CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

The Humber College Institute of Technology and Advanced Learning

March 31, 2005

The Humber College Institute of Technology and Advanced Learning

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Humber College Institute of Technology and Advanced Learning (the "College") are the responsibility of management and have been approved by the Board of Governors.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The College maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the College's assets are appropriately accounted for and adequately safeguarded.

The College's insurance liabilities have been reviewed by management in consultation with its broker. There are no material liabilities in either fact or contingency as at the date of this report.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Governors, and includes within its ranks two members who, notwithstanding this appointment, operate at arm's length with both the Board and management. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. Ernst & Young LLP has full and free access to the Audit Committee.

College President
June 13, 2005

Vice President, Administrative Services

AUDITORS' REPORT

To the Board of Governors of
The Humber College Institute of Technology and Advanced Learning

We have audited the consolidated balance sheet of **The Humber College Institute of Technology and Advanced Learning** as at March 31, 2005 and the consolidated statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Ernst & Young LLP

Thornhill, Canada,
June 3, 2005.

Chartered Accountants

CONSOLIDATED BALANCE SHEET

As at March 31

	2005 $	2004 $
ASSETS		
Current		
Cash	-	4,957,255
Short-term investments (note 3)	**34,315,572**	1,386,262
Grants receivable	**10,867,422**	2,796,648
Accounts receivable	**2,610,308**	2,203,255
Prepaid expenses	**1,063,471**	837,460
Total current assets	**48,856,773**	12,180,880
Loan receivable from Guelph-Humber Joint Venture (note 4c)	**4,948,385**	3,480,129
Advances to Guelph-Humber Joint Venture (note 4d)	**4,786,539**	(469,579)
Restricted investments (note 3)	**7,148,428**	7,813,738
Capital assets, net (note 5)	**198,060,883**	186,271,115
Total assets	**263,801,008**	209,276,283
LIABILITIES AND NET ASSETS		
Current		
Bank indebtedness (note 7)	**446,203**	-
Accounts payable and accrued liabilities	**6,906,004**	12,966,971
Accrued payroll and employee benefits	**6,542,206**	6,208,902
Accrued vacation pay	**7,614,171**	6,500,618
Deferred revenue	**10,370,430**	9,919,665
Deferred contributions (notes 8 and 15)	**11,169,152**	12,333,273
Due to student organizations (note 10)	**588,167**	1,430,048
Current portion of long-term debt (note 11)	**909,606**	-
Total current liabilities	**44,545,939**	49,359,477
Long-term debt (note 11)	**43,299,169**	-
Accrued vested sick-leave benefits (note 13)	**6,424,848**	6,387,810
Employee future benefits (note 13)	**4,133,000**	3,901,000
Deficiency in Guelph-Humber Joint Venture (note 4a)	**3,981,962**	2,942,930
Deferred capital contributions (note 9)	**77,717,130**	79,046,156
Total liabilities	**180,102,048**	141,637,373
Commitments (note 14)		
Net assets		
Unrestricted	**(24,994,446)**	(72,809,784)
Internally restricted (note 12)	**25,410,000**	25,410,000
Invested in capital assets (note 6)	**79,154,004**	111,992,466
Endowments (note 15)	**4,129,402**	3,046,228
Total net assets	**83,698,960**	67,638,910
Total liabilities and net assets	**263,801,008**	209,276,283

See accompanying notes

On behalf of the Board of Governors:

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	2005	2004
	$	$
REVENUE		
Government grants and reimbursements	**93,584,909**	78,013,184
Student fees	**53,781,198**	51,288,538
Ancillary operations	**24,715,741**	20,412,794
Amortization of deferred capital contributions	**2,945,120**	2,703,867
Interest income	**914,529**	966,906
Other (note 4(a) and 4(b))	**13,472,869**	10,366,685
	189,414,366	163,751,974
EXPENSES		
Academic	**89,353,330**	85,060,172
Special projects	**1,697,035**	1,320,252
Student services	**18,276,209**	16,997,494
Administrative	**20,837,276**	18,741,676
Property and plant	**12,326,039**	9,970,600
Ancillary operations	**22,751,277**	17,107,653
Awards, scholarships, bursaries and other	**459,469**	517,660
Amortization of capital assets - operating	**8,736,855**	8,016,971
	174,437,490	157,732,478
Excess of revenue over expenses for the year	**14,976,876**	6,019,496

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

2005	Unrestricted $	Internally restricted $ (note 12)	Invested in capital assets $	Endowments $	Total $
Balance, beginning of year	**(72,809,784)**	**25,410,000**	**111,992,466**	**3,046,228**	**67,638,910**
Excess of revenue over expenses for the year	**14,976,876**	-	-	-	**14,976,876**
Change in internally restricted net assets	-	-	-	-	-
Change in invested in capital assets (note 6)	**32,838,462**	-	**(32,838,462)**	-	-
Endowment contributions	-	-	-	**1,083,174**	**1,083,174**
Balance, end of year	**(24,994,446)**	**25,410,000**	**79,154,004**	**4,129,402**	**83,698,960**

