CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

The Humber College Institute of Technology and Advanced Learning

March 31, 2007

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 one member who, notwithstanding this appointment, operates 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 25, 2007

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, 2007 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, 2007 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

Chartered Accountants
Licensed Public Accountants

Thornhill, Canada,
May 14, 2007.

The Humber College Institute of Technology and Advanced Learning | Statement 1

CONSOLIDATED BALANCE SHEET

As at March 31

	2007 $	2006 $ (restated - note 3)
ASSETS		
Current		
Cash	-	846,715
Short-term investments (note 4)	63,764,817	48,777,885
Grants receivable (note 5)	5,817,533	4,665,146
Accounts receivable (note 6)	5,961,962	3,895,295
Prepaid expenses	1,748,245	498,389
Total current assets	77,292,557	58,683,430
Long-term accounts receivable (note 6)	2,300,000	4,500,000
Loan receivable from University of Guelph-Humber (note 7(c))	-	5,166,429
Investment in University of Guelph-Humber (note 7(a))	842,940	-
Advances to University of Guelph-Humber (note 7(d))	3,868,513	4,256,285
Long-term grants receivable (note 5)	18,320,000	-
Restricted investments (note 4)	26,585,183	7,902,115
Capital assets, net (note 8)	202,809,469	200,106,073
	332,018,662	280,614,332
LIABILITIES AND NET ASSETS		
Current		
Bank indebtedness (note 9)	2,450,808	-
Accounts payable and accrued liabilities	9,727,577	7,326,797
Accrued payroll and employee benefits	4,184,195	4,299,316
Accrued vacation pay	8,858,089	7,973,092
Deferred revenue	15,861,730	15,442,144
Deferred contributions (notes 10, 17 and 18)	6,006,986	7,188,583
Due to University of Guelph-Humber (note 7(e))	5,572,827	-
Due to Humber Students' Federation (note 12)	535,437	749,907
Current portion of long-term debt (notes 9 and 13)	1,014,714	960,723
Total current liabilities	54,212,363	43,940,562
Long-term debt (notes 9 and 13)	41,323,732	42,338,446
Accrued vested sick-leave benefits (note 15)	5,419,911	5,513,726
Employee future benefits (note 15)	1,357,000	1,705,000
Deficiency in University of Guelph-Humber (note 7(a))	-	3,097,564
Deferred capital contributions (note 11)	105,615,800	83,550,686
Total liabilities	207,928,806	180,145,984
Commitments (note 16)		
Net assets		
Unrestricted (deficit)	819,450	(20,001,985)
Internally restricted (note 14)	41,830,000	39,312,000
Invested in capital assets (note 8)	75,650,686	75,753,875
Endowments (notes 17 and 18)	5,789,720	5,404,458
Total net assets	124,089,856	100,468,348
	332,018,662	280,614,332

See accompanying notes

On behalf of the Board of Governors:

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	2007	2006
	$	$
		(restated - note 3)
REVENUE		
Government grants and reimbursements	**102,646,939**	95,164,467
Tuition fees	**60,769,879**	56,134,804
Ancillary operations	**28,197,244**	26,424,697
Amortization of deferred capital contributions	**3,487,154**	4,367,543
Interest income	**2,789,061**	1,191,990
Other (note 7(a) and (b))	**21,711,156**	18,688,649
	219,601,433	201,972,150
EXPENSES		
Academic	**102,882,796**	94,388,411
Special projects	**1,700,209**	1,777,006
Student services	**18,997,575**	18,822,805
Administrative	**22,107,022**	20,815,753
Property and plant	**12,343,379**	11,416,815
Ancillary operations (note 13)	**27,651,307**	24,312,559
Awards, scholarships, bursaries and other	**1,691,538**	963,717
Amortization of capital assets - operating	**8,991,361**	9,442,358
	196,365,187	181,939,424
Excess of revenue over expenses for the year	**23,236,246**	20,032,726

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	2007				
	Unrestricted (deficit)	**Internally restricted**	**Invested in capital assets**	**Endowments**	**Total**
	$	$	$	$	$
		(note 14)	(note 8)		
Balance, beginning of year	**(20,001,985)**	**39,312,000**	**75,753,875**	**5,404,458**	**100,468,348**
Excess of revenue over expenses for the year	**23,236,246**	**-**	**-**	**-**	**23,236,246**
Change in internally restricted net assets	**(2,518,000)**	**2,518,000**	**-**	**-**	**-**
Net change in invested in capital assets (note 8)	**103,189**	**-**	**(103,189)**	**-**	**-**
Endowment contributions	**-**	**-**	**-**	**385,262**	**385,262**
Balance, end of year	**819,450**	**41,830,000**	**75,650,686**	**5,789,720**	**124,089,856**

