HAZLITT STEEVES HARRIS DUNN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
CHARTERED ACCOUNTANTS

Financial Statements of

THE LAMBTON COLLEGE OF APPLIED ARTS AND TECHNOLOGY

March 31, 2016

Lambton College

HAZLITT STEEVES HARRIS DUNN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
CHARTERED ACCOUNTANTS

Independent Auditors' Report

To the Board of Governors of The Lambton College of Applied Arts and Technology

We have audited the accompanying financial statements of **The Lambton College of Applied Arts and Technology** which comprise the statement of financial position as at March 31, 2016 and the statements of revenue and expenditure, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

- *Continued*

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Lambton College of Applied Arts and Technology as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

HAZLITT STEEVES HARRIS DUNN LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

Sarnia, Ontario
June 9, 2016

301 Front Street North Sarnia, Ontario N7T 5S6 P. 519 336-6133 F. 519 336-9995

THE LAMBTON COLLEGE OF APPLIED ARTS AND TECHNOLOGY
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THE LAMBTON COLLEGE OF APPLIED ARTS AND TECHNOLOGY
Statement of Financial Position
As at March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	$ **54,025,512**	$ 35,487,103
Grants receivable	**1,894,616**	1,628,292
Accounts receivable	**10,243,553**	5,795,896
Inventories	**532,301**	677,163
Prepaid expenses	**394,960**	521,851
	67,090,942	44,110,305
CAPITAL (Note 4)	**45,036,917**	45,524,334
	$ **112,127,859**	$ 89,634,639
LIABILITIES		
CURRENT		
Accounts payable and accrued charges	$ **23,399,075**	$ 11,243,706
Accrued payroll, vacation pay and employee deductions	**4,052,849**	4,051,742
Deferred revenue	**14,402,107**	9,393,420
Funds held in trust (Note 5)	**4,027,797**	2,852,790
Current portion of long-term obligations (Note 6)	**498,408**	473,194
	46,380,236	28,014,852
LONG-TERM OBLIGATIONS (Note 6)	**9,444,259**	9,942,668
POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 7)	**1,940,000**	1,997,000
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	**26,856,297**	27,327,318
	84,620,792	67,281,838
NET ASSETS		
Unrestricted		
Operating	**7,710,439**	7,881,177
Post-employment benefits and compensated absences	**(1,940,000)**	(1,997,000)
Vacation pay	**(1,929,384)**	(2,080,486)
	3,841,055	3,803,691
Invested in capital assets (Note 9)	**8,237,953**	7,781,154
Internally restricted (Note 10)	**11,066,533**	6,354,413
Externally restricted (Note 11)	**961,399**	1,072,552
Endowment funds (Note 12)	**3,400,127**	3,340,991
	27,507,067	22,352,801
	$ **112,127,859**	$ 89,634,639

APPROVED ON BEHALF OF THE BOARD OF GOVERNORS

_______________ Chair

_______________ President

THE LAMBTON COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Revenue and Expenditure

For the year ended March 31, 2016

	2016	2015
REVENUE - Schedule 1		
Grants and reimbursements	**$ 33,718,643**	$ 32,995,860
Student tuition	**31,205,161**	26,962,339
Ancillary operations	**4,380,024**	4,671,269
Other income	**1,953,537**	2,047,576
Amortization of deferred capital contributions	**2,377,281**	2,394,243
	73,634,646	69,071,287
EXPENDITURE		
Salaries and benefits	**43,319,240**	43,180,371
Academic	**12,068,116**	10,458,141
Student services	**886,501**	945,437
Administrative	**1,939,013**	1,972,972
Physical resources	**3,113,727**	3,228,640
Ancillary operations	**3,469,936**	3,727,262
Depreciation	**3,631,830**	3,718,621
	68,428,363	67,231,444
EXCESS OF REVENUE OVER EXPENDITURE	**$ 5,206,283**	$ 1,839,843

THE LAMBTON COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

For the year ended March 31, 2016

	Unrestricted	Invested in Capital Assets (Note 9)	Internally Restricted (Note 10)	Externally Restricted (Note 11)	Endowment Funds (Note 12)	2016 Total	2015 Total
BALANCE, BEGINNING OF YEAR	**$ 3,803,691**	**$ 7,781,154**	**$ 6,354,413**	**$ 1,072,552**	**$ 3,340,991**	**$ 22,352,801**	$ 20,896,358
EXCESS OF REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	**6,460,832**	**(1,254,549)**	**-**	**-**	**-**	**5,206,283**	1,839,843
INVESTED IN CAPITAL ASSETS	**(1,711,348)**	**1,711,348**	**-**	**-**	**-**	**-**	-
APPROPRIATION	**(4,712,120)**	**-**	**4,712,120**	**-**	**-**	**-**	-
CHANGE IN EXTERNALLY RESTRICTED NET ASSETS	**-**	**-**	**-**	**(111,153)**	**-**	**(111,153)**	(389,055)
CHANGE IN ENDOWMENT FUNDS	**-**	**-**	**-**	**-**	**59,136**	**59,136**	5,655
BALANCE, END OF YEAR	**$ 3,841,055**	**$ 8,237,953**	**$ 11,066,533**	**$ 961,399**	**$ 3,400,127**	**$ 27,507,067**	$ 22,352,801

THE LAMBTON COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

For the year ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenditure	**$ 5,206,283**	$ 1,839,843
Items not involving cash		
Depreciation	**3,631,830**	3,718,621
Amortization of deferred capital contributions	**(2,377,281)**	(2,394,243)
Post-employment benefits and compensated absences	**(57,000)**	(33,000)
	6,403,832	3,131,221
Changes in non-cash operating working capital items (Note 13)	**13,897,942**	1,680,360
	20,301,774	4,811,581
FINANCING ACTIVITIES		
Repayment of long-term obligations	**(473,195)**	(449,371)
CAPITAL		
Deferred capital contributions	**1,906,260**	1,424,340
Acquisition of capital assets	**(3,144,413)**	(2,493,808)
	(1,238,153)	(1,069,468)
INVESTING ACTIVITIES		
Net cash provided to externally restricted funds	**(111,153)**	(389,055)
Net cash provided from endowment funds	**59,136**	5,655
	(52,017)	(383,400)
NET CHANGE IN CASH POSITION	**18,538,409**	2,909,342
Cash position, beginning of year	**35,487,103**	32,577,761
CASH POSITION, END OF YEAR	**$ 54,025,512**	$ 35,487,103

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Lambton College of Applied Arts and Technology ("Lambton College") was incorporated as a College in 1966 under the laws of the Province of Ontario. Lambton College is dedicated to providing high quality education and training as well as contributing to the social and economic well being of the Community.

Lambton College is exempt from income taxes under Section 149 of the Income Tax Act.

Lambton College has an economic interest in The Lambton College Foundation. The Foundation was incