major elements of our master plan and the implementation of many elements from our strategic plan. The year started one highlight, the official opening of the Applied Health Institute and was bookended with another, the achievement of #1 in Student Satisfaction in provincial Key Performance Indicators.

The College's enrolment strategies were successful in supporting enrolment growth. Our growing reputation and strong marketing and recruitment strategies resulted in Niagara College achieving enrolments in 2011-2012 of over 9,000 full-time students, in addition to serving thousands of other students pursuing part-time and continuing education studies. Enrolments in all terms increased slightly, yielding an overall 3.1% growth rate. International enrolment showed the strongest growth, with increase of 24% in this area. The strategic focus on international student recruitment, with strong student services and a mature presence in a number of countries, provided the basis for this growth.

Niagara College continues to implement its' hallmark sound financial planning. We closed this year with a surplus of over \$1 million, an improvement over the balanced budget that was approved. The College's strong cash position will allow the student pledges for Master Plan to be internally financed, saving costs for the College overall. The increased enrolment levels will also generate funds faster than originally planned, improving our cash position earlier than originally envisioned.

The completion of the new program spaces in the spring and the opening of the Applied Health Institute in the fall brought a sense of rejuvenation and vitality to the College. The College has completed work on spaces vacated with the opening of the AHI, with the Art and Graphic Design programs moving into renovated spaces in the main building in January. The students in these programs, which had previously been housed in the former cafeteria in the Black Walnut Building, showed immediate appreciation for stronger connections with the rest of the Welland student body.

The College achieved a major milestone with the completion of the Building Futures campaign this spring. The overall goal of \$16.5 million was exceeded, with \$17.7 million raised over the campaign for capital, equipment and student bursaries. The Seafood Gala this year again contributed more than \$100K towards our fundraising goal; however the loss of the Ontario Trust for Student Support program meant matching dollars from the provincial government were not available. In total we now have over \$12 million in endowment funds for student bursaries and scholarships.

The College has been focusing on improving the graduation rate for students, recognizing this is an important measure of student success and a provincial Key Performance Indicator. The College has made gains this year, increasing the graduation rate nearly 2%, and exceeding the provincial average. We have also launched a retention initiative for those programs with the lowest graduation rate. The project involves the staff in the programs as well as Institutional Research and Career Planning & Academic Advising Centre (CPAAC) staff, looking at when and why students leave the programs, what elements need to be added to ensure academic success and increased engagement with the students in these programs through the summer and fall terms. A CPAAC program focussed on program selection was also implemented this fall, helping students to ensure that they understood their program choices and had clear career goals. Early evidence is promising, with the retention rate to the end of the term increasing by 10%, from 87% for the control group to 97% for those in the CPAAC program.

The long list of Niagara College students and alumni achieving provincial, national and international recognition is concrete evidence that Niagara College continues to enrich lives and fulfill dreams. Below are but a few examples, testimony to the tremendous success of Niagara College students and graduates:

- Second-year Culinary Management student Donguk Sul placed second in a highly competitive Tapas Competition in Valladolid, Spain which drew culinary students from 11 different countries., winning a one year internship to further develop his culinary and

hospitality skills. Donguk, 26, trained for months prior to the event with CFWI chef professor Olaf Mertens to develop the winning dish, spending hours upon hours in the kitchen labs.

- NC second-year Paramedic students Aaron Donst, Emma Santon, David Plyley and Ian Klingenberg ranked among the best in the country at the National Paramedic Competition. The competition drew teams from across the country to compete in one of three divisions: Advanced Care Paramedic, Primary Care Paramedic and Primary Care Student.
- As winner of Garrison Brewing's (a Nova Scotia based company) fourth annual Ultimate Brew-Off, first year Brewmaster student Kellye Robertson will have the opportunity to produce a batch of her original beer with Garrison's brewmaster. Her beer will be specially released by Garrison and feature her name on the bottles.

The accomplishments of our graduates were highlighted when grad Jerry Howell was honoured with a prestigious Premier's Award in recognition of his leadership in technology. A Computer Engineering Technology graduate (1988), he was one of six Premier's Awards winners announced at an annual Higher Education Summit held in Toronto. Jerry has developed a unique agri-business, using technology in a farm based entertainment complex, while also building a business that sells his creations around the world.

There were two Key performance Indicators where we achieved significant improvements. In Student Satisfaction we had the #1 ranking for a seventh year. At 85.7% satisfied or very satisfied, our results are 7.5% above the provincial average and over 2% higher than last year. While satisfaction in all elements increased, the most significant increase was our 3.3% increase in satisfaction with Facilities and Services, reflecting the investments that we made through our Master Plan. 85.4% of students are employed six months after graduation and 93.7% of employers report being satisfied with their college grad hire, while 77.1% of graduates feel their college experience is useful to their current position. The graduate employment rate continued to exceed the provincial average but has decreased slightly from last year to 85.4%, reflecting the continuing impact of the economic down turn.

We continue to play a lead role in assisting businesses and local government adjust to the global business environment. The major economic plans within the region recognize the important role of its postsecondary institutions in the Region's future development, and we work with a range of economic development offices, as well as the chambers of commerce, to assist implementing these plans. Our community engagement is deepened by our student and staff involvement in a number of initiatives and organizations. The Many Hands projects organized by our Event Management students, the role our students play in the Habitat for Humanity project, the Shiny Smiles for All initiative, the tremendous support by staff to the United Way campaign and the annual Rankin Run for Cancer, are but a few examples of our effect in the community.

The move of Applied Research to a more strategic and integrated level was accomplished this year, while still keeping a primary focus on assisting small and medium sized companies innovate in a global economy. We received with a number of major grants received including:

- NSERC-CCI-IE Grant (April 2011 - March 2016): *Economic Revitalization in the Niagara Region through Food and Culinary Innovation* (\$2,300,000).
- NSERC Industrial Chair for Colleges (March 2012 - March 2017): *Precision Agriculture and Environmental Technologies* (\$1,000,000).
- Canadian Foundation for Innovation Fund (March 2012) *Canadian Food and Wine Institute: Niagara Food, Culinary and Beverage Innovation Centre* (\$678,510).
- International Development Research Centre (IDRC) Canadian Partnerships Program (\$49,946): *Monitoring Mulheres Mil*. Niagara College is the first college in Canada to be funded from IDRC.

- FedDev Ontario Applied Research and Commercialization Initiative – extension (March 2012) \$750,000
- College Ontario Network for Industry Innovation (CONII) funding (ongoing): *Investment in Institutional Capacity* (\$90,000/year) and *Projects* (typically \$30,000 on several small projects).

As I review the year and reflect on all the activities that I have reported on through the President's reports and this memo, I continue to be impressed by the extent, breadth and depth of accomplishments by our staff and students. It's been an exceptional year and we take great pride in our accomplishments. The work by the total college team demonstrates extraordinary and outstanding accomplishments throughout the year. Our focus of putting students first continues to be the driving force of all we do as a collective. This focus will continue to ensure that our students and community are well served by Niagara College.

I have been honoured to serve as Acting President, while President Patterson took a sabbatical, including a period as a Visiting Fellow at Oxford University. I want to thank Dan for his trust and support, both professionally and personally, and the opportunity these past months have provided me. Finally, I would like to thank members of the Board of Governors for their commitment, leadership and guidance, always vital to our success.



Steve Hudson, Ph.D.
Acting President, Niagara College

VISION

Enriching lives and fulfilling dreams

MISSION

Providing outstanding applied education and training for a changing world

OUR VALUES

Our values form the guiding principles of all that we do – for our students, our employers, our communities.

- ❖ A priority on student success and satisfaction
- ❖ Working as a community
- ❖ Respect for diversity and inclusivity
- ❖ Sustainability
- ❖ Fostering and demonstrating entrepreneurship
- ❖ Creating a culture of innovation in our programs, services, applied research, and our learning environments

2011-2012 College Goals – Final Report

Goal	Indicator / Metric	Deliverables	Results	Board Mtg
1. Improve access to college education and ensure continuous improvement in the quality of programs and the student experience by:				
1.1 Maintaining high satisfaction, employment, graduation and retention rates	2012 KPI and CPI results meet or exceed College standards (see Performance Standards attached)	Performance Report	Achieved KPI targets met except Graduate Satisfaction and Work Placement (Co-op), where we were slightly low, reflecting the challenging economic issues facing the community. In Graduate Satisfaction we still exceeded the provincial average. In Work Placement the actual number of students placed increased, however increased retention activities outpaced the job market growth in the short term.	April
1.2 Defining common program outcomes (English, math, general education, essential skills, global and environmental awareness) for certificate, diploma, advanced diploma and graduate certificate programs	Program outcomes updated for 60% of programs, course mapping and gap analysis planned and early adopters supported	Final Report	Achieved 90% of program outcomes have been reviewed, with 60% of programs completed course mapping; process now fully integrated into program development and review cycle..	PEC
1.3 Develop additional opportunities for interdisciplinary projects (through applied research, out-reach opportunities and other projects) and courses as appropriate	Increase from baseline established in 2011	Final Report	Achieved 55 programs engage students in applied research, with opportunities to work within Research and Innovation outside of course work available.	PEC
1.4 Provide increased hybrid and online course offerings	Increase from baseline established in 2011	Final Report	Achieved 1351 on-line sections delivered, an increase of 71 sections from last year Additional 27 faculty trained in hybrid delivery, with 62 courses offered versus 27 last year.	PEC
1.5 Strategically increase the transferability of our credits to other college programs and to university degrees, and ensure appropriate recognition is provided for the learning that students bring to Niagara College	Enhance our electronic credit transfer database in line with the Ontario Credit Transfer System initiative of MTCU	Final Report	Completed Participated in Ontario credit transfer project. Funding received to support credit transfer processes, with resources allocated to improve processing and assessment elements.	PEC

Goal	Indicator / Metric	Deliverables	Results	Board Mtg																		
1.6 Increase student retention and success, supporting the achievement of career and educational goals	Career Planning and Academic Advising Centre opened and services launched – April. Baseline indicators established	Table Report Final Report	Completed Priority established for CPAAC to intervene with very low graduation rate programs. Limited impact in September as the start up occurred late in the summer. For January intake CPAAC advised student retention to end of term was 97% versus 87% for control group- showing promising results. September intake advisement has been started for the same group of programs.	PEC																		
2. Ensure program offerings support economic and regional needs and provide pathways for students to further education through:																						
2.1 Successfully launching Art & Design Foundations, Food Technology and Culinary Innovation, Game Designer, Retail Pharmacy Assistant and Renewable Energy Technician programs.	Achieve program Day 10 enrolment targets	Final Report	Partially Achieved <table><tr><td></td><td>Target</td><td>Actual</td></tr><tr><td>Art & Design Foundations</td><td>50</td><td>38</td></tr><tr><td>Food Technology & Cul Innovation</td><td>24</td><td>8</td></tr><tr><td>Game Developer</td><td>40</td><td>50</td></tr><tr><td>Retail Pharmacy Assistant</td><td>10</td><td>12</td></tr><tr><td>Renewable Energy Technician</td><td>35</td><td>36</td></tr></table>		Target	Actual	Art & Design Foundations	50	38	Food Technology & Cul Innovation	24	8	Game Developer	40	50	Retail Pharmacy Assistant	10	12	Renewable Energy Technician	35	36	PEC
	Target	Actual																				
Art & Design Foundations	50	38																				
Food Technology & Cul Innovation	24	8																				
Game Developer	40	50																				
Retail Pharmacy Assistant	10	12																				
Renewable Energy Technician	35	36																				
3. Support economic development through applied research and other services to employers and the community:																						
3.1 Develop a collaborative research program with Brock in support of Economic Development priorities	Joint research activities	Final Report	Achieved Multi-partner \$2.86 million climate change and viticulture project received NSERC funding. Shared FedDev ARC development and company leads as appropriate, second round of funding received	PEC																		
3.2 Increasing the level of applied research activity, particularly in areas that support the development of new industries in strategic economic sectors of the Region	Number and range (sector) of companies that engage with the College in applied research	Final Report	Completed Over \$4.3 million in research funding was announced this year. Niagara Research was engaged with 48 companies in externally funded research in six major sectors; Manufacturing, Health, Food & Hospitality, Information systems Green Technologies and Business.	PEC																		
4. Ensure strong community linkages by:																						
4.1 Supporting projects and activities of community partners through the engagement of College students, faculty and staff	Develop and launch co-curricular transcript service Pilot Implementation Semester completed	Final Report	Achieved Pilot project completed with small group of students in winter, new staff to support the program through student fees.	PEC																		

Goal	Indicator / Metric	Deliverables	Results	Board Mtg
4.2 Enhancing the role of College campuses as hubs of community activities through expanded visitor opportunities to the learning enterprises and increased on-campus community events	Number of visitors and events bringing the community to the College	Final Report	Achieved Over 51,407 visitors at College events including the Grand Opening, Fall and Spring recruiting showcases, Decadence, Caps, Corks and Forks and sporting events.	PEC
5. Ensure strategic investment in our intellectual capital and physical infrastructure through:				
5.1 Implementing initiatives that demonstrate environmental stewardship, improve efficiency and reduce costs	IT infrastructure and equipment renewal and consolidation to reduce energy and improve efficiency Integrate energy efficiency into master plan Establish a sustainability committee Naturalization of the Welland Campus as part of the campus redevelopment	Final Report	Completed Sustainability Committee report submitted. Niagara College received Welland Hydro's largest-ever Retrofit Program incentive payment - more than \$200,000 - based on chiller replacement program. The college worked with Dell Services to design and implement virtualized servers and new storage, consolidating server infrastructure by 65 percent and reduced power and cooling costs by an estimated 55 percent.	PEC
5.2 Providing enhanced learning environment by implementing the Campus Master Plan in a manner to support the occupancy timelines	Completion of the approved construction plan for 2011-12 under the Welland/NOTL master plan	Regular Updates to P&P Final Report	Completed Major renovation to allow demolishing of Black Walnut Building completed for January occupancy, on time and budget.	PEC
5.3 Complete a Crime Prevention Through Environment Design (CPTED) and exterior safety audit of both the NOTL and Welland Campuses for the purpose of implementing appropriate processes that will enhance safety and enjoyment of these properties	Audit completed and plan established	Final Report	Scheduled Review of the external grounds scheduled for May 31 st by team, recommendations by June 11 th .	PEC
5.4 Implementing 2011 Climate Survey Action Plan	Successful implementation and communication of action plan	Final Report	Completed The corporate wide goal from the Climate Survey focussed on improving communications. Two major initiatives were undertaken. Inside NC was launched, as our internal communications web site, where strategic messages, staff and student accomplishments and plans could be provided to all staff. The second was the internal consultations on strategic planning, where we had broad discussions about where we are and our plans over the next two to three years.	PEC
5.5 Continue to build and support high performance teams of faculty and staff	Comprehensive human resources plan, including talent management strategy Redesigned administrative staff evaluation system	Table Report Final report	Completed Human Resources Plan completed – available for review on request Administrative staff evaluation process redesigned and implemented	PEC

Goal	Indicator / Metric	Deliverables	Results	Board Mtg
6. Ensure strategic enrolment and strong fiscal management:				
6.1 Integrated enrolment planning and activities that balances available resources and funding mechanisms with student, community and economic development needs and priorities.	Domestic and International Enrolment Targets Achieved Domestic: 2011F 7,500Yr Av: 7,865 International: 2011F 525Yr Av: 600	Fall Enrolment Yr Average – Final Report	Achieved overall target Domestic enrolments: Fall '11 - 7341 Yr Avg: 7681 International enrolments: Fall '11 - 681 Yr Avg: 820	June
6.2 Through the Building Futures Campaign, raising funds to support new and expanded facilities, improved learning resources and increased student scholarships and bursaries	Successful completion of Campaign with \$16.5 million target achieved	Final Report	Exceeded Building Futures Campaign closed with \$17.7M raised	June
6.3 Sound fiscal planning and control	Achieve balanced or positive financial results for 2011-2012 fiscal year	2011-2012 Annual Report	Exceeded Achieved positive financial results for 2011-12 fiscal year with a positive consolidated surplus of \$1,018,614 included in Annual Report to be approved in June	June April
	Board Approved 2012-2013 Business Plan and Budget	2012-2013 Business Plan	Completed Balanced budget for 2012-2013	
6.4 Revenue diversification through increased revenues and contribution from learning enterprises, international, research and other entrepreneurial activities	Report on non-postsecondary grant revenue sources	2011-2012 Annual Report	Completed Will be reflected in Annual Report presented in June 23% of revenues from sources other than domestic grant + tuition (international, contract training, research, learning enterprises, ancillary operations, etc.) as compared to 20% last year	June

APPENDIX A: NIAGARA COLLEGE PERFORMANCE REPORT

NIAGARA COLLEGE KEY PERFORMANCE STANDARDS

Item 1.1 – Quality Indicators

PROVINCIAL KPIS				
INDICATOR	NIAGARA STANDARD	NIAGARA 2011/12	PROVINCE 2011/12	NIAGARA 2010/11
Student Satisfaction	80%	85.7%	76.8%	83.5%
Graduate Employment	85%	85.4%	83.0%	86.1%
Graduate Satisfaction	80%	77.1%	78.9%	77.8%
Employer Satisfaction	90%	93.7%	92.8%	92.8%
Graduation Rate	60%	65.7%	65.0%	63.9%