	2006				
	Unrestricted (deficit)	**Internally restricted**	**Invested in capital assets**	**Endowments**	**Total**
	$	$	$	$	$
	(restated - note 3)	(note 14)	(note 8)		
Balance, beginning of year	(29,532,840)	25,410,000	79,154,004	4,129,402	79,160,566
Excess of revenue over expenses for the year	20,032,726	-	-	-	20,032,726
Change in internally restricted net assets	(13,902,000)	13,902,000	-	-	-
Net change in invested in capital assets (note 8)	3,400,129	-	(3,400,129)	-	-
Endowment contributions	-	-	-	1,275,056	1,275,056
Balance, end of year	(20,001,985)	39,312,000	75,753,875	5,404,458	100,468,348

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31

	2007	2006
	$	$ (restated - note 3)
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	**23,236,246**	20,032,726
Add (deduct) non-cash items		
Amortization of capital assets - operating	**8,991,361**	9,442,358
Amortization of capital assets - ancillary	**2,406,407**	2,383,746
Amortization of deferred capital contributions	**(3,487,154)**	(4,367,543)
Loss on disposal of capital assets	**93,104**	102,517
Share of excess of revenue over expenses for the year from University of Guelph-Humber	**(3,940,505)**	(905,603)
	27,299,459	26,688,201
Net change in non-cash working capital balances related to operations (note 19)	**2,856,278**	(2,584,231)
Cash provided by operating activities	**30,155,737**	24,103,970
INVESTING ACTIVITIES		
Net purchase of short-term investments	**(14,986,932)**	(14,462,313)
Net purchase of restricted investments	**(18,683,068)**	(753,687)
Purchase of capital assets	**(14,194,268)**	(13,973,811)
Cash used in investing activities	**(47,864,268)**	(29,189,811)
FINANCING ACTIVITIES		
Decrease (increase) in loan receivable from University of Guelph-Humber	**5,166,429**	(218,044)
Decrease in advances to University of Guelph-Humber	**387,772**	530,254
Increase (decrease) in bank indebtedness	**2,450,808**	(446,203)
Repayment of long-term debt	**(960,723)**	(909,606)
Net increase in deferred capital contributions	**9,432,268**	5,701,099
Endowment contributions	**385,262**	1,275,056
Cash provided by financing activities	**16,861,816**	5,932,556
Net increase (decrease) in cash during the year	**(846,715)**	846,715
Cash, beginning of year	**846,715**	-
Cash, end of year	**-**	846,715

See accompanying notes

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 University of Guelph-Humber joint venture (the "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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

Capital assets

Purchased capital assets are recorded at cost while contributed capital assets are recorded at 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	10.0-33.3
Automotive equipment	20.0

Construction in progress costs are capitalized as incurred and are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are placed in service.

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 expenses are 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.

Tuition fees are recorded as revenue rateably over the term to which the tuition fees revenue applies.

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

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 hedged long-term debt is extinguished or matures prior to the termination of the related interest rate swap, any realized or unrealized gain or loss on such interest rate swap is recognized in the consolidated statement of revenue and expenses.

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 based on services rendered and management’s best estimates regarding assumptions about a number of future conditions including expected plan investment performance, salary escalation, retirement ages of employees, mortality rates 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 accrued benefit obligation and the fair value of plan assets is amortized on a straight-line basis over the average remaining service life of active employees.
- Liabilities are discounted using current interest rates on long-term bonds.

Investment in University of Guelph-Humber

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

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. RESTATEMENT OF PRIOR YEAR'S FINANCIAL STATEMENTS

Prior to April 1, 2006, the College and its investment in Joint Venture recognized tuition fees revenue for the winter term by March 31 even though the winter term was completed one month after the year end. Commencing April 1, 2006, the College records tuition fees rateably over the term to which the tuition fees revenue applies.

The March 31, 2006 comparative balances have been restated to conform to the new policy and reflect an increase in opening unrestricted deficit of $4,538,394, an increase in deferred revenue of $4,688,518, an increase in deficiency in University of Guelph-Humber of $35,304, a decrease in tuition fees revenue of $171,329 and a decrease in other revenue of $14,099.