2004	Unrestricted $	Internally restricted $ (note 12)	Invested in capital assets $	Endowments $	Total $
Balance, beginning of year	(25,354,330)	22,770,000	61,157,516	2,738,481	61,311,667
Excess of revenue over expenses for the year	6,019,496	-	-	-	6,019,496
Change in internally restricted net assets	(2,640,000)	2,640,000	-	-	-
Change in invested in capital assets (note 6)	(50,834,950)	-	50,834,950	-	-
Endowment contributions	-	-	-	307,747	307,747
Balance, end of year	(72,809,784)	25,410,000	111,992,466	3,046,228	67,638,910

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31

	2005 $	2004 $
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	**14,976,876**	6,019,496
Add (deduct) non-cash items		
Amortization of capital assets - operating	**8,736,855**	8,016,971
Amortization of capital assets - ancillary	**2,532,974**	1,378,735
Amortization of deferred capital contributions	**(2,945,120)**	(2,703,867)
Loss on disposal of capital assets	**126,743**	24,660
Loss from Guelph-Humber Joint Venture	**1,039,032**	1,316,351
Net change in non-cash working capital balances related to operations (note 16)	**(14,604,147)**	11,703,464
Cash provided by operating activities	**9,863,213**	25,755,810
INVESTING AND FINANCING ACTIVITIES		
Bank indebtedness	**446,203**	-
Redemption (purchase) of short-term investments	**(32,929,310)**	33,670,883
Endowment contributions	**1,083,174**	307,747
Long-term debt	**45,000,000**	-
Repayment of long-term debt	**(791,225)**	-
Increase in advances to Guelph-Humber Joint Venture	**(5,256,118)**	2,094,303
Increase in loan receivable from Guelph-Humber Joint Venture	**(1,468,256)**	(3,480,129)
Decrease in restricted investments	**665,310**	13,756,547
Purchase of capital assets	**(23,186,340)**	(73,921,905)
Contributions received for capital purposes	**1,616,094**	2,306,159
Cash used in investing and financing activities	**(14,820,468)**	(25,266,395)
Net increase/(decrease) in cash during the year	**(4,957,255)**	489,415
Cash, beginning of year	**4,957,255**	4,467,840
Cash, end of year	**-**	4,957,255

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2005

1. DESCRIPTION OF THE ORGANIZATION

The College system was created by an Act of the Ontario Legislature on December 30, 1966. Regulation 771 empowered the then Ministry of Education to establish individual colleges. On February 23, 1967, Humber College of Applied Arts and Technology became a reality. By Ontario Regulation 33/3 filed on February 11, 2003, the name of the College was changed to The Humber College Institute of Technology and Advanced Learning (the "College").

The College's mission statement is as follows:

"We at Humber strive for an open, respectful and welcoming educational environment which is responsive to the needs of our students, our faculty, our staff, our community and our nation. Our College proudly reflects the richness and diversity of the Canadian community: the many cultures, the economic backgrounds, the differing age groups, the many ideas that have solidified our democracy. We aim for high standards of teaching and learning and we are dedicated to anticipating the changes in our society and to responding to those changes in practical but innovative ways."

The College's consolidated financial statements include the accounts of the Humber College Educational Foundation, which is controlled by the College, and the College's 50% equity interest in the Guelph-Humber Joint Venture. These consolidated financial statements do not reflect the assets, liabilities and results of operations of The Humber Students' Federation or the various other student organizations of the College.

The College is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the College have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), the most significant of which are as follows:

(a) Investments

Investments are recorded at cost plus accrued interest. If the market value of the investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market.

(b) Capital assets

Purchased capital assets are recorded at cost while the contributed capital assets are recorded at their fair value at the date of contribution. Capital assets are amortized on a straight-line basis using the following annual rates:

	%
Buildings	2.5
Site improvements	10.0
Leasehold improvements	2.5
Furniture and equipment	20.0-33.3
Automotive equipment	20.0

Construction in progress costs are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are commissioned for use.

(c) Revenue recognition

The College follows the deferral method of accounting for contributions, which include donations and government grants. Contributions externally restricted for purposes other than endowment are recognized as revenue in the year in which the related expense is recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Endowment contributions are recognized as direct increases in net assets in the period in which they are received. The College actively fundraises and unrestricted contributions are recorded when received since pledges are not legally enforceable claims.

Tuition fees are recorded as revenue when the programs and courses are held.

Sales and service revenue is recognized at the point of sale or when the service has been provided.

(d) Derivative financial instruments

Derivative financial instruments are contracts that require or provide the opportunity to exchange cash flows or payments determined by applying certain rates, indices or changes to notional contract amounts. The College uses an interest rate swap in order to manage interest rate exposure. This instrument is used for hedging an on-balance sheet liability and has been designated as a hedge.

In the event a designated hedge long-term debt is extinguished or matures prior to the termination of the related interest rate swaps, any realized or unrealized gain or loss on such interest rate swaps is recognized in income.

(e) Employee future benefits

Defined contribution plan accounting is applied to multi-employer defined benefit plans. Contributions are expensed as incurred.

