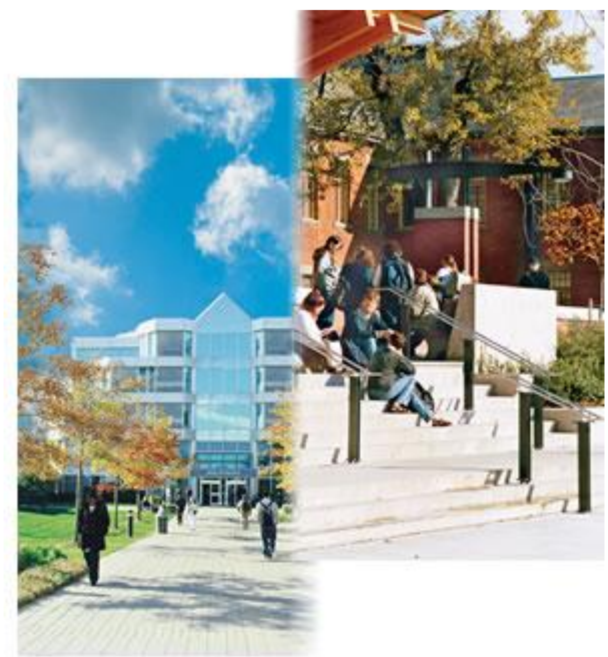
HUMBER

Consolidated Financial Statements
and Supplementary Schedules

The Humber College Institute of Technology and
Advanced Learning

March 31, 2008



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 BDO Dunwoody LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. BDO Dunwoody LLP has full and free access to the Audit Committee.

College President

June 2, 2008

Vice President, Finance and Administration

BDO Dunwoody LLP
Chartered Accountants
and Advisors

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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, 2008 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, 2008 and the results of its operations and the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 to 10 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants
Mississauga, Ontario
May 9, 2008

CONSOLIDATED BALANCE SHEET

As at March 31

	2008 $	2007 $
ASSETS		
Current		
Cash	**3,335,458**	-
Short-term investments (note 4)	**71,453,363**	63,764,817
Grants receivable (note 5)	**7,488,157**	5,817,533
Accounts receivable (note 6)	**6,834,021**	5,961,962
Prepaid expenses	**1,312,506**	1,748,245
Total current assets	**90,423,505**	77,292,557
Long-term accounts receivable (note 6)	**-**	2,300,000
Investment in University of Guelph-Humber (note 7(a))	**5,172,018**	842,940
Advances to University of Guelph-Humber (note 7(c))	**-**	3,868,513
Long-term grants receivable (note 5)	**16,030,000**	18,320,000
Restricted investments (note 4)	**31,996,637**	26,585,183
Capital assets, net (note 8)	**226,981,522**	202,809,469
	370,603,682	332,018,662
LIABILITIES AND NET ASSETS		
Current		
Bank indebtedness (note 9)	**-**	2,450,808
Accounts payable and accrued liabilities	**7,844,883**	9,727,577
Accrued payroll and employee benefits	**4,545,618**	4,184,195
Accrued vacation pay	**9,454,122**	8,858,089
Deferred revenue	**17,195,824**	15,861,730
Deferred contributions (notes 10, 17 and 18)	**6,702,984**	6,006,986
Due to University of Guelph-Humber (note 7(d))	**6,132,713**	5,572,827
Due to Humber Students' Federation (note 12)	**655,556**	535,437
Demand loan payable (notes 9 and 13)	**41,323,732**	42,338,446
Total current liabilities	**93,855,432**	95,536,095
Accrued vested sick-leave benefits (note 15)	**5,339,454**	5,419,911
Employee future benefits (note 15)	**1,402,000**	1,357,000
Deferred capital contributions (note 11)	**124,309,469**	105,615,800
Interest rate swap (notes 3 and 13)	**4,457,489**	-
Total liabilities	**229,363,844**	207,928,806
Commitments (note 16)		
Net assets		
Unrestricted	**6,989,880**	819,450
Internally restricted (note 14)	**49,330,405**	41,830,000
Interest rate swap (notes 3 and 13)	**(4,457,489)**	-
Invested in capital assets (note 8)	**82,494,958**	75,650,686
Endowments (notes 17 and 18)	**6,882,084**	5,789,720
Total net assets	**141,239,838**	124,089,856
	370,603,682	332,018,662

See accompanying notes

On behalf of the Board of Governors:

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	2008 $	2007 $
REVENUE		
Government grants and reimbursements	**109,444,819**	102,646,939
Tuition fees	**65,551,398**	60,769,879
Ancillary operations (note 21)	**30,197,961**	28,197,244
Amortization of deferred capital contributions	**4,175,858**	3,487,154
Interest income	**3,831,956**	2,789,061
Other (note 7(a) and (b))	**24,368,937**	21,711,156
	237,570,929	219,601,433
EXPENSES		
Academic	**113,058,170**	102,882,796
Special projects	**3,419,141**	1,700,209
Student services	**21,578,899**	18,997,575
Administrative	**24,137,914**	22,107,022
Property and plant	**15,532,523**	12,343,379
Ancillary operations (notes 13 and 21)	**27,849,260**	27,651,307
Awards, scholarships, bursaries and other	**668,166**	1,691,538
Amortization of capital assets - operating	**10,811,749**	8,991,361
	217,055,822	196,365,187
Excess of revenue over expenses for the year	**20,515,107**	23,236,246

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	2008					
	Unrestricted	**Internally restricted**	**Interest rate swap**	**Invested in capital assets**	**Endowments**	**Total**
	$	$	$	$	$	$
		(note 14)	(note 13)	(note 8)		
Balance, beginning of year	**819,450**	**41,830,000**	**-**	**75,650,686**	**5,789,720**	**124,089,856**
Change in accounting policy (note 3)			**(3,375,697)**			**(3,375,697)**
Excess of revenue over expenses for the year	**20,515,107**	**-**	**-**	**-**	**-**	**20,515,107**
Change in internally restricted net assets	**(7,500,405)**	**7,500,405**	**-**	**-**	**-**	**-**
Net change in invested in capital assets (note 8)	**(6,844,272)**	**-**	**-**	**6,844,272**	**-**	**-**
Endowment contributions	**-**	**-**	**-**	**-**	**1,092,364**	**1,092,364**
Change in fair value of interest rate swap			**(1,081,792)**			**(1,081,792)**
Balance, end of year	**6,989,880**	**49,330,405**	**(4,457,489)**	**82,494,958**	**6,882,084**	**141,239,838**

	2007					
	Unrestricted	**Internally restricted**	**Interest rate swap**	**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

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31

	2008 $	**2007** $
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	**20,515,107**	23,236,246
Add (deduct) non-cash items		
Amortization of capital assets - operating	**10,811,749**	8,991,361
Amortization of capital assets - ancillary	**2,471,600**	2,406,407
Amortization of deferred capital contributions	**(4,175,858)**	(3,487,154)
Loss on disposal of capital assets	**143,964**	93,104
Share of excess of revenue over expenses for the year from University of Guelph-Humber	**(4,329,077)**	(3,940,505)
	25,437,485	27,299,459
Net change in non-cash working capital balances related to operations (note 19)	**(357,543)**	2,856,278
Cash provided by operating activities	**25,079,942**	30,155,737
INVESTING ACTIVITIES		
Net purchase of short-term investments	**(7,688,546)**	(14,986,932)
Net purchase of restricted investments	**(5,411,454)**	(18,683,068)
Purchase of capital assets	**(37,599,366)**	(14,194,268)
Cash used in investing activities	**(50,699,366)**	(47,864,268)
FINANCING ACTIVITIES		
Decrease in loan receivable from University of Guelph-Humber	**-**	5,166,429
Decrease in advances to University of Guelph-Humber	**3,868,513**	387,772
Increase (decrease) in bank indebtedness	**(2,450,808)**	2,450,808
Repayment of long-term debt	**(1,014,714)**	(960,723)
Net increase in deferred capital contributions	**27,459,527**	9,432,268
Endowment contributions	**1,092,364**	385,262
Cash provided by financing activities	**28,954,882**	16,861,816
Net increase (decrease) in cash during the year	**3,335,458**	(846,715)
Cash, beginning of year	**-**	846,715
Cash, end of year	**3,335,458**	-

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

Short-term investments and restricted investments consist of Canadian Banker's Acceptances and Redeemable Short-Term Investment Certificates. These investments are classified as available for sale and are recorded at fair value on a settlement date basis. Fair value is determined based on quoted market prices. Unrealized gains or losses from the change in fair value are recorded in the statement of changes in net assets. Transaction costs related to the investments are expensed.