4. INVESTMENTS

Short-term investments and restricted investments consist of Canadian Bankers' Acceptances and Redeemable Short-Term Investment Certificates totalling $90,350,000 (2006 - $56,680,000) with amounts ranging from $500,000 to $10,000,000 (2006 - $2,100,000 to $10,000,000), interest rates ranging from 4.00% to 4.15% (2006 - 3.25% to 3.60%) and maturity dates ranging from July 27, 2007 to February 28, 2008 (2006 - September 20, 2006 to March 21, 2007).

An amount equal to unspent capital contributions of $20,795,463 (2006 - $2,497,657) as disclosed in note 11 and endowments of $5,789,720 (2006 - $5,404,458) have been classified as restricted investments.

5. GRANTS RECEIVABLE

The Ministry of Training, Colleges and Universities (the "MTCU") will provide funding of $22,900,000 to construct a new building to accommodate additional students. The non-interest bearing funding will be provided in equal instalments of $2,290,000 over a ten-year period commencing with the fiscal year ending March 31, 2007.

	2007 $	2006 $
Grants receivable	**20,610,000**	-
Less current portion included in grants receivable	**2,290,000**	-
Long-term grants receivable	**18,320,000**	-

6. ACCOUNTS RECEIVABLE

	2007 $	2006 $
The College, in concert with the Humber Students' Federation, agreed to direct the building levy assessed upon students to fund a number of improvements to facilities at both campuses including partial support for a new library at the Lakeshore campus. The levy generates approximately $2,000,000 per annum. The parties have agreed that the levy will provide a maximum of $6,000,000 to fund the aforementioned projects.	**4,000,257**	6,000,000
The City of Toronto has agreed to provide funding of $1,000,000 to support the construction of an environmentally friendly building. The City has advanced $400,000 of the commitment during the year and will provide the balance of the funding at $300,000 per annum for the next two years.	**600,000**	-
	4,600,257	6,000,000
Less current portion included in accounts receivable	**2,300,257**	1,500,000
	2,300,000	4,500,000

7. INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER

In 1999, the College entered into a Memorandum of Understanding with the University of Guelph, known as the University of Guelph-Humber 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.

(a) The following is the College's combined 50% share of the components of the financial statements of the Joint Venture:

	2007 **$**	**2006** **$** (restated note 3)
Current assets	**5,070,696**	3,036,920
Capital assets	**824,035**	1,261,333
Current liabilities	**635,341**	573,596
Long-term liabilities	**4,416,450**	6,822,221
Net assets (deficit)	**842,940**	(3,097,564)
Revenue	**13,139,803**	9,868,050
Expenses	**9,199,298**	8,962,447
Excess of revenue over expenses for the year	**3,940,505**	905,603
Cash provided by operating activities	**2,441,423**	1,016,061
Cash used in investing activities	**(35,652)**	(161,685)
Cash used in financing activities	**(2,405,771)**	(854,376)
Net cash flows	**-**	-

Excess of revenue over expenses for the year has been included in other revenue.

(b) During the year, the College earned $7,724,415 (2006 - $6,853,765) of fees from the Joint Venture for services provided which has been included in other revenue.

(c) The loan to the Joint Venture which was interest bearing at 3% (2006 - 3%) was fully paid as at March 31, 2007.

(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, 2008.

(e) The amount due to the Joint Venture is non-interest bearing and due on demand.

8. CAPITAL ASSETS

Capital assets consist of the following:

	2007 Cost $	2007 Accumulated Amortization $	2006 Cost $	2006 Accumulated Amortization $
Land	**3,739,565**	**-**	3,739,565	-
Buildings	**181,931,189**	**60,040,366**	181,905,347	55,436,611
Site improvements	**14,141,027**	**11,196,834**	13,931,152	10,636,237
Leasehold improvements	**60,911,560**	**8,242,119**	60,904,594	6,730,154
Furniture and equipment	**58,880,403**	**46,362,563**	53,747,127	42,211,565
Automotive equipment	**2,837,901**	**2,032,152**	2,460,272	2,157,354
Construction in progress	**8,241,858**	**-**	589,937	-
	330,683,503	**127,874,034**	317,277,994	117,171,921
Less accumulated amortization	**(127,874,034)**		(117,171,921)	
Net book value	**202,809,469**		200,106,073	

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

	2007 $	2006 $
Balance, beginning of year	**200,106,073**	198,060,883
Purchase of capital assets internally funded	**6,939,806**	3,251,343
Purchase of capital assets funded from deferred capital contributions	**7,254,462**	10,722,468
Loss on disposal of capital assets	**(93,104)**	(102,517)
Amortization of capital assets - operating	**(8,991,361)**	(9,442,358)
Amortization of capital assets - ancillary	**(2,406,407)**	(2,383,746)
Balance, end of year	**202,809,469**	200,106,073