The College offers other retirement benefits such as extended health and dental.

The accounting policies applied to these benefits are as follows:

- The cost of these retirement benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.
- The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the other retirement plan is 10 years.
- Liabilities are discounted using current interest rates on long-term bonds.

(f) Investment in Guelph-Humber Joint Venture

The investment in Guelph-Humber Joint Venture is accounted for using the equity method.

(g) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP 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 date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Due to inherent uncertainty involved in making such estimates, actual results could differ from those estimates.

3. INVESTMENTS

Short-term investments consist of Canadian Bankers' Acceptances and Redeemable Short-Term Investment Certificates totalling $41,464,000 (2004 - $9,200,000) with amounts ranging from $150,000 to $10,000,000 (2004 - $200,000 to $2,500,000), interest rates ranging from 2.30% to 2.50% (2004 - 1.80% to 2.95%) and maturity dates ranging from November 18, 2005 to March 29, 2006 (2004 - April 27, 2004 to March 25, 2005).

An amount equal to unspent capital contributions of $3,019,026 (2004 - $4,767,510) as disclosed in note 9 and endowments of $4,129,402 (2004 - $3,046,228) has been classified as restricted investments.

4. INVESTMENT IN GUELPH-HUMBER JOINT VENTURE

In 2001, the College entered into a Joint Venture agreement with the University of Guelph, known as the Guelph-Humber Joint Venture (the "Joint Venture"). The purpose of the Joint Venture is to provide students with a four-year collaborative learning opportunity which results in the conferment of both a university degree and a college diploma. Commencing May 1, 2003, the Joint Venture changed its fiscal year end to March 31 from April 30.

(a) The following is a summary of the College's 50% portion of financial information for the Joint Venture:

	Year ended March 31, 2005 $	11 months ended March 31, 2004 $
Current assets	**1,946,451**	9,865
Capital assets	**1,777,142**	1,553,288
Long-term liabilities	**7,705,555**	4,506,083
Net deficit	**(3,981,962)**	(2,942,930)
Revenue	**7,224,525**	4,186,115
Expenses	**8,263,557**	5,502,466
Deficiency of revenue over expenses	**(1,039,032)**	(1,316,351)
Cash flows used in operating activities	**(2,309,304)**	(910,353)
Cash flows provided by investing and financing activities	**2,309,304**	910,353
Net cash flows	**-**	-

Deficiency of revenue over expenses has been included in other revenue.

(b) During the period, the College earned $5,512,284 (2004 - $3,247,742) of fees from the Joint Venture for services provided which has been included in other revenue.

(c) Loan receivable from the Joint Venture bears interest at 3% per annum and has no fixed terms of repayment. Repayment will not be demanded prior to April 1, 2006. The fair value of the loan receivable cannot be reasonably determined as there are no fixed terms of repayment.

(d) Advances to the Joint Venture are non-interest bearing with no fixed terms of repayment. Repayment will not be demanded prior to April 1, 2006. The fair value of the advances cannot be reasonably determined as there are no fixed terms of repayment.

5. CAPITAL ASSETS

Capital assets consist of the following:

		2005		2004
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
	$	**$**	$	$
Land	**3,739,565**	**-**	3,739,565	-
Buildings	**173,622,163**	**50,994,861**	120,798,164	46,654,307
Site improvements	**13,931,152**	**10,096,613**	13,831,371	9,378,538
Leasehold improvements	**59,889,916**	**5,218,364**	43,700,973	3,731,941
Furniture and equipment	**50,350,886**	**37,880,172**	45,208,970	34,409,004
Automotive equipment	**2,353,998**	**1,906,817**	2,315,708	1,661,816
Construction in progress	**270,030**	**-**	52,511,970	-
	304,157,710	**106,096,827**	282,106,721	95,835,606
Less accumulated amortization	**(106,096,827)**		(95,835,606)	
Net book value	**198,060,883**		186,271,115	

The change in net book value of capital assets is due to the following:

	2005 **$**	2004 $
Balance, beginning of year	**186,271,115**	121,769,576
Purchase of capital assets internally funded	**19,821,765**	57,551,452
Purchase of capital assets funded from deferred capital contributions	**3,364,575**	16,370,453
Loss on disposal of capital assets	**(126,743)**	(24,660)
Amortization of capital assets – operating	**(8,736,855)**	(8,016,971)
Amortization of capital assets – ancillary	**(2,532,974)**	(1,378,735)
Balance, end of year	**198,060,883**	186,271,115

6. INVESTED IN CAPITAL ASSETS

Invested in capital assets consists of the following:

	2005 **$**	2004 $
Capital assets, net (note 5)	**198,060,883**	186,271,115
Less amounts financed by deferred capital contributions (note 9)	**74,698,104**	74,278,649
Long-term debt (note 11)	**44,208,775**	-
Balance, end of year	**79,154,004**	111,992,466

The change in invested in capital assets is as follows:

	2005 **$**	2004 $
Repayment of long-term debt	**791,225**	-
Purchase of capital assets internally funded	**19,821,765**	57,551,449
Increase in invested in capital assets	**20,612,990**	57,551,449
Amortization expense – operating	**8,736,855**	8,016,971
Amortization expense – ancillary	**2,532,974**	1,378,735
Less amortization of deferred capital contributions	**(2,945,120)**	(2,703,867)
Loss on disposal of capital assets	**126,743**	24,660
Increase in long-term debt	**45,000,000**	-
Decrease in invested in capital assets	**53,451,452**	6,716,499
	(32,838,462)	50,834,950

7. CREDIT FACILITIES

The College has loan facilities with the Bank of Montreal to a maximum amount of $62,000,000 to finance the construction of two student residences. The College has utilized $45,000,000 under its hedge facility as described in note 11. The balance of the facility is available in either prime rate loans bearing interest at the bank's prime rate less ¾% per annum, Bankers' Acceptances or public sector fixed rate operating loans bearing interest at the bank's cost of funds rate plus .225% per annum.

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations for awards, scholarships and bursaries, arboretum projects and other. The changes in the deferred contributions balance are as follows:

	2005 **$**	2004 $
Balance, beginning of year	**12,333,273**	10,238,093
Amounts received during the year	**30,444,671**	22,325,123
Amounts recognized as revenue during the year	**(31,608,792)**	(20,229,943)
Balance, end of year	**11,169,152**	12,333,273

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of revenue and expenses. The changes in the deferred capital contributions balance are as follows:

	2005 **$**	2004 $
Balance, beginning of year	**79,046,156**	79,443,864
Add contributions received for capital purposes	**2,127,240**	2,306,159
Less amortization of deferred capital contributions	**(2,945,120)**	(2,703,867)
Less deferred capital contributions used for maintenance	**(511,146)**	-
Balance, end of year	**77,717,130**	79,046,156

As at March 31, 2005, there are deferred capital contributions received but not spent of $3,019,026 (2004 - $4,767,507).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2005

10. DUE TO STUDENT ORGANIZATIONS

Due to student organizations bears interest at the bank's prime rate less 2¼% with an effective rate at March 31, 2005 of 2% (2004 – 2%) and due on demand. The fair value cannot be reasonably determined as there are no fixed terms of repayment.

11. LONG-TERM DEBT AND DERIVATIVE FINANCIAL INSTRUMENTS

(a) The original loan of $45,000,000 obtained on April 1, 2004 is amortized over twenty-five years, bears interest at 5.48% per annum and is repayable monthly on the first of each month in blended payments of $275,802 and is due on April 1, 2029.

	2005	2004
	$	$
Long-term debt	**44,208,775**	-
Less current portion of long-term debt	**909,606**	-
	43,299,169	-

Interest on long-term debt amounted to $2,536,202.

The fair value of the term loan cannot be reasonably determined.

Principal repayments on long-term debt are estimated to be as follows:

	$
2006	**909,606**
2007	**960,723**
2008	**1,014,714**
2009	**1,071,738**
2010	**1,131,967**
Thereafter	**39,120,027**
	44,208,775

(b) Derivative financial instruments

The College has in place an Interest Rate Swap Agreement (the "Agreement"), designated as a hedge of the long-term debt, which will expire on April 1, 2029. Under the terms of the Agreement, the College agrees with the counterparty to exchange, at specified intervals and for a specified period, its floating interest for fixed interest (5.705%) calculated on the notional principal amount of the long-term debt. The use of the swap effectively enables the College to convert the floating rate interest obligations of the long-term debt into a fixed rate obligation and thus manage its exposure to interest rate risk. At March 31, 2005, this Agreement qualified as an effective hedge transaction.

The notional and fair values of the financial instrument are as follows:

	2005	
	Notional value	**Fair value**
	$	**$**
Interest rate swap	**44,208,775**	**(2,785,628)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2005

12. INTERNALLY RESTRICTED

The College, by resolution of the Board of Governors, internally restricts amounts from unrestricted net assets to cover anticipated future operating expenses, including obligations and commitments existing at the year end as follows:

	2005	2004
	$	$
Operating		
Foreign Student Assistance	**3,600,000**	3,350,000
Renovations - Residence	**2,810,000**	1,310,000
Curriculum Development – Applied Degrees	**350,000**	350,000
Renovations - Academic Non-Teaching Space	**300,000**	1,200,000
Nursing Degree Program	**1,550,000**	1,550,000
Capital		
Building H	**6,700,000**	5,600,000
Student Residences	**-**	2,500,000
Encumbrances	**1,200,000**	1,100,000
Computer Lease	**-**	250,000
Contingency		
General	**5,700,000**	5,000,000
Construction	**3,200,000**	3,200,000
	25,410,000	25,410,000

The contingency balance of $8,900,000 has been approved by the Board of Governors. The general contingency is calculated at 3% of gross revenue and the construction contingency is calculated at 2% of the total estimated construction costs of $160,000,000.

13. EMPLOYEE FUTURE BENEFITS

Pension plans

The employees of the College are participants in either the Colleges of Applied Arts and Technology Pension Plan or the Ontario Teachers' Pension Plan, both of which are multi-employer defined benefit pension plans. During the year, contributions to these plans were $5,536,447 (2004 - $4,327,938) and are included in the consolidated statement of revenue and expenses.

Other employee future benefits

Information about the College's non-pension defined benefit plans as at March 31, in aggregate, is as follows:

	2005 **$**	2004 $
Value of assets		
Post-employment benefits - premium waiver during long-term disability	**310,000**	295,000
Total value of assets	**310,000**	295,000
Accrued benefit obligations		
Non-pension post-retirement benefits	**3,311,000**	3,202,000
Post-employment benefits - premium waiver during long-term disability	**434,000**	389,000
Post-employment benefits - continuation of medical and dental benefits during long-term disability	**698,000**	605,000
Total accrued benefit obligations	**4,443,000**	4,196,000
Net benefit obligation	**4,133,000**	3,901,000
Vested sick-leave benefits	**6,424,848**	6,387,810
Total obligation	**10,557,848**	10,288,810

The significant actuarial assumptions used in the valuation are as follows:

	2005 **%**	2004 %
Discount rate per annum - accrued benefit obligations	**5.25**	5.50
Discount rate per annum - expenses	**5.50**	6.50

The latest actuarial valuation for the post-employment benefits was performed as of December 31, 2003. The next actuarial valuation will be as of December 31, 2006.

The College's accrued employee benefit liability is calculated as follows:

	2005	2004
	$	$
Employee benefit liability, beginning of year	**3,901,000**	3,753,000
Employee future benefit expense	**232,000**	148,000
Employee benefit liability, end of year	**4,133,000**	3,901,000

There were no contributions during the year.

14. COMMITMENTS

Leases

The College has entered into a ninety-nine (99) year lease agreement with Her Majesty The Queen In The Right Of Ontario for the property now known as the Robert A. Gordon Learning Centre. The base rent is one dollar ($1) per year for the term of the lease which expires January 31, 2094.

The College has also entered into various other agreements to lease premises and equipment. The anticipated annual payments for the remaining fiscal years under current lease arrangements are as follows:

	$
2006	**802,326**
2007	**437,455**
2008	**450,579**
2009	**464,096**
	2,154,456

Other

The College has entered into construction contracts with a combined total cost of approximately $70 million. The College has provided unconditional loan guarantees to certain third parties amounting to $564,865 (2004 - $1,259,424) primarily related to possible defaults in financial agreements for certain construction projects.

15. ONTARIO STUDENT OPPORTUNITY TRUST FUND PHASES 1 AND 2

(a) Ontario Student Opportunity Trust Fund Phase 1

Endowments include grants provided by the Ministry of Training, Colleges and Universities from the Ontario Student Opportunity Trust Fund 1 (“OSOTF 1”) matching program to award student aid as a result of raising an equal amount of endowed donations.

Schedule of Changes in OSOTF 1 Endowment Balance for the Year Ended March 31

	2005	2004
	$	$
Fund balance, beginning of year	**1,265,418**	1,260,418
Cash donations received	**-**	5,000
Fund balance, end of year	**1,265,418**	1,265,418

Schedule of Changes in OSOTF 1 Expendable Funds Available for Awards for the Year Ended March 31

	2005	2004
	$	$
Balance, beginning of year	**15,218**	34,463
Investment income, net of direct investment-related expenses	**25,115**	33,755
Bursaries awarded (total number: 10 (2004 - 100))	**(7,000)**	(53,000)
Balance, end of year	**33,333**	15,218

The expendable funds available for awards are included in deferred contributions on the consolidated balance sheet.

The market value of the endowment as at March 31, 2005 was $1,298,751 (2004 - $1,280,636).

(b) Ontario Student Opportunity Trust Fund Phase 2

Endowments include grants provided by the Ministry of Training, Colleges and Universities (“MTCU”) from the Ontario Student Opportunity Trust Fund 2 (“OSOTF 2”) matching program to award student aid as a result of raising an equal amount of endowed donations.

Schedule of Changes in OSOTF 2 Endowment Balance for the Year Ended March 31

	2005 **$**	2004 $
Fund balance, beginning of year	**-**	-
Cash donations received	**263,346**	-
Matching funds received from MTCU	**263,346**	-
Fund balance, end of year	**526,692**	-

Schedule of Changes in OSOTF 2 Expendable Funds Available for Awards for the Year Ended March 31

	2005 **$**	2004 $
Balance, beginning of year	**-**	-
Investment income, net of direct investment-related expenses	**1,396**	-
Bursaries awarded	**-**	-
Balance, end of year	**1,396**	-

The expendable funds available for awards are included in deferred contributions on the consolidated balance sheet.

The market value of the endowment as at March 31, 2005 was $528,088.