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

The College is party to an interest rate swap agreement that manages the exposure to market risks from changing interest rates. The College's policy is not to utilize derivative financial instruments for trading or speculative purposes. The College formally documents the relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking the interest rate swap to the demand loan on the statement of financial position. The College also formally assesses, both at the hedge's inception and on an ongoing basis, whether the interest rate swap that is used in the hedging transaction is highly effective in offsetting changes in cash flows of the hedged items.

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. CHANGE IN ACCOUNTING POLICY

On April 1, 2007, the College retrospectively adopted, without restatement of prior periods, CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", Section 3861, "Financial Instruments - Disclosure and Presentation" and Section 3865, "Hedges". The effects of adoption of these standards was a decrease in opening net assets of $3,375,697 to reflect the unfavourable position of the interest rate swap agreement.

4. INVESTMENTS

Short-term investments and restricted investments consist of Canadian Bankers' Acceptances, Bank Bonds, Non-Redeemable Short-Term Investment Certificates and Redeemable Short-term Investment Certificates totalling $103,450,000 (2007 - $90,350,000) with amounts ranging from $500,000 to $10,000,000 (2007 - $500,000 to $10,000,000), interest rates ranging from 3.00% to 4.65% (2007 - 4.00% to 4.15%) and maturity dates ranging from May 26, 2008 to March 27, 2009 (2007- July 27, 2007 to February 28, 2008).

An amount equal to unspent capital contributions of $21,146,637 (2007 - $20,795,463) as disclosed in note 11 and endowments of $10,850,000 (2007 - $5,789,720) 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.

	2008 **$**	**2007** **$**
Grants receivable	**18,320,000**	20,610,000
Less current portion included in grants receivable	**2,290,000**	2,290,000
Long-term grants receivable	**16,030,000**	18,320,000

6. ACCOUNTS RECEIVABLE

	2008 **$**	**2007** **$**
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.	**2,153,132**	4,000,257
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.	**300,000**	600,000
	2,453,132	4,600,257
Less current portion included in accounts receivable	**2,453,132**	2,300,257
	-	2,300,000

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:

	2008 $	2007 $
Current assets	**5,155,734**	5,030,594
Capital assets	**698,846**	824,035
Current liabilities	**682,562**	635,341
Long-term liabilities	**-**	4,376,348
Net assets	**5,172,018**	842,940
Revenue	**13,792,911**	13,139,803
Expenses	**9,463,834**	9,199,298
Excess of revenue over expenses for the year	**4,329,077**	3,940,505
Cash provided by operating activities	**4,716,329**	2,441,423
Cash used in investing activities	**(339,980)**	(35,652)
Cash used in financing activities	**(4,376,349)**	(2,405,771)
Net cash flows	**-**	-

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

(b) During the year, the College earned $9,684,807 (2007 - $7,724,415) of fees from the Joint Venture for services provided which has been included in other revenue.

(c) Advances to the Joint Venture are non-interest bearing with no fixed terms of repayment. Repayment was not demanded but was repaid at the direction of the Joint Venture.

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

8. CAPITAL ASSETS

Capital assets consist of the following:

	2008		2007	
	Cost $	Accumulated Amortization $	Cost $	Accumulated Amortization $
Land	**4,832,457**	**-**	3,739,565	-
Buildings	**211,183,046**	**65,206,140**	181,931,189	60,040,366
Site improvements	**14,141,027**	**11,737,443**	14,141,027	11,196,834
Leasehold improvements	**61,010,677**	**9,841,244**	60,911,560	8,242,119
Furniture and equipment	**69,907,009**	**50,215,702**	58,880,403	46,362,563
Automotive equipment	**1,657,180**	**1,000,270**	2,837,901	2,032,152
Construction in progress	**2,250,925**	**-**	8,241,858	-
	364,982,321	**138,000,799**	330,683,503	127,874,034
Less accumulated amortization	**(138,000,799)**		(127,874,034)	
Net book value	**226,981,522**		202,809,469	

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

	2008 $	2007 $
Balance, beginning of year	**202,809,469**	200,106,073
Purchase of capital assets internally funded	**15,081,013**	6,939,806
Purchase of capital assets funded from deferred capital contributions	**22,518,353**	7,254,462
Loss on disposal of capital assets	**(143,964)**	(93,104)
Amortization of capital assets - operating	**(10,811,749)**	(8,991,361)
Amortization of capital assets - ancillary	**(2,471,600)**	(2,406,407)
Balance, end of year	**226,981,522**	202,809,469