COLLEGE PERFORMANCE INDICATORS			
INDICATOR	NIAGARA STANDARD	NIAGARA 2011/12	NIAGARA 2010/11
Retention Rate (Yr 1 to Yr 2)	75%	82.0%	79%
Work Placement Rate	95%	90.0%	96%**
Program and Learning Quality	90%	88.9%	87.6%
Service and Facility Quality	80%	82.7%	79.4%

** preliminary – winter 2012 stats not included

APPENDIX B

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

Consolidated Financial Statements of

**NIAGARA COLLEGE OF APPLIED ARTS
AND TECHNOLOGY**

Year ended March 31, 2012

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Financial Statements

Year ended March 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Governors

We have audited the consolidated statement of financial position of Niagara College of Applied Arts and Technology as at March 31, 2012 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 consolidated financial position of the Niagara College of Applied Arts and Technology as at March 31, 2012, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 7, 2012
St. Catharines, Canada

	2012	2011
Assets		
Current assets:		
Cash and short-term investments	\$ 32,337,917	\$ 35,141,781
Post secondary and other grants recoverable (note 3)	2,276,201	3,672,211
Accounts receivable	1,869,473	2,928,762
Current portion of pledges receivable (note 5)	1,219,754	1,460,507
Inventories	1,189,056	940,058
Prepaid expenses and other assets	572,043	365,799
	<u>39,464,444</u>	<u>44,509,118</u>
Restricted assets:		
Cash	1,230,566	1,244,879
Investments (note 4)	12,161,479	9,608,448
	<u>13,392,045</u>	<u>10,853,327</u>
Pledges receivable (note 5)	8,284,924	8,667,453
Capital assets (note 6)	149,541,631	146,777,984
	<u>\$ 210,683,044</u>	<u>\$ 210,807,882</u>

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

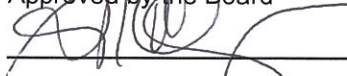
Consolidated Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	2012	2011
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 11,865,534	\$ 15,315,428
Accrued payroll and employee deductions	6,025,712	5,671,480
Accrued vacation (note 2)	3,402,937	3,442,878
Deferred revenue:		
Specific purpose grants deferred and repayable	2,315,462	3,804,053
Tuition and related fees	9,846,508	8,766,758
Awards and bursaries	349,339	361,630
Other	1,230,858	804,591
Current portion of long-term debt (note 7)	623,584	586,914
	<u>35,659,934</u>	<u>38,753,732</u>
Long-term debt (note 7)	9,802,985	10,426,569
Future employee benefits (note 2)	1,521,502	2,177,865
Deferred capital contributions (note 8)	113,640,607	111,819,542
Interest rate swaps (note 7)	2,526,962	1,996,078
Net assets:		
Unrestricted	(1,141,964)	(1,472,930)
Vacation and future employment benefits (note 2)	(4,924,439)	(5,620,743)
Fair value of interest rate swaps	(2,526,962)	(1,996,078)
Foundation	198,999	117,062
Niagara Learning Enterprise Corporation	49,851	(60,000)
	<u>(8,344,515)</u>	<u>(9,032,689)</u>
Internally restricted for future expense (note 9)	3,390,000	4,422,000
	<u>(4,954,515)</u>	<u>(4,610,689)</u>
Endowments (note 10)	12,698,689	11,289,461
Investment in capital assets (note 11)	39,786,880	38,955,324
	<u>47,531,054</u>	<u>45,634,096</u>
Contingent liabilities (note 12)		
	<u>\$ 210,683,044</u>	<u>\$ 210,807,882</u>

See accompanying notes to financial statements.

Approved by the Board



Governor

Len Crispino, Chair

June 7, 2012



Governor

Allan Schmidt, Vice Chair

June 7, 2012

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

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

	2012	2011
Revenue:		
Grants and reimbursements	\$ 59,045,488	\$ 60,212,264
Student tuition and fees	40,991,012	37,484,172
Ancillary operations	8,990,070	8,429,469
Other	7,680,706	6,093,371
Amortization of deferred contributions related to capital assets	5,306,926	4,368,824
Total revenue	122,014,202	116,588,100
Expenses:		
Salaries and benefits	74,993,270	71,488,955
Non-salary expenditures	34,045,674	31,077,717
Flow through funds to third parties	3,996,648	3,867,435
Amortization of capital assets	7,959,996	6,016,103
Total expenses	120,995,588	112,450,210
Excess of revenue over expenses	\$ 1,018,614	\$ 4,137,890

See accompanying notes to financial statements.

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

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

	Unrestricted	Vacation and future employee benefits	Fair value of Interest rate swaps	Internally restricted for future expense	Foundation	Niagara Learning Enterprise Corporation	Endowments	Investment in capital assets	2012	2011
Net assets, balance beginning of year	\$ (1,472,930)	\$ (5,620,743)	\$ (1,996,078)	\$ 4,422,000	\$ 117,062	\$ (60,000)	\$ 11,289,461	\$ 38,955,324	\$ 45,634,096	\$ 38,698,317
Excess of revenue over expenses (expenses over revenue)	1,755,413	696,304	-	1,028,179	81,937	109,851	-	(2,653,070)	1,018,614	4,137,890
Endowments	-	-	-	-	-	-	1,370,558	-	1,370,558	2,451,497
Change in unrealized investment income	-	-	-	-	-	-	38,670	-	38,670	199,756
Change in fair value of interest rate swaps	-	-	(530,884)	-	-	-	-	-	(530,884)	146,636
Net change in investment in capital assets	(1,424,447)	-	-	(2,060,179)	-	-	-	3,484,626	-	-
Balance, end of year	\$ (1,141,964)	\$ (4,924,439)	\$ (2,526,962)	\$ 3,390,000	\$ 198,999	\$ 49,851	\$ 12,698,689	\$ 39,786,880	\$ 47,531,054	\$ 45,634,096

See accompanying notes to financial statements.