16. CONSOLIDATED STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2005	2004
	$	$
Grants receivable	**(8,070,774)**	2,399,424
Accounts receivable	**(407,053)**	268,318
Prepaid expenses	**(226,011)**	(524,070)
Accounts payable and accrued liabilities	**(6,060,967)**	4,895,121
Accrued payroll and employee benefits	**333,304**	2,261,148
Accrued vacation pay	**1,113,553**	143,852
Deferred revenue	**450,765**	523,330
Deferred contributions	**(1,164,121)**	2,095,180
Due to student organizations	**(841,881)**	283,269
Accrued vested sick-leave benefits	**37,038**	(395,054)
Employee future benefits	**232,000**	(247,054)
	(14,604,147)	11,703,464

17. SERVICE CONTRACT/CFSA APPROVAL WITH THE MINISTRY OF COMMUNITY, FAMILY AND CHILDREN'S SERVICES

The College has a Service Contract/CFSA Approval with the Ministry of Community, Family and Children's Services. A reconciliation report summarizes by service for Project Code number 28 all revenues and expenditures and identifies any resulting surplus or deficit that relates to the Service Contract/CFSA Approval.

A review of this report shows the service to be in a deficit position of $275,498 as at March 31, 2005 (2004 - $288,870).

18. FINANCIAL INSTRUMENTS

The fair value of the College's financial instruments is not significantly different from their carrying value at March 31, 2005, unless otherwise noted. The College is subject to credit risk with respect to its accounts receivable to the extent debtors do not meet their obligations and interest rate risk with respect to its investments.

19. PUBLIC SECTOR SALARY DISCLOSURE ACT, 1996

The Public Sector Salary Disclosure Act, 1996 (the "Act") requires the disclosure of the salaries and benefits of employees in the public sector who are paid a salary of $100,000 or more in a year. The College complies with this Act by providing the information to the Ministry of Training, Colleges and Universities for disclosure on the public website.

20. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2005 consolidated financial statements.

ADDITIONAL COMMENTS OF AUDITORS

The accompanying schedules 1 to 11 of revenue, expenses, and net assets are presented as supplementary information only. In this respect, they do not form part of the financial statements of **The Humber College Institute of Technology and Advanced Learning** for the year ended March 31, 2005 and hence are excluded from the opinion expressed in our report dated June 3, 2005 to the Board of Governors on such financial statements. The information in these schedules has been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of the College and, in our opinion, is fairly presented in all respects material to those financial statements.

Ernst & Young LLP

Thornhill, Canada,
June 3, 2005.

Chartered Accountants

SCHEDULE OF REVENUE

Year ended March 31

	2005	2004
	$	$
GOVERNMENT GRANTS AND REIMBURSEMENTS		
General operating grants	**61,976,117**	57,783,241
Supplementary grants	**16,389,073**	6,832,621
Termination gratuities	**662,681**	765,275
Grants in lieu of municipal taxation	**983,100**	930,000
Grants - other	**4,919,246**	3,572,185
Grants and donations for restricted purposes	**459,469**	517,660
Literacy and Basic Skills	**997,356**	997,031
Apprenticeship	**4,532,456**	3,934,458
Employment Assistance Services	**2,665,411**	2,680,713
	93,584,909	78,013,184
STUDENT FEES		
Post secondary	**46,132,984**	44,670,000
Non-post secondary	**1,856,915**	1,456,082
OSAP support	**3,724,666**	3,036,176
Information technology	**2,066,633**	2,126,280
	53,781,198	51,288,538
ANCILLARY OPERATIONS (schedule 7)	**24,715,741**	20,412,794
AMORTIZATION OF DEFERRED CAPITAL CONTRIBUTIONS	**2,945,120**	2,703,867
INTEREST INCOME	**914,529**	966,906
OTHER		
Special projects	**1,664,445**	1,468,545
Miscellaneous	**11,326,199**	8,464,859
Extracurricular	**482,225**	433,281
	13,472,869	10,366,685
	189,414,366	163,751,974

SCHEDULE OF ACADEMIC EXPENSES

Year ended March 31

	2005 $	2004 $
Salaries		
Administrative	**5,254,577**	5,209,629
Faculty	**49,447,316**	47,078,909
Support	**7,808,394**	7,660,532
Teaching services purchased	**51,110**	21,648
	62,561,397	59,970,718
Employee benefit plans	**11,175,524**	9,355,982
Termination gratuities	**622,858**	723,951
Professional development	**382,286**	351,541
Travel, accommodations and meals	**595,359**	520,862
General office supplies and services	**2,910,573**	3,274,946
Software	**534,560**	480,082
Memberships and dues	**62,551**	60,085
Consulting fees	**535,766**	749,238
Contract services	**3,769,584**	3,809,040
Instructional supplies and services	**3,367,021**	3,024,595
Field work	**73,666**	50,643
Promotion/public relations	**1,818,247**	1,731,345
Telecommunications	**110,526**	104,705
Rental		
Furniture and equipment	**16,897**	23,630
IT equipment and software	**11,423**	12,051
Equipment maintenance	**276,096**	326,820
Leased furniture and equipment	**528,996**	489,938
	89,353,330	85,060,172