Invested in capital assets consists of the following:

	2008 $	2007 $
Capital assets, net	**226,981,522**	202,809,469
Less amounts financed by:		
Demand loan (note 13)	**41,323,732**	42,338,446
Deferred capital contributions	**103,162,832**	84,820,337
Balance, end of year	**82,494,958**	75,650,686

The change in invested in capital assets is as follows:

	2008 $	2007 $
Repayment of long-term debt	**1,014,714**	960,723
Purchase of capital assets internally funded	**15,081,013**	6,939,806
Increase in invested in capital assets	**16,095,727**	7,900,529
Amortization expense - operating	**10,811,749**	8,991,361
Amortization expense - ancillary	**2,471,600**	2,406,407
Less amortization of deferred capital contributions	**(4,175,858)**	(3,487,154)
Loss on disposal of capital assets	**143,964**	93,104
Decrease in invested in capital assets	**9,251,455**	8,003,718
	6,844,272	(103,189)

9. CREDIT FACILITIES

The College has demand 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 $41,323,732 (2007 - $42,338,446) 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 5.25% (2007 - 6%) 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 3.61% (2007 - 3.97%) 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:

	2008 $	2007 $
Balance, beginning of year	**6,006,986**	7,188,583
Amounts received during the year	**20,713,899**	16,268,693
Amounts recognized as revenue during the year	**(20,017,901)**	(17,450,290)
Balance, end of year	**6,702,984**	6,006,986

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:

	2008	**2007**
	$	**$**
Balance, beginning of year	**105,615,800**	83,550,686
Add contributions received for capital purposes	**23,333,037**	25,552,268
Less amortization of deferred capital contributions	**(4,175,858)**	(3,487,154)
Less deferred capital contributions used for maintenance	**(463,510)**	-
Balance, end of year	**124,309,469**	105,615,800

As at March 31, 2008, there are deferred capital contributions received but not spent of $21,146,637 (2007 - $20,795,463).

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, 2008 of 3% (2007 – 3¾%) and is due on demand.

13. DEMAND LOAN AND DERIVATIVE FINANCIAL INSTRUMENTS

(a) The original loan of $45,000,000 obtained on April 1, 2004 is scheduled to be repaid over twenty-five years, bears interest at prime minus three-quarters of one percent per annum and is repayable monthly on the first of each month in blended payments of $275,802 and is scheduled to be repaid on April 1, 2029.

	2008	**2007**
	$	**$**
Demand loan payable	**41,323,732**	42,338,446
Less portion scheduled to be repaid in following year	**1,071,738**	1,014,714
	40,251,994	41,323,732

Interest on this loan amounted to $2,384,253 (2007 - $2,440,511) and is included in ancillary operations expense.

Scheduled principal repayments are estimated to be as follows:

	$
2009	**1,071,738**
2010	**1,131,967**
2011	**1,195,581**
2012	**1,262,770**
2013	**1,333,734**
Subsequent years	**35,327,942**
	41,323,732

(b) Derivative financial instruments

The College has in place an Interest Rate Swap Agreement (the "Agreement"), designated as a hedge of the demand loan, 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 demand loan into a fixed rate obligation and thus manage its exposure to interest rate risk. At March 31, 2008, this Agreement qualified as an effective hedge transaction.

The fair value of the interest rate swap (in favour of counterparty) of $4,457,489 (2007 - $3,375,697) is recorded on the statement of financial position. Because the hedging relationship is effective, the change in fair value of the interest rate swap is recorded in the statement of net assets, with no impact on the College's excess of revenue over expenditures.