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

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

	2012	2011
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,018,614	\$ 4,137,890
Items not involving cash:		
Amortization of deferred contributions related to capital assets	(5,306,926)	(4,368,824)
Amortization of capital assets	7,959,996	6,016,103
Change in future employee benefits	(656,363)	256,065
Change in accrued vacation	(39,941)	424,354
Change in non-cash operating working capital:		
Post secondary and other grants recoverable	1,396,010	(425,641)
Accounts receivable	1,059,289	(513,897)
Inventories	(248,998)	(150,306)
Prepaid expenses and other assets	(206,244)	94,431
Accounts payable and accrued liabilities	(3,449,894)	2,091,614
Accrued payroll and employee deductions	354,232	364,147
Deferred revenue	5,135	(881,896)
	1,884,910	7,044,040
Investing activities:		
Investments	(2,553,031)	(1,050,743)
Endowments	1,409,228	2,651,253
Purchase of capital assets	(10,723,643)	(48,711,453)
	(11,867,446)	(47,110,943)
Financing activities:		
Pledges receivable	623,282	1,087,851
Deferred capital contributions	7,127,991	36,063,226
Principal payments on long-term debt	(586,914)	(552,424)
	7,164,359	36,598,653
Decrease in cash and short-term investments	(2,818,177)	(3,468,250)
Cash and short-term investments, beginning of year	36,386,660	39,854,910
Cash and short-term investments, end of year	\$ 33,568,483	\$ 36,386,660
Cash and short-term investments are represented by:		
Cash and short-term investments - unrestricted	\$ 32,337,917	\$ 35,141,781
Cash - restricted	1,230,566	1,244,879
	\$ 33,568,483	\$ 36,386,660

See accompanying notes to financial statements.

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements

Year ended March 31, 2012

1. Significant accounting policies and disclosure:

(a) Basis of presentation:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of Niagara College of Applied Arts and Technology ("the College"), its wholly owned subsidiaries, Niagara Learning Enterprise Corporation and Niagara College Foundation. All inter-organization assets, liabilities, revenues and expenditures have been eliminated.

(b) Revenue recognition:

The College follows the deferral method of accounting for contributions which include donations and government grants. Externally restricted 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 amortized into revenue on a straight-line basis at a rate corresponding with the depreciation rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable.

Donations of assets are recorded at fair value when a fair value can be reasonably estimated. Pledges receivable for capital assets are recorded as an asset in the accompanying financial statements when the amount to be received can be reasonably estimated and collection is reasonably assured. Pledges receivable include donations and a commitment from students for capital assets.

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

Endowment funds are for awards and bursaries. Endowment contributions are recognized as direct increases in endowment net assets.

(c) Cash and short term investments:

Cash and short terms investments include guaranteed investment certificates with a term of less than one year.

(d) Inventories:

Inventories are valued at the lower of cost, determined on the first-in, first-out basis, and net realizable value.

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

1. Significant accounting policies and disclosure (continued):

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. 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.

Capital assets are amortized on a straight-line basis using the following rates:

Site improvements	10 years
Buildings	40 years
Building betterments	10-20 years
Major equipment (value > \$25,000)	10 years
Leased assets	Evenly over the life of the lease or the asset
Furniture and equipment	5 years
Information Technology	3-5 years
Vehicles	5 years
Computer software	3-5 years

Construction costs are capitalized as work progresses and amortization commences as work is substantially completed.

(f) Vacation pay:

Vacation pay or sabbatical leave obligations are accrued in the financial statements.

(g) Student organizations:

These financial statements do not reflect the assets, liabilities and results of operations of the Niagara College Student Administrative Council.

(h) Employee future benefits:

The College is liable to pay 50% of an employee's accumulated sick leave credit on termination or retirement after ten years' service.

The College maintains defined benefit plans providing other retirement and post-employment benefits to most of its employees. These benefits include ongoing premiums for Basic Life Insurance, Extended Health care/Vision/Hearing care and Dental care provided they were in effect on the last working day prior to retirement. The maximum number of years of coverage under this plan is five years from the date of retirement. Canadian generally accepted accounting principles requires the liability related to these benefits to be recorded. The College has recorded this liability.

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

1. Significant accounting policies and disclosure (continued):

(i) Derivative financial instrument and hedge accounting:

The College is party to interest rate swap agreements used to manage the exposure to market risks from changing interest rates. The College's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The College formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions. This process includes linking the interest rate swaps to specific long-term debt on the statement of financial position. The College also formally assesses, both at the hedge's inception and on an on-going basis, whether the interest rate swaps that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items.

For the interest rate swap agreements, the difference between the swap interest rate and the actual interest rate on the long-term debt is recognized as an adjustment to interest expense on long-term debt.

(j) Measurement uncertainty:

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowances for receivables, pledges receivable, valuation of interest rate swap agreements, and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

1. Significant accounting policies and disclosure (continued):

(k) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently valued at fair value or amortized cost depending on the classification selected for the financial instrument. Financial assets are classified as either "held-for-trading", "held-to-maturity", "available-for-sale", or "loans and receivables" and financial liabilities are classified as either "held-for trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with the change in fair value recorded in the statement of operations. Financial assets classified as held-to-maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized costs using the effective interest method. Available-for-sale financial assets that have a quoted price in an active market are measured at fair value with the change in fair value recorded in net assets. Such gains or losses are reclassified to the statement of operations when the related financial asset is disposed of or when the decline in value is considered to be other-than-temporary.

The College has classified its financial instruments as follows:

Cash	Held-for-trading
Short-term investments	Held-to-maturity
Post secondary and other grants recoverable	Loans and receivable
Accounts receivable	Loans and receivable
Investments	Held-for-trading
Pledges receivable	Loans and receivable
Accounts payable and accrued liabilities	Other liabilities
Accrued payroll and employee deductions	Other liabilities
Accrued vacation	Other liabilities
Current and long-term debt	Other liabilities

The College has continued to disclose and present financial instruments under Handbook Section 3861, "Financial Instruments - Disclosure and Presentation" for the year ended March 31, 2012.