Invested in capital assets consists of the following:

	2007 $	2006 $
Capital assets, net	**202,809,469**	200,106,073
Less amounts financed by:		
Long-term debt (note 13)	**42,338,446**	43,299,169
Deferred capital contributions	**84,820,337**	81,053,029
Balance, end of year	**75,650,686**	75,753,875

The change in invested in capital assets is as follows:

	2007 $	2006 $
Repayment of long-term debt	**960,723**	909,606
Purchase of capital assets internally funded	**6,939,806**	3,251,343
Increase in invested in capital assets	**7,900,529**	4,160,949
Amortization expense - operating	**8,991,361**	9,442,358
Amortization expense - ancillary	**2,406,407**	2,383,746
Less amortization of deferred capital contributions	**(3,487,154)**	(4,367,543)
Loss on disposal of capital assets	**93,104**	102,517
Decrease in invested in capital assets	**8,003,718**	7,561,078
	(103,189)	(3,400,129)

9. 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 $42,338,446 (2006 - $43,299,169) under its hedge facility as described in note 13. The balance of the facility is available in either prime rate loans bearing interest at the bank's prime rate of 6% (2006 - 5.5%) less ¾% per annum, Bankers' Acceptances or public sector fixed rate operating loans bearing interest at the bank's 30-day cost of funds rate of 3.97% (2006 - 4.45%) plus 0.225% per annum.

10. 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:

	2007 $	2006 $
Balance, beginning of year	**7,188,583**	11,169,152
Amounts received during the year	**16,268,693**	14,124,361
Amounts recognized as revenue during the year	**(17,450,290)**	(18,104,930)
Balance, end of year	**6,006,986**	7,188,583

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of restricted 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:

	2007 $	2006 $
Balance, beginning of year	**83,550,686**	77,717,130
Add contributions received for capital purposes	**25,552,268**	10,312,251
Less amortization of deferred capital contributions	**(3,487,154)**	(4,367,543)
Less deferred capital contributions used for maintenance	**-**	(111,152)
Balance, end of year	**105,615,800**	83,550,686

As at March 31, 2007, there are deferred capital contributions received but not spent of $20,795,463 (2006 - $2,497,657).

12. DUE TO HUMBER STUDENTS' FEDERATION

The amount due to Humber Students' Federation bears interest at the bank's prime rate less 2¼% with an effective rate at March 31, 2007 of 3¾% (2006 - 3¼%) and is due on demand.

13. 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.

	2007 $	2006 $
Long-term debt	**42,338,446**	43,299,169
Less current portion of long-term debt	**1,014,714**	960,723
	41,323,732	42,338,446

Interest on long-term debt amounted to $2,440,511 (2006 - $2,503,225) and is included in ancillary operations expense.

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

	$
2008	**1,014,714**
2009	**1,071,738**
2010	**1,131,967**
2011	**1,195,581**
2012	**1,262,770**
Subsequent years	**36,661,676**
	42,338,446

(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, 2007, this Agreement qualified as an effective hedge transaction.

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

	2007		**2006**	
	Notional value	**Fair value**	**Notional value**	**Fair value**
	$	**$**	**$**	**$**
Interest rate swap	**42,338,446**	**(3,375,697)**	43,299,169	(3,217,865)

14. 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 year end which are as follows:

	2007 $	2006 $
Operating		
Foreign Student Assistance	**4,000,000**	3,800,000
Renovations - Residence	**1,650,000**	3,810,000
Curriculum Development - Applied Degrees	**350,000**	350,000
Renovations - Academic Non-Teaching Space	**300,000**	300,000
Nursing Degree Program	**3,000,000**	2,550,000
Capital		
Building Fund	**16,000,000**	12,240,000
Encumbrances	**2,200,000**	2,962,000
Reserves		
Utility	**2,500,000**	2,000,000
Equipment	**2,000,000**	2,000,000
Contingency		
General	**6,630,000**	6,100,000
Construction	**3,200,000**	3,200,000
	41,830,000	39,312,000

The contingency balance of $9,830,000 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.