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

	2008		**2007**	
	Notional value	**Fair value**	**Notional value**	**Fair value**
	$	**$**	**$**	**$**
Interest rate swap	**41,323,732**	**(4,457,489)**	42,338,446	(3,375,697)

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:

	2008 **$**	**2007** **$**
Operating		
Foreign Student Assistance	**3,800,000**	4,000,000
Renovations - Residence	**2,650,000**	1,650,000
Curriculum Development - Applied Degrees	**350,000**	350,000
Renovations - Academic Non-Teaching Space	**300,000**	300,000
Nursing Degree Program	**2,000,000**	3,000,000
Capital		
Building Fund	**20,500,000**	16,000,000
Encumbrances	**2,400,000**	2,200,000
Reserves		
Utility	**2,500,000**	2,500,000
Equipment	**2,000,000**	2,000,000
Multi-year IT Strategic Plan	**2,430,405**	-
Contingency		
General	**7,200,000**	6,630,000
Construction	**3,200,000**	3,200,000
	49,330,405	41,830,000

The contingency balance of $10,400,000 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 $6,815,612 (2007 - $5,983,165) and are included in the consolidated statement of revenue and expenses. The actuarial valuation was filed as of January 1, 2007 and gave a plan deficit position of $585,400 on a going-concern basis and a plan deficit of $64,300 on a solvency basis.

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:

	2008 $	2007 $
Fair value of plan assets		
Post-employment benefits - premium waiver during long-term disability	**274,000**	281,000
Total fair value of plan assets	**274,000**	281,000
Accrued benefit obligations		
Non-pension post-retirement benefits	**657,000**	704,000
Post-employment benefits - premium waiver during long-term disability	**163,000**	166,000
Post-employment benefits - continuation of medical and dental benefits during long-term disability	**856,000**	768,000
Total accrued benefit obligations	**1,676,000**	1,638,000
Net benefit obligation	**1,402,000**	1,357,000
Vested sick-leave benefits	**5,339,454**	5,419,911
Total obligation	**6,741,454**	6,776,911

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:

	2008 %	2007 %
Discount rate per annum - accrued benefit obligations	**5.50**	4.85
Discount rate per annum - expenses April - March	**4.85**	5.00

The cost escalation for various medical benefits ranged from 0% to 5%. For drug benefits only, costs escalation will grade down from 10.5% in 2008 to 5.5% in 2018.

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

	2008 $	2007 $
Employee benefit liability, beginning of year	**1,357,000**	1,705,000
Employee future benefit expense	**45,000**	(348,000)
Employee benefit liability, end of year	**1,402,000**	1,357,000

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:

	$
2009	**1,343,112**
2010	**544,617**
2011	**362,926**
2012	**373,625**
2013	**381,282**
	3,005,562

Capital

The College has entered into construction contracts with a combined total cost of approximately $30 million. The College has provided unconditional loan guarantees to certain third parties amounting to $35,665 (2007 - $35,665) 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

	2008 $	2007 $
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

	2008 $	2007 $
Balance, beginning of year	**58,602**	42,587
Investment income, net of direct investment-related expenses	**45,923**	45,315
Bursaries awarded (total number: 80 (2007 - 54))	**(49,000)**	(29,300)
Balance, end of year	**55,525**	58,602

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, 2008 was $1,320,943 (2007 - $1,324,020).

(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

	2008 $	2007 $
Fund balance, beginning and end of year	**526,742**	526,742

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

	2008 $	2007 $
Balance, beginning of year	**14,409**	15,162
Investment income, net of direct investment-related expenses	**20,695**	18,452
Bursaries awarded (total number: 19 (2007 - 25))	**(13,640)**	(19,205)
Balance, end of year	**21,464**	14,409

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, 2008 was $548,206 (2007 - $541,151).

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

	2008 $	2007 $
Donations	**283,886**	**154,301**

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

	2008 $	2006 $
Fund balance, beginning of year	**1,412,388**	1,090,676
Cash donations received	**334,041**	154,301
Matching funds received from MTCU	**556,166**	167,411
Fund balance, end of year	**2,302,595**	1,412,388

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

	2008 $	2007 $
Balance, beginning of year	**31,096**	5,637
Investment income, net of direct investment–related expenses	**67,574**	43,412
Bursaries awarded (total number: 38 (2007 - 27))	**(40,797)**	(17,953)
Balance, end of year	**57,873**	31,096

Report of OTSS Awards Issued
for the Year Ended March 31, 2008

OSAP Recipients		Non-OSAP Recipients		Total	
Number	Amount $	Number	Amount $	Number	Amount $
30	**23,287**	**8**	**17,510**	**38**	**40,797**

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, 2008 was $2,360,468 (2007 - $1,443,484).

19. CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2008 $	2007 $
Grants receivable	**(1,670,624)**	(1,152,387)
Accounts receivable	**(872,059)**	(2,066,667)
Prepaid expenses	**435,739**	(1,249,855)
Accounts payable and accrued liabilities	**(1,882,694)**	2,400,780
Accrued payroll and employee benefits	**361,423**	(115,121)
Accrued vacation pay	**596,033**	884,997
Deferred revenue	**1,334,093**	419,586
Deferred contributions	**695,998**	(1,181,597)
Due to University of Guelph-Humber	**559,886**	5,572,827
Due to Humber Students' Federation	**120,119**	(214,470)
Accrued vested sick-leave benefits	**(80,457)**	(93,815)
Employee future benefits	**45,000**	(348,000)
	(357,543)	2,856,278

(b) Excluded from the consolidated statement of cash flows are the changes in long-term grants receivable in the amount of ($4,590,000) (2007 - $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 $326,128 as at March 31, 2008 (2007 - $270,217).

21. TORONTO CHILDREN'S SERVICES WAGE SUBSIDIES

Wage subsidies received for the year ended March 31, 2008 were allocated between the child care centres as follows:

	Wage Subsidy $	Wage Improvement $
Humber Child Development Centre		
Wage subsidies deferred from prior years	-	-
Wage subsidies received	77,735	20,775
Wage subsidies allocated to staff salaries	77,735	20,775
Wage subsidies deferred to future years	-	-
Humber Child Care Centre		
Wage subsidies deferred from prior years	-	-
Wage subsidies received	61,077	6,724
Wage subsidies allocated to staff salaries	61,077	6,724
Wage subsidies deferred to future years	-	-
Total wage subsidy received	138,812	27,499

The College's Child Care Centre operations are included as part of the Ancillary operations.

22. FINANCIAL INSTRUMENTS

The fair values of the College's financial instruments are not significantly different from their carrying values at March 31, 2008, 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.

23. 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.

24. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2008 financial statements.

SCHEDULE OF REVENUE

Year ended March 31

	2008 $	2007 $
GOVERNMENT GRANTS AND REIMBURSEMENTS		
General operating grants	**89,413,408**	86,305,828
Supplementary grants	**3,735,734**	1,482,351
Grants in lieu of municipal taxation	**1,125,225**	1,074,150
Grants - other	**3,441,043**	3,288,635
Grants and donations for restricted purposes	**668,166**	1,691,538
Literacy and Basic Skills	**1,134,446**	1,032,861
Apprenticeship	**6,299,123**	4,366,022
Employment Assistance Services	**3,627,674**	3,405,554
	109,444,819	102,646,939
TUITION FEES		
Post secondary	**56,892,948**	53,926,451
Non-post secondary	**2,742,484**	1,830,341
OSAP support	**3,040,704**	2,642,681
Information technology	**2,875,262**	2,370,406
	65,551,398	60,769,879
ANCILLARY OPERATIONS (schedule 7)	**30,197,961**	28,197,244
AMORTIZATION OF DEFERRED CAPITAL CONTRIBUTIONS	**4,175,858**	3,487,154
INTEREST INCOME	**3,831,956**	2,789,061
OTHER		
Special projects	**2,691,841**	1,665,001
Miscellaneous	**20,930,335**	19,423,957
Extracurricular	**746,761**	622,198
	24,368,937	21,711,156
	237,570,929	219,601,433

SCHEDULE OF ACADEMIC EXPENSES

Year ended March 31

	2008	**2007**
	$	$
Salaries		
Administrative	**7,440,875**	6,128,731
Faculty	**60,881,624**	57,189,598
Support	**11,222,475**	9,467,193
Teaching services purchased	**16,288**	18,304
	79,561,262	72,803,826
Employee benefit plans	**13,660,965**	12,075,440
Termination gratuities	**1,149,725**	1,086,335
Professional development	**527,013**	663,158
Travel, accommodations and meals	**842,753**	719,517
General office supplies and services	**3,314,301**	2,773,355
Software	**941,916**	681,752
Memberships and dues	**87,381**	143,119
Consulting fees	**379,116**	353,482
Contract services	**4,421,593**	4,878,041
Instructional supplies and services	**4,013,448**	3,292,712
Field work	**232,812**	82,094
Promotion and public relations	**3,054,720**	2,529,240
Telecommunications	**148,134**	150,084
Rental		
Furniture and equipment	**17,271**	17,964
IT equipment and software	**3,349**	22,110
Equipment maintenance	**324,649**	220,051
Leased furniture and equipment	**377,762**	390,516
	113,058,170	102,882,796