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

2. Accrued vacation and future employee benefits:

Accrued vacation and future employee benefits comprise the following:

	2012	2011
Vacation	\$ 3,402,937	\$ 3,442,878
Future employee benefits		
Sick leave	825,502	991,865
Other post-employment benefits	696,000	1,186,000
	1,521,502	2,177,865
	\$ 4,924,439	\$ 5,620,743

Vacation

The accrual for vacation represents the liability for earned but unpaid vacation entitlements.

Future employee benefits

Sick Leave

Under the accumulated sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the College's employment.

Other future employee benefits

The College maintains defined benefit and defined contribution plans providing other retirement and future employee benefits to most of its employees.

The costs of other post-employment benefits (including medical benefits, dental care, life insurance, and certain compensated absences) related to the employees' current service is charged to income annually. The cost is computed on an actuarial basis using the projected benefit method estimating the usage frequency and cost of services covered and management's best estimates of investment yields, salary escalation, and other factors. Plan assets are valued at fair value for purposes of calculating the expected return on plan assets.

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

2. Accrued vacation and future employee benefits (continued):

The fair values of plan assets and accrued benefit obligations were determined by independent actuaries on behalf of the College System as a whole as at March 1, 2012 for the majority of the obligations set out below.

Information about the College's post employment benefits other than sick leave as at March 31, 2012 is as follows:

	2012	2011
Liability for future employee benefits	\$ 847,000	\$ 1,485,000
Fair value of plan asset	151,000	299,000
Funded status – plan deficit	\$ 696,000	\$ 1,186,000

The accrued benefit obligations accrued at March 31, 2012 amounted to \$931,000 (2011 - \$1,557,000). The net unamortized actuarial loss is \$84,000 (2011 – \$72,000). Benefit plan interest and current service (costs) gain recorded in the year were \$374,000 (2011 - \$512,000) and the amortization of actuarial gain of \$nil (2011 - \$nil). The benefits paid out in the year were \$51,000 (2011 - \$53,000). These amounts represent the results of the actuarial valuation completed in March 2012.

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation include a discount rate of 4.20% (2011 – 4.75%). The average retirement age in the College System is assumed to be 63 and the liability has been recalculated as a result of a separation of the benefit pool for retirees and those on long-term disability from active employees.

For measurement purpose, the annual rate of increase in the per capita cost of covered health care benefits was assumed as follows:

	Other benefit plans
Drug	10.5% (grading to 4.5% in 2026)
Hospital	4.5%
Other medical	4.5%
Dental	4.5%

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

3. Operating grants:

Operating grants may be subject to adjustment pending a final review by the Ministry of Training, Colleges and Universities of the various programs operated by the College for the year ended March 31, 2012. Any adjustment required would be expected to be accounted for as a charge or credit to revenue in the period in which the adjustment occurs.

4. Investments:

	2012	2011
Fixed income securities	\$ 9,249,552	\$ 7,230,101
Common shares	570,092	614,546
Mutual funds	2,341,835	1,763,801
	<u>\$ 12,161,479</u>	<u>\$ 9,608,448</u>

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

5. Pledges receivable:

	2012	2011
Student Centre receivables	\$ 7,776,683	\$ 8,345,191
Other	1,727,995	1,782,769
	9,504,678	10,127,960
Current portion of pledges receivable	1,219,754	1,460,507
	\$ 8,284,924	\$ 8,667,453

Aggregate maturities of pledges receivable for each of the five years subsequent to March 31, 2012, are as follows: 2013 - \$1,219,754; 2014 - \$1,031,650; 2015 - \$1,194,353, 2016 - \$1,139,128 and 2017 - \$1,114,434.

Student Centre receivables:

Niagara College's Student Administrative Council (SAC) has entered into an agreement with the College to provide funding totaling \$10 million representing its commitment towards the total cost of the construction of the new Student Centre and Athletic building. This amount has been discounted at a rate of 2.75% and the current amount receivable is \$7,776,683.

Other pledges receivable:

Other pledges receivable, in the amount of \$1,727,995, have been discounted at a rate of 2.75%.

6. Capital assets:

	Cost	Accumulated Amortization	2012 Net Book Value	2011 Net Book Value
Land	\$ 3,881,762	\$ -	\$ 3,881,762	\$ 3,881,762
Site improvements	8,354,490	4,917,504	3,436,986	1,237,580
Buildings	165,652,938	38,332,984	127,319,954	92,866,519
Building betterments	14,103,066	9,133,666	4,969,400	3,330,174
Furniture and equipment	65,580,240	55,674,235	9,906,005	8,338,590
Equipment under capital leases	321,407	321,407	-	-
Resource centre	1,322,622	1,322,622	-	-
Computer software	2,940,045	2,940,045	-	-
Construction in progress	27,524	-	27,524	37,123,359
	\$ 262,184,094	\$ 112,642,463	\$ 149,541,631	\$ 146,777,984

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

7. Long-term debt:

	2012	2011
Swap loan for Glendale residence bearing interest at a variable rate, payable in monthly installments of approximately \$52,000 of principal and interest, with balance payable at maturity. The interest rate has been fixed at 6.99% through an interest rate swap contract which matures October 1, 2025	\$ 5,514,403	\$ 5,755,101
Swap loan for Welland residence bearing interest at a variable rate, payable in monthly installments of approximately \$43,000 principal and interest, with balance payable at maturity. The interest has been fixed at 6.17% through an interest rate swap contract which matures December 1, 2021	3,703,709	3,977,311
Swap loan for Glendale Vineyard bearing interest at a variable rate, payable in monthly installments of approximately \$11,000 principal and interest, with balance payable at maturity. The interest has been fixed at 4.70% through an interest rate swap contract which matures April 1, 2014	1,208,457	1,281,071
	10,426,569	11,013,483
Current portion of long-term debt	623,584	586,914
	\$ 9,802,985	\$ 10,426,569

The security for the loans includes a promissory note in the amount of the loan and an assignment of all risk insurance of the College.