The Humber College Institute of Technology and Advanced Learning **Schedule 3**

SCHEDULE OF SPECIAL PROJECTS EXPENSES

Year ended March 31

	2005	**2004**
	$	$
Salaries		
Administrative	**60,311**	201,249
Faculty	**70,726**	11,216
Support	**177,921**	167,234
	308,958	379,699
Employee benefit plans	**41,197**	56,331
Travel, accommodations and meals	**60,965**	62,090
General office supplies and services	**292,314**	235,323
Contract services	**508,248**	322,386
Instructional supplies and services	**268,880**	132,778
Promotion/public relations	**214,059**	129,354
Leased furniture and equipment	**2,414**	2,291
	1,697,035	1,320,252

SCHEDULE OF STUDENT SERVICES EXPENSES

Year ended March 31

	2005 $	2004 $
Salaries		
Administrative	**1,205,675**	1,160,549
Faculty	**1,496,017**	1,186,735
Support	**8,855,167**	7,801,953
	11,556,859	10,149,237
Employee benefit plans	**1,550,358**	1,439,290
Termination gratuities	**39,979**	11,905
Professional development	**28,892**	37,311
Travel, accommodations and meals	**221,499**	231,802
General office supplies and services	**1,144,749**	1,176,497
Software	**30,181**	11,651
Consulting fees	**37,131**	33,083
Contract services	**190,275**	173,787
Instructional supplies and services	**854,750**	1,063,955
Promotion/public relations	**420,060**	441,494
Student assistance	**1,694,743**	1,783,936
Entrance scholarships	**303,072**	178,990
Telecommunications	**17,787**	32,738
Rental IT equipment and software	**109,066**	105,161
Equipment maintenance	**27,604**	78,302
Rental/leased furniture and equipment	**49,204**	48,355
	18,276,209	16,997,494

SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended March 31

	2005	2004
	$	$
Salaries		
Administrative	**5,358,091**	3,940,597
Support	**3,840,029**	3,702,250
	9,198,120	7,642,847
Employee benefit plans	**2,352,079**	2,248,738
Termination gratuities	**-**	29,419
Staff employment hiring cost	**178,955**	152,326
Professional development	**332,613**	260,540
Travel, accommodations and meals	**221,760**	180,872
General office supplies and services	**1,224,287**	1,147,979
Software	**879,122**	987,148
Memberships and dues	**229,877**	111,237
Legal and consulting fees	**1,002,606**	992,956
Audit fees	**139,769**	135,016
Contract services	**1,630,701**	1,583,640
Promotion/public relations	**899,829**	702,653
Telecommunications	**566,951**	575,232
Insurance	**298,029**	248,447
Rental IT equipment and software	**295,033**	269,430
Equipment maintenance	**289,702**	430,026
Rental/leased furniture and equipment	**114,743**	113,170
Municipal taxes	**983,100**	930,000
	20,837,276	18,741,676

SCHEDULE OF PROPERTY AND PLANT EXPENSES

Year ended March 31

	2005	2004
	$	$
Salaries		
Administrative	**558,856**	556,545
Support	**1,312,512**	1,209,974
	1,871,368	1,766,519
Employee benefit plans	**395,957**	428,348
Professional development	**11,098**	8,828
Travel, accommodations and meals	**1,777**	3,132
General office supplies and services	**100,516**	87,889
Consulting fees	**69,820**	68,918
Contract services	**2,897,221**	1,971,936
Rental premises	**473,610**	468,777
Equipment maintenance	**143,307**	46,705
Building maintenance	**3,337,684**	2,198,362
Electricity	**1,362,886**	1,630,631
Fossil fuels	**1,099,986**	820,956
Water	**227,970**	157,542
Custodial supplies	**165,526**	159,854
Safety/security supplies	**124,235**	110,528
Vehicle expense	**36,918**	27,288
Rental/leased furniture and equipment	**6,160**	14,387
	12,326,039	9,970,600

SCHEDULE OF ANCILLARY OPERATIONS

Year ended March 31

	Revenue	**Expenses**	**Net 2005**	**Net 2004**
	$	$	$	$
Retail Operations	**1,492,952**	**437,799**	**1,055,153**	686,792
Food Services	**1,162,375**	**368,667**	**793,708**	662,206
Student Residences	**7,736,018**	**8,087,692**	**(351,674)**	1,461,600
Parking	**3,244,687**	**2,315,530**	**929,157**	881,286
Health Sciences	**1,599,449**	**1,754,225**	**(154,776)**	(119,575)
International Projects	**1,794,991**	**1,820,316**	**(25,325)**	3,616
Digital Imaging Training Centre	**815,572**	**912,638**	**(97,066)**	(157,160)
Contract Training Centre	**2,585,571**	**2,706,820**	**(121,249)**	(455,034)
Corporate and Continuing Education	**3,181,120**	**3,165,759**	**15,361**	321,770
Employee Benefit Centre	**703,703**	**730,304**	**(26,601)**	52,779
Canadian Plastics Training Centre	**399,303**	**451,527**	**(52,224)**	(33,139)
	24,715,741	**22,751,277**	**1,964,464**	3,305,141

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AND INTERNALLY RESTRICTED NET ASSETS