SCHEDULE OF SPECIAL PROJECTS EXPENSES

Year ended March 31

	2008	**2007**
	$	$
Salaries		
Administrative	**54,050**	76,348
Faculty	**38,215**	80,573
Support	**132,652**	145,108
	224,917	302,029
Employee benefit plans	**48,299**	53,407
Termination gratuities	**-**	43,084
Travel, accommodations and meals	**319,359**	44,372
General office supplies and services	**754,016**	289,169
Contract services	**647,676**	406,897
Instructional supplies and services	**1,084,715**	380,659
Promotion and public relations	**340,159**	180,592
	3,419,141	1,700,209

SCHEDULE OF STUDENT SERVICES EXPENSES

Year ended March 31

	2008	**2007**
	$	$
Salaries		
Administrative	**1,538,208**	1,480,404
Faculty	**1,590,218**	1,457,099
Support	**9,773,669**	8,425,966
	12,902,095	11,363,469
Employee benefit plans	**1,874,004**	1,731,220
Termination gratuities	**47,594**	-
Professional development	**66,943**	40,002
Travel, accommodations and meals	**330,890**	327,979
General office supplies and services	**1,166,388**	1,092,175
Software	**61,340**	110,644
Consulting fees	**101,092**	3,843
Contract services	**267,909**	242,294
Instructional supplies and services	**976,725**	827,636
Promotion and public relations	**520,486**	358,978
Student assistance	**1,604,658**	1,564,450
Entrance scholarships	**1,220,790**	1,025,229
Telecommunications	**13,334**	19,419
Rental IT equipment and software	**300,088**	162,112
Equipment maintenance	**53,171**	52,781
Rental and leased furniture and equipment	**71,392**	75,344
	21,578,899	18,997,575

SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended March 31

	2008	**2007**
	$	$
Salaries		
Administrative	**6,277,564**	5,807,084
Support	**4,457,462**	4,113,087
	10,735,026	9,920,171
Employee benefit plans	**2,925,838**	2,588,500
Termination gratuities	**34,158**	-
Staff employment hiring cost	**313,268**	241,399
Professional development	**468,228**	284,709
Travel, accommodations and meals	**152,091**	186,741
General office supplies and services	**1,120,646**	837,310
Software	**1,167,218**	1,311,779
Memberships and dues	**262,082**	297,000
Legal and consulting fees	**942,438**	967,772
Audit fees	**178,031**	209,448
Contract services	**2,193,827**	1,783,940
Promotion and public relations	**1,275,778**	1,246,790
Telecommunications	**442,987**	353,520
Insurance	**255,526**	250,283
Rental IT equipment and software	**210,804**	215,753
Equipment maintenance	**192,911**	221,480
Rental and leased furniture and equipment	**141,832**	116,277
Municipal taxes	**1,125,225**	1,074,150
	24,137,914	22,107,022

SCHEDULE OF PROPERTY AND PLANT EXPENSES

Year ended March 31

	2008 $	**2007** $
Salaries		
Administrative	**671,251**	711,211
Support	**1,724,442**	1,404,994
	2,395,693	2,116,205
Employee benefit plans	**471,430**	424,566
Professional development	**5,561**	8,367
Travel, accommodations and meals	**10,682**	8,531
General office supplies and services	**578,392**	62,343
Consulting fees	**116,277**	851
Contract services	**3,801,298**	3,130,823
Rental premises	**775,648**	527,944
Equipment maintenance	**179,777**	111,031
Building maintenance	**4,056,106**	2,891,704
Electricity	**1,766,538**	1,299,801
Fossil fuels	**662,722**	1,186,718
Water	**313,755**	280,513
Custodial supplies	**194,197**	135,325
Safety and security supplies	**165,214**	128,767
Vehicle expense	**27,693**	21,619
Rental and leased furniture and equipment	**11,540**	8,271
	15,532,523	12,343,379