15. EMPLOYEE FUTURE BENEFITS

Pension plans

The employees of the College are participants in the Colleges of Applied Arts and Technology Pension Plan which is a multi-employer defined benefit pension plan. During the year, contributions to this plan were $5,983,165 (2006 - $5,669,929) and are included in the consolidated statement of revenue and expenses. The actuarial valuation was filed as of January 1, 2005 and gave a surplus position as of that date. The next actuarial valuation is January 1, 2008.

Other employee future benefits

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

	2007 **$**	**2006** **$**
Fair value of plan assets		
Post-employment benefits - premium waiver during long-term disability	**281,000**	303,000
Total fair value of plan assets	**281,000**	303,000
Accrued benefit obligations		
Non-pension post-retirement benefits	**704,000**	818,000
Post-employment benefits - premium waiver during long-term disability	**166,000**	424,000
Post-employment benefits - continuation of medical and dental benefits during long-term disability	**768,000**	766,000
Total accrued benefit obligations	**1,638,000**	2,008,000
Net benefit obligation	**1,357,000**	1,705,000
Vested sick-leave benefits	**5,419,911**	5,513,726
Total obligation	**6,776,911**	7,218,726

The significant actuarial assumptions adopted in measuring the College's non-pension accrued benefit obligation and measuring the College's expenses for the year are as follows:

	2007 **%**	**2006** **%**
Discount rate per annum - accrued benefit obligations	**4.85**	5.00
Discount rate per annum - expenses April - August 2005	**NA**	5.25
Discount rate per annum - expenses September 2005 - March 2006	**NA**	4.50
Discount rate per annum - expenses April 2006 - March 2007	**5.00**	NA

The cost escalation for various medical benefits ranged from 0% to 5%. For drug benefits only, costs escalation will grade down from 9% in 2004 to 5% in 2010.

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

	2007 $	2006 $
Employee benefit liability, beginning of year	**1,705,000**	4,133,000
Employee future benefit expense	**(348,000)**	(2,428,000)
Employee benefit liability, end of year	**1,357,000**	1,705,000

There were no contributions during the year.

16. COMMITMENTS

Leases

The College has entered into a ninety-nine (99) year lease agreement with Her Majesty the Queen in 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:

	$
2008	**1,051,229**
2009	**742,900**
2010	**252,559**
2011	**265,187**
2012	**278,446**
	2,590,321

Capital

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 $35,665 (2006 - nil) primarily related to possible defaults in financial agreements for certain construction projects.

17. ONTARIO STUDENT OPPORTUNITY TRUST FUND PHASES 1 AND 2

(a) Ontario Student Opportunity Trust Fund Phase 1

Endowments include grants provided by MTCU 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

	2007	**2006**
	$	**$**
Fund balance, beginning and 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

	2007	**2006**
	$	**$**
Balance, beginning of year	**42,587**	33,333
Investment income, net of direct investment-related expenses	**45,315**	33,754
Bursaries awarded (total number: 54 (2006 - 49))	**(29,300)**	(24,500)
Balance, end of year	**58,602**	42,587

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, 2007 was $1,324,020 (2006 - $1,308,005).

(b) Ontario Student Opportunity Trust Fund Phase 2

Endowments include grants provided by 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

	2007 $	2006 $
Fund balance, beginning of year	**526,742**	526,692
Cash donations received	**-**	50
Fund balance, end of year	**526,742**	526,742

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

	2007 $	2006 $
Balance, beginning of year	**15,162**	1,396
Investment income, net of direct investment-related expenses	**18,452**	14,266
Bursaries awarded (total number: 25 (2006 - 2))	**(19,205)**	(500)
Balance, end of year	**14,409**	15,162

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, 2007 was $541,151 (2006 - $541,904).

18. ONTARIO TRUST FOR STUDENT SUPPORT FUND

Endowments include grants provided by MTCU from the Ontario Trust for Student Support Fund ("OTSS") matching program to award student aid as a result of raising an equal amount of endowed donations.

Schedule of Cash Donations Matched
for the Year Ended March 31

	2007 $	2006 $
Donations	**154,301**	346,542

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

	2007 $	2006 $
Fund balance, beginning of year	**1,090,676**	-
Cash donations received	**154,301**	346,542
Matching funds received from MTCU	**167,411**	744,134
Fund balance, end of year	**1,412,388**	1,090,676

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

	2007 $	2006 $
Balance, beginning of year	**5,637**	-
Investment income, net of direct investment–related expenses	**43,412**	5,637
Bursaries awarded (total number: 27 (2006 - 0))	**(17,953)**	-
Balance, end of year	**31,096**	5,637

Report of OTSS Awards Issued
for the Year Ended March 31, 2007

OSAP Recipients		Non-OSAP Recipients		Total	
Number	Amount $	Number	Amount $	Number	Amount $
16	**7,533**	**11**	**10,420**	**27**	**17,953**

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, 2007 was $1,443,484 (2006 - $1,096,313).

19. CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2007 $	2006 $ (restated note 3)
Grants receivable	**(1,152,387)**	6,202,276
Accounts receivable	**(2,066,667)**	(1,284,987)
Prepaid expenses	**(1,249,855)**	565,082
Accounts payable and accrued liabilities	**2,400,780**	419,293
Accrued payroll and employee benefits	**(115,121)**	(2,241,390)
Accrued vacation pay	**884,997**	358,921
Deferred revenue	**419,586**	554,525
Deferred contributions	**(1,181,597)**	(3,980,569)
Due to University of Guelph-Humber	**5,572,827**	-
Due to Humber Students' Federation	**(214,470)**	161,740
Accrued vested sick-leave benefits	**(93,815)**	(911,122)
Employee future benefits	**(348,000)**	(2,428,000)
	2,856,278	(2,584,231)

(b) Excluded from the consolidated statement of cash flows are the changes in long-term grants receivable and long-term receivables in the amount of $16,120,000 which are included in deferred capital contributions.

20. 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 contract to be in a deficit position of $270,217 as at March 31, 2007 (2006 - $294,718).

21. FINANCIAL INSTRUMENTS

The fair values of the College's financial instruments are not significantly different from their carrying values at March 31, 2007, 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.

22. 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 MTCU for disclosure on the public website.

ADDITIONAL COMMENTS OF AUDITORS

The accompanying schedules 1 to 10 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, 2007 and hence are excluded from the opinion expressed in our report dated May 14, 2007 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,
May 14, 2007.

Chartered Accountants
Licensed Public Accountants

SCHEDULE OF REVENUE

Year ended March 31

	2007	2006
	$	$
GOVERNMENT GRANTS AND REIMBURSEMENTS		
General operating grants	**86,305,828**	77,059,537
Supplementary grants	**1,482,351**	1,187,130
Grants in lieu of municipal taxation	**1,074,150**	1,035,600
Grants - other	**3,288,635**	6,641,977
Grants and donations for restricted purposes	**1,691,538**	963,717
Literacy and Basic Skills	**1,032,861**	1,035,856
Apprenticeship	**4,366,022**	4,637,175
Employment Assistance Services	**3,405,554**	2,603,475
	102,646,939	95,164,467
TUITION FEES		
Post secondary	**53,926,451**	47,818,596
Non-post secondary	**1,830,341**	2,144,158
OSAP support	**2,642,681**	3,704,919
Information technology	**2,370,406**	2,467,131
	60,769,879	56,134,804
ANCILLARY OPERATIONS (schedule 7)	**28,197,244**	26,424,697
AMORTIZATION OF DEFERRED CAPITAL CONTRIBUTIONS	**3,487,154**	4,367,543
INTEREST INCOME	**2,789,061**	1,191,990
OTHER		
Special projects	**1,665,001**	1,772,526
Miscellaneous	**19,423,957**	16,369,273
Extracurricular	**622,198**	546,850
	21,711,156	18,688,649
	219,601,433	201,972,150

SCHEDULE OF ACADEMIC EXPENSES

Year ended March 31

	2007	2006
	$	$
Salaries		
Administrative	**6,128,731**	5,693,154
Faculty	**57,189,598**	53,137,858
Support	**9,467,193**	8,564,109
Teaching services purchased	**18,304**	33,381
	72,803,826	67,428,502
Employee benefit plans	**12,075,440**	9,386,985
Termination gratuities	**1,086,335**	1,439,885
Professional development	**663,158**	432,453
Travel, accommodations and meals	**719,517**	674,822
General office supplies and services	**2,773,355**	3,745,130
Software	**681,752**	683,275
Memberships and dues	**143,119**	52,269
Consulting fees	**353,482**	331,102
Contract services	**4,878,041**	4,206,154
Instructional supplies and services	**3,292,712**	3,229,642
Field work	**82,094**	88,315
Promotion and public relations	**2,529,240**	2,023,439
Telecommunications	**150,084**	104,017
Rental		
Furniture and equipment	**17,964**	5,277
IT equipment and software	**22,110**	18,963
Equipment maintenance	**220,051**	242,692
Leased furniture and equipment	**390,516**	295,489
	102,882,796	94,388,411