Aggregate maturities of long-term debt for each of the five years subsequent to March 31, 2012, are as follows: 2013 - \$623,584; 2014 - \$662,572; 2015 - \$1,673,040; 2016 - \$660,506 and 2017 - \$703,172.

The College has entered into interest rate swap agreements to manage the volatility of interest rates. The College converted a net notional of \$15.075 million of floating rate long-term debt relating to the two residences and the vineyard. The fixed rates received under the interest rate swaps range from 4.7% to 6.99%. The maturity dates of the interest rate swaps are the same as the maturity dates of the associated long-term debts ranging from 2014 to 2025.

The fair value of the interest rate swaps at March 31, 2012 are in a net unfavorable position of \$2,526,962 (2011 - \$1,996,078) which is recorded on the statement of financial position. The current year impact of the change in fair value of the interest rate swap is an increase (reduction) to net assets by (\$530,884) (2011 - \$146,636).

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

8. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized and unspent amounts of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2012	2011
Balance, beginning of year	\$111,819,542	\$ 80,125,140
Additional contributions received	7,127,991	36,063,226
Less amounts amortized to revenue	(5,306,926)	(4,368,824)
	<u>\$113,640,607</u>	<u>\$111,819,542</u>

The balance of deferred capital contributions related to capital assets consists of the following:

	2012	2011
Unamortized capital contributions used to purchase assets	\$ 99,328,182	\$ 96,809,177
Unspent capital contributions included in pledges receivable	9,504,678	10,127,960
Unspent capital contributions	4,807,747	4,882,405
	<u>\$113,640,607</u>	<u>\$111,819,542</u>

9. Restrictions on net assets:

The Board of Governors has approved a transfer of \$1,028,179 (2011 - \$654,821) to the internally restricted fund for future expenses. The balance of \$3,390,000 (2011 - \$4,422,000) has been presented as net assets internally restricted for future expenses relating to WSIB of \$1,000,000 (2011 - \$1,122,000), Peoplesoft Upgrade of \$215,000 (2011 - \$500,000), Utilities of \$400,000 (2011 - \$400,000), Sustainability \$200,000 (2011 - \$200,000), International of \$1,000,000 (2011 - \$1,000,000) and future capital expenditures of \$575,000 (2011 - \$1,200,000).

10. Endowments:

Total investment income, in the amount of \$331,005 (2011 - \$218,141), was received on endowment funds (including Non-OSOTF; OTSS) during the year. Cumulative unspent investment income for endowment funds amounted to \$588,634 (2011 - \$490,198) which has been included in Endowments as the use of this income is restricted for awards and bursaries.

Endowment funds are held in cash and investments and included in restricted assets on the statement of financial position.

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

11. Investment in capital assets:

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

	2012	2011
Capital assets	\$149,541,631	\$ 146,777,984
Amounts financed by:		
Unamortized capital contributions used to purchase assets	(99,328,182)	(96,809,177)
Long-term debt	(10,426,569)	(11,013,483)
	\$ 39,786,880	\$ 38,955,324

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

	2012	2011
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	\$ 5,306,926	\$ 4,368,824
Amortization of capital assets	(7,959,996)	(6,016,103)
	\$ (2,653,070)	\$ (1,647,279)

	2012	2011
Net change in investment in capital assets:		
Purchase of capital assets	\$ 10,723,643	\$ 48,711,453
Amounts funded by:		
Deferred contributions	(5,915,172)	(36,604,710)
Repayment of long-term debt on residence	514,300	483,138
Repayment of long-term debt on Vineyard	72,614	69,286
Receipt of pledges receivable	(1,910,759)	(1,799,118)
	\$ 3,484,626	\$ 10,860,049

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

12. Contingent liabilities:

The nature of the College's activities are such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2012 administration believes that the College has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, administration believes that such claims are not expected to have a material effect on the College's financial position. No provision has been accrued in these financial statements in respect of the above litigation.

13. Financial instruments:

Risk management activities:

The College has entered into interest rate swaps as described in note 7 to reduce its exposure to fluctuations in interest expense.

Fair values:

The carrying values of cash and short-term investments, post secondary and other grants recoverable, accounts receivable, accounts payable and accrued liabilities and accrued payroll and employee deductions approximate their fair value due to the relating short periods to maturity of the instruments.

The fair value of the long-term debt amounts to approximately \$12.953 million (2011 - \$13.009 million) as compared to its carrying amount of \$10.426 million (2011 - \$11.013 million). The fair value of the mortgage instrument was calculated using the future cash flows (principal and interest) of the actual outstanding debt instrument, discounted at current market rates available to the College for a similar instrument.

Pledges receivable are recorded at fair value.

14. Pension plans:

Employees of the College are members of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), which is a multi-employer jointly-sponsored defined benefit plan for eligible employees of public colleges and related employers in Ontario. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governors to ensure the long term viability of the Plan.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2012 indicated an actuarial surplus of \$154 million. The College made contributions to the Plan and its associated retirement compensation arrangement of \$5,647,475 in 2012 (\$5,118,641 in 2011), which has been included in the statement of operations.

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

15. Ontario Student Opportunity Trust Fund (OSOTF):

The Ontario Student Opportunity Trust Fund program was created to provide financial assistance to qualifying students from the investment income earned on these funds. Contributions to OSOTF ended on March 31, 2007. A new fund was created on April 1, 2007 called Ontario Trust for Student Support.

College policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income available for spending and requiring the reinvestment of income not made available.