SCHEDULE OF ANCILLARY OPERATIONS

Year ended March 31

	Revenue $	Expenses $	Net 2008 $	Net 2007 $
Retail Operations	**1,554,907**	**865,742**	**689,165**	899,984
Food Services	**1,567,496**	**861,976**	**705,520**	963,369
Student Residences	**9,822,607**	**9,563,511**	**259,096**	(2,126,449)
Parking	**3,810,669**	**2,817,452**	**993,217**	1,231,943
Health Sciences	**1,879,173**	**2,154,578**	**(275,405)**	(125,055)
International Projects	**3,236,273**	**3,079,444**	**156,829**	(26,668)
Digital Imaging Training Centre	**937,315**	**1,002,066**	**(64,751)**	(159,285)
Corporate and Continuing Education	**7,180,968**	**7,220,044**	**(39,076)**	(83,956)
Canadian Plastics Training Centre	**208,553**	**284,447**	**(75,894)**	(27,946)
	30,197,961	**27,849,260**	**2,348,701**	545,937

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

Year ended March 31, 2008

	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	**4,687,942**	**(502,711)**	**3,869,194**	**(337,414)**	**7,717,011**	**(6,899,061)**	**817,950**
Excess (deficiency) of revenue over expenses for the year	**1,653,781**	**(259,221)**	**993,217**	**(39,076)**	**2,348,701**	**18,166,406**	**20,515,107**
Change in internally restricted net assets	**(1,000,000)**	-	-	-	**(1,000,000)**	**(6,500,405)**	**(7,500,405)**
Transfer	-	-	-	-	-	-	-
Net change in invested in capital assets	-	-	-	-	-	**(6,844,272)**	**(6,844,272)**
Endowment contributions	-	-	-	-	-	-	-
Net assets, end of year	**5,341,723**	**(761,932)**	**4,862,411**	**(376,490)**	**9,065,712**	**(2,077,332)**	**6,988,380**
INTERNALLY RESTRICTED							
Net assets, beginning of year	**1,650,000**	-	-	-	**1,650,000**	**40,180,000**	**41,830,000**
Excess of revenue over expenses for the year	-	-	-	-	-	-	-
Change in internally restricted net assets	**1,000,000**	-	-	-	**1,000,000**	**6,500,405**	**7,500,405**
Transfer	-				-	-	-
Net change in invested in capital assets	-	-	-	-	-	-	-
Endowment contributions	-	-	-	-	-	-	-
Net assets, end of year	**2,650,000**	-	-	-	**2,650,000**	**46,680,405**	**49,330,405**

SCHEDULE OF ANCILLARY SERVICES

Year ended March 31, 2008

	Retail Operations $	Food Services $	Student Residences $	Total Ancillary Services $
UNRESTRICTED				
Net assets, beginning of year	**2,233,618**	**2,281,117**	**173,207**	**4,687,942**
Excess (deficiency) of revenue over expenses for the year	**689,165**	**705,520**	**259,096**	**1,653,781**
Change in internally restricted net assets	**-**	**-**	**(1,000,000)**	**(1,000,000)**
Transfer	**-**	**(1,000,000)**	**1,000,000**	**-**
Net change in invested in capital assets	-	-	-	-
Endowment contributions	-	-	-	-
Net assets, end of year	**2,922,783**	**1,986,637**	**432,303**	**5,341,723**

	Retail Operations $	Food Services $	Student Residences $	Total Ancillary Services $
INTERNALLY RESTRICTED				
Net assets, beginning of year	**-**	**-**	**1,650,000**	**1,650,000**
Excess of revenue over expenses for the year	-	-	-	-
Change in internally restricted net assets	-	-	**1,000,000**	**1,000,000**
Transfer	-	-	-	-
Net change in invested in capital assets	-	-	-	-
Endowment contributions	-	-	-	-
Net assets, end of year	**-**	**-**	**2,650,000**	**2,650,000**

SCHEDULE OF OTHER ANCILLARY SERVICES

Year ended March 31, 2008

	Health Sciences $	Canadian Plastics Training Centre $	Digital Imaging Training Centre $	International Projects $	Total Other $
UNRESTRICTED					
Net assets, beginning of year	**(488,455)**	**(86,650)**	**(37,153)**	**109,547**	**(502,711)**
Deficiency of revenue over expenses for the year	**(275,405)**	**(75,894)**	**(64,751)**	**156,829**	**(259,221)**
Change in internally restricted net assets	-	-	-	-	-
Transfer	-	-	-	-	-
Net change in invested in capital assets	-	-	-	-	-
Endowment contributions	-	-	-	-	-
Net assets, end of year	**(763,860)**	**(162,544)**	**(101,904)**	**266,376**	**(761,932)**
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	-	-	-	-	-