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

SCHEDULE OF SPECIAL PROJECTS EXPENSES

Year ended March 31

	2007	2006
	$	$
Salaries		
Administrative	**76,348**	81,647
Faculty	**80,573**	109,610
Support	**145,108**	169,257
	302,029	360,514
Employee benefit plans	**53,407**	58,232
Termination gratuities	**43,084**	-
Travel, accommodations and meals	**44,372**	190,158
General office supplies and services	**289,169**	219,566
Contract services	**406,897**	447,260
Instructional supplies and services	**380,659**	358,658
Promotion and public relations	**180,592**	142,618
	1,700,209	1,777,006

SCHEDULE OF STUDENT SERVICES EXPENSES

Year ended March 31

	2007	**2006**
	$	$
Salaries		
Administrative	**1,480,404**	1,400,257
Faculty	**1,457,099**	1,349,513
Support	**8,425,966**	9,079,275
	11,363,469	11,829,045
Employee benefit plans	**1,731,220**	1,309,961
Professional development	**40,002**	64,172
Travel, accommodations and meals	**327,979**	263,053
General office supplies and services	**1,092,175**	1,076,846
Software	**110,644**	101,270
Consulting fees	**3,843**	10,066
Contract services	**242,294**	233,928
Instructional supplies and services	**827,636**	755,509
Promotion and public relations	**358,978**	354,668
Student assistance	**1,564,450**	1,687,411
Entrance scholarships	**1,025,229**	894,773
Telecommunications	**19,419**	16,836
Rental IT equipment and software	**162,112**	90,957
Equipment maintenance	**52,781**	65,322
Rental and leased furniture and equipment	**75,344**	68,988
	18,997,575	18,822,805

SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended March 31

	2007	2006
	$	$
Salaries		
Administrative	**5,807,084**	5,262,720
Support	**4,113,087**	4,032,424
	9,920,171	9,295,144
Employee benefit plans	**2,588,500**	1,879,614
Termination gratuities	**-**	42,317
Staff employment hiring cost	**241,399**	169,782
Professional development	**284,709**	364,702
Travel, accommodations and meals	**186,741**	219,444
General office supplies and services	**837,310**	1,009,856
Software	**1,311,779**	1,190,002
Memberships and dues	**297,000**	363,872
Legal and consulting fees	**967,772**	840,696
Audit fees	**209,448**	145,135
Contract services	**1,783,940**	1,828,925
Promotion and public relations	**1,246,790**	1,040,191
Telecommunications	**353,520**	412,123
Insurance	**250,283**	234,981
Rental IT equipment and software	**215,753**	301,791
Equipment maintenance	**221,480**	275,812
Rental and leased furniture and equipment	**116,277**	165,766
Municipal taxes	**1,074,150**	1,035,600
	22,107,022	20,815,753

SCHEDULE OF PROPERTY AND PLANT EXPENSES

Year ended March 31

	2007 $	2006 $
Salaries		
Administrative	**711,211**	585,001
Support	**1,404,994**	1,303,294
	2,116,205	1,888,295
Employee benefit plans	**424,566**	316,292
Professional development	**8,367**	4,640
Travel, accommodations and meals	**8,531**	3,860
General office supplies and services	**62,343**	300,663
Consulting fees	**851**	35,824
Contract services	**3,130,823**	3,085,677
Rental premises	**527,944**	495,469
Equipment maintenance	**111,031**	120,730
Building maintenance	**2,891,704**	2,109,287
Electricity	**1,299,801**	1,301,951
Fossil fuels	**1,186,718**	1,170,234
Water	**280,513**	269,626
Custodial supplies	**135,325**	170,718
Safety and security supplies	**128,767**	88,556
Vehicle expense	**21,619**	37,121
Rental and leased furniture and equipment	**8,271**	17,872
	12,343,379	11,416,815

SCHEDULE OF ANCILLARY OPERATIONS

Year ended March 31

	Revenue $	**Expenses** $	**Net 2007** $	**Net 2006** $
Retail Operations	**1,343,460**	**443,476**	**899,984**	819,168
Food Services	**1,616,255**	**652,886**	**963,369**	737,069
Student Residences	**9,495,623**	**11,622,072**	**(2,126,449)**	(350,261)
Parking	**3,664,932**	**2,432,989**	**1,231,943**	1,361,320
Health Sciences	**1,806,935**	**1,931,990**	**(125,055)**	(208,815)
International Projects	**2,225,095**	**2,251,763**	**(26,668)**	(8,198)
Digital Imaging Training Centre	**767,988**	**927,273**	**(159,285)**	(67,752)
Corporate and Continuing Education	**6,970,544**	**7,054,500**	**(83,956)**	(163,531)
Canadian Plastics Training Centre	**306,412**	**334,358**	**(27,946)**	(6,862)
	28,197,244	**27,651,307**	**545,937**	2,112,138