Year ended March 31, 2005

	Ancillary Services *(schedule 9)* $	Other *(schedule 10)* $	Parking $	Business Development *(schedule 11)* $	Total Ancillary $	General Operating $	Total Operating Fund $
UNRESTRICTED							
Net assets, beginning of year	**1,087,875**	**457,261**	**346,774**	**42,562**	**1,934,472**	**(74,744,256)**	**(72,809,784)**
Excess (deficiency) of revenue over expenses for the year	**1,497,187**	**(329,391)**	**929,157**	**(132,489)**	**1,964,464**	**13,012,412**	**14,976,876**
Change in internally restricted net assets	**1,000,000**	-	-	-	**1,000,000**	**(1,000,000)**	-
Transfer	**(2,000,000)**	-	-	-	**(2,000,000)**	**2,000,000**	-
Change in invested in capital assets	-	-	-	-	-	**32,838,462**	**32,838,462**
Endowment contributions	-	-	-	-	-	-	-
Net assets, end of year	**1,585,062**	**127,870**	**1,275,931**	**(89,927)**	**2,898,936**	**(27,893,382)**	**(24,994,446)**
INTERNALLY RESTRICTED							
Net assets, beginning of year	**3,810,000**	-	-	-	**3,810,000**	**21,600,000**	**25,410,000**
Excess of revenue over expenses for the year	-	-	-	-	-	-	-
Change in internally restricted net assets	**(1,000,000)**	-	-	-	**(1,000,000)**	**1,000,000**	-
Change in invested in capital assets	-	-	-	-	-	-	-
Endowment contributions	-	-	-	-	-	-	-
Net assets, end of year	**2,810,000**	-	-	-	**2,810,000**	**22,600,000**	**25,410,000**

SCHEDULE OF ANCILLARY SERVICES

Year ended March 31, 2005

	Retail Operations $	Food Services $	Student Residences $	Total Ancillary Services $
UNRESTRICTED				
Net assets, beginning of year	**459,313**	**396,971**	**231,591**	**1,087,875**
Excess of revenue over expenses for the year	**1,055,153**	**793,708**	**(351,674)**	**1,497,187**
Change in internally restricted net assets	**-**	**390,000**	**610,000**	**1,000,000**
Transfer	**(1,000,000)**	**(1,000,000)**	**-**	**(2,000,000)**
Change in invested in capital assets	-	-	-	-
Endowment contributions	-	-	-	-
Net assets, end of year	**514,466**	**580,679**	**489,917**	**1,585,062**
INTERNALLY RESTRICTED				
Net assets, beginning of year	**-**	**390,000**	**3,420,000**	**3,810,000**
Excess of revenue over expenses for the year	-	-	-	-
Change in internally restricted net assets	-	**(390,000)**	**(610,000)**	**(1,000,000)**
Change in invested in capital assets	-	-	-	-
Endowment contributions	-	-	-	-
Net assets, end of year	**-**	**-**	**2,810,000**	**2,810,000**

SCHEDULE OF OTHER ANCILLARY SERVICES

Year ended March 31, 2005

	Health Sciences $	Canadian Plastics Training Centre $	Digital Imaging Training Centre $	International Projects $	Total Other $
UNRESTRICTED					
Net assets, beginning of year	**191**	**382**	**286,950**	**169,738**	**457,261**
Excess (deficiency) of revenue over expenses for the year	**(154,776)**	**(52,224)**	**(97,066)**	**(25,325)**	**(329,391)**
Change in internally restricted net assets	-	-	-	-	-
Transfer	-	-	-	-	-
Change in invested in capital assets	-	-	-	-	-
Endowment contributions	-	-	-	-	-
Net assets, end of year	**(154,585)**	**(51,842)**	**189,884**	**144,413**	**127,870**
INTERNALLY RESTRICTED					
Net assets, beginning of year	-	-	-	-	-
Excess of revenue over expenses for the year	-	-	-	-	-
Change in internally restricted net assets	-	-	-	-	-
Change in invested in capital assets	-	-	-	-	-
Endowment contributions	-	-	-	-	-
Net assets, end of year	-	-	-	-	-

SCHEDULE OF BUSINESS DEVELOPMENT SERVICES

Year ended March 31, 2005

	Contract Training Centre $	**Corporate and Continuing Education** $	**Employee Benefit Centre** $	**Total Business Development** $
UNRESTRICTED				
Net assets, beginning of year	**4,966**	**25,900**	**11,696**	**42,562**
Excess (deficiency) of revenue over expenses for the year	**(121,249)**	**15,361**	**(26,601)**	**(132,489)**
Change in internally restricted net assets	-	-	-	-
Transfer	-	-	-	-
Change in invested in capital assets	-	-	-	-
Endowment contributions	-	-	-	-
Net assets, end of year	**(116,283)**	**41,261**	**(14,905)**	**(89,927)**
INTERNALLY RESTRICTED				
Net assets, beginning of year	-	-	-	-
Excess of revenue over expenses for the year	-	-	-	-
Change in internally restricted net assets	-	-	-	-
Change in invested in capital assets	-	-	-	-
Endowment contributions	-	-	-	-
Net assets, end of year	-	-	-	-