	Endowment Fund	Expendable Funds
<u>Phase 1</u>		
Fund balance, beginning of year	\$ 988,010	\$ 71,237
Cash donations received	-	-
Funds receivable from the Ministry	-	-
Funds received from the Ministry	-	-
Investment income	-	21,163
Bursaries awarded (41 awards)	-	(26,100)
Fund balance, end of year	\$ 988,010	\$ 66,300

	Endowment Fund	Expendable Funds
<u>Phase 2</u>		
Fund balance, beginning of year	\$ 1,542,196	\$ 136,949
Unmatched donations transferred to OTSS for matching	-	-
Cash donations received	-	-
Funds receivable from the Ministry	-	-
Funds received from the Ministry	-	-
Investment income	-	42,704
Bursaries awarded (56 awards)	-	(42,900)
Fund balance, end of year	\$ 1,542,196	\$ 136,753

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

16. Ontario Trust for Student Support:

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Trust for Student Support ("OTSS") matching program, to award student aid as a result of raising an equal amount of endowed donations. This fund was created on April 1, 2007. The following information relates to the Trust fund for year ended March 31, 2012.

College policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income available for spending and requiring the reinvestment of income not made available.

Schedule of Changes in Endowment Balance:

Endowment balance, beginning of year	\$ 7,519,460
Cash donations received	751,594
Funds receivable from the Ministry	505,973
Endowment balance, end of year	\$ 8,777,027

Schedule of Changes in Expendable Funds Available for Awards:

Expendable funds available for awards, beginning of year	\$ 256,131
Investment income eligible for expenditures	220,763
Bursaries awarded (181 awards)	(120,315)
Expendable funds available for awards, end of year	\$ 356,579
Cash donations matched between April 1, 2011 and March 31, 2012	\$ 346,477



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INDEPENDENT AUDITORS' REPORT

To the Governors

We have audited the accompanying consolidated financial statements of Niagara College of Applied Arts and Technology, which comprise the consolidated statement of financial position as at March 31, 2012, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information and expressed an unmodified opinion on the consolidated financial statements on June 7, 2012.

Opinion

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in Schedule 1 and Schedule 2 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Restriction on Use

Our report is intended solely for Niagara College of Applied Arts and Technology and should not be used by parties other than Niagara College of Applied Arts and Technology.

Chartered Accountants, Licensed Public Accountants

June 7, 2012
St. Catharines, Canada

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Revenue

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

	2012	2011
Grants and reimbursements:		
General Purpose Operating Grant (GPOG)	\$ 39,029,741	\$ 38,328,286
Special purpose grants	3,295,418	3,519,681
Services Canada	477,954	455,798
Apprenticeship training	3,989,187	4,509,918
Job Connect, Employment Services Ontario and Summer Jobs Service	2,774,724	3,203,688
Literacy and Basic Skills	1,529,900	1,809,089
Second Careers	1,427,259	2,836,275
Provincial bursaries	1,095,079	999,225
Niagara Region day care grant	806,944	850,082
Research grants	1,796,678	1,297,546
Other provincial and federal funding	3,078,366	2,172,032
	59,301,250	59,981,620
Capital grants	41,808,617	13,923,388
Less: contributions related to capital	(42,064,379)	(13,692,744)
	59,045,488	60,212,264
Student tuition and fees:		
Full-time domestic	26,632,045	25,050,753
Part-time domestic	3,672,697	4,053,124
International post secondary	8,399,483	6,536,831
International ESL	2,286,787	1,843,464
	40,991,012	37,484,172
Ancillary operations:		
Residence	3,476,675	3,203,148
Parking	1,109,317	943,920
Athletics	750,120	731,779
Campus store	433,348	463,544
Facilities rentals	479,939	542,574
Day care fees	69,748	69,540
Restaurant	1,299,019	1,196,779
Greenhouse	215,359	177,881
Commissions	253,935	263,628
Niagara Learning Enterprise	902,610	836,676
	8,990,070	8,429,469
Other:		
Contract training	209,838	568,915
Sale of course materials and service charges	3,912,389	2,869,061
International special projects	2,167,599	1,207,014
Investment income	481,835	469,356
Other donations, net	130,714	121,723
Donations – awards and bursaries	373,660	336,480
Foundation	246,484	232,238
Other revenue	158,187	288,584
	7,680,706	6,093,371
Amortization of deferred contributions related to capital assets	5,306,926	4,368,824
	\$ 122,014,202	\$116,588,100

NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Analysis of Expenditures

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

	2012	2011
Salaries and benefits:		
Academic salaries and benefits	\$ 31,070,511	\$ 29,086,990
Support salaries and benefits	16,074,623	15,636,802
Administration salaries and benefits	11,883,790	11,385,935
Part-time teaching, sessional and partial load salaries and benefits	7,564,842	6,958,126
Part-time support salaries and benefits	9,095,808	7,740,683
Post employment, vacation and sick leave	(696,304)	680,419
	74,993,270	71,488,955
Non-salary expenditures:		
Instructional supplies and field work	4,634,097	4,568,437
Supplies	3,088,823	3,372,784
Office expense and insurance	2,890,847	2,232,649
Professional development	531,774	770,671
Travel	1,019,178	1,172,499
Marketing and promotions	1,969,018	1,862,790
Equipment maintenance and rentals	804,368	839,267
Debt charges and banking fees	1,107,570	1,149,900
Contracted services and professional fees	10,488,976	8,169,758
Building and grounds maintenance	4,177,249	3,328,641
Utilities and telecommunications	2,637,380	2,723,520
Disbursements – awards and bursaries	373,660	336,480
Foundation	164,547	261,737
Other	158,187	288,584
	34,045,674	31,077,717
Flow through funds to third parties:		
Provincial bursaries	1,677,085	1,643,297
Participant stipends and allowances	1,763,813	1,707,988
Municipal taxes-in-lieu	555,750	516,150
	3,996,648	3,867,435
Amortization of capital assets	7,959,996	6,016,103
	\$ 120,995,588	\$ 112,450,210