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS (DEFICIT) AND INTERNALLY RESTRICTED NET ASSETS

Year ended March 31, 2007

	Ancillary Services *(schedule 9)* $	Other *(schedule 10)* $	Parking $	Corporate and Continuing Education $	Total Ancillary $	General Operating $	Total Operating Fund $
UNRESTRICTED (DEFICIT)							
Net assets, beginning of year	2,791,038	(163,757)	2,637,251	(253,458)	5,011,074	(25,014,559)	(20,003,485)
Excess (deficiency) of revenue over expenses for the year	(263,096)	(338,954)	1,231,943	(83,956)	545,937	22,690,309	23,236,246
Change in internally restricted net assets	2,160,000	-	-	-	2,160,000	(4,678,000)	(2,518,000)
Transfer	-	-	-	-	-	-	-
Net change in invested in capital assets	-	-	-	-	-	103,189	103,189
Endowment contributions	-	-	-	-	-	-	-
Net assets, end of year	4,687,942	(502,711)	3,869,194	(337,414)	7,717,011	(6,899,061)	817,950
INTERNALLY RESTRICTED							
Net assets, beginning of year	2,810,000	-	-	-	2,810,000	36,502,000	39,312,000
Excess of revenue over expenses for the year	-	-	-	-	-	-	-
Change in internally restricted net assets	(2,160,000)	-	-	-	(2,160,000)	4,678,000	2,518,000
Transfer	1,000,000				1,000,000	(1,000,000)	-
Net change in invested in capital assets	-	-	-	-	-	-	-
Endowment contributions	-	-	-	-	-	-	-
Net assets, end of year	1,650,000	-	-	-	1,650,000	40,180,000	41,830,000

The Humber College Institute of Technology and Advanced Learning **Schedule 9**

SCHEDULE OF ANCILLARY SERVICES

Year ended March 31, 2007

	Retail Operations $	Food Services $	Student Residences $	Total Ancillary Services $
UNRESTRICTED				
Net assets, beginning of year	**1,333,634**	**1,317,748**	**139,656**	**2,791,038**
Excess (deficiency) of revenue over expenses for the year	**899,984**	**963,369**	**(2,126,449)**	**(263,096)**
Change in internally restricted net assets	-	-	**2,160,000**	**2,160,000**
Transfer	-	-	-	-
Net change in invested in capital assets	-	-	-	-
Endowment contributions	-	-	-	-
Net assets, end of year	**2,233,618**	**2,281,117**	**173,207**	**4,687,942**
INTERNALLY RESTRICTED				
Net assets, beginning of year	-	-	**2,810,000**	**2,810,000**
Excess of revenue over expenses for the year	-	-	-	-
Change in internally restricted net assets	-	-	**(2,160,000)**	**(2,160,000)**
Transfer	-	-	**1,000,000**	**1,000,000**
Net change in invested in capital assets	-	-	-	-
Endowment contributions	-	-	-	-
Net assets, end of year	-	-	**1,650,000**	**1,650,000**

SCHEDULE OF OTHER ANCILLARY SERVICES

Year ended March 31, 2007

	Health Sciences $	Canadian Plastics Training Centre $	Digital Imaging Training Centre $	International Projects $	Total Other $
UNRESTRICTED					
Net assets, beginning of year	**(363,400)**	**(58,704)**	**122,132**	**136,215**	**(163,757)**
Deficiency of revenue over expenses for the year	**(125,055)**	**(27,946)**	**(159,285)**	**(26,668)**	**(338,954)**
Change in internally restricted net assets	-	-	-	-	-
Transfer	-	-	-	-	-
Net change in invested in capital assets	-	-	-	-	-
Endowment contributions	-	-	-	-	-
Net assets, end of year	**(488,455)**	**(86,650)**	**(37,153)**	**109,547**	**(502,711)**
INTERNALLY RESTRICTED					
Net assets, beginning of year	-	-	-	-	-
Excess of revenue over expenses for the year	-	-	-	-	-
Change in internally restricted net assets	-	-	-	-	-
Net change in invested in capital assets	-	-	-	-	-
Endowment contributions	-	-	-	-	-
Net assets, end of year	-	-	-	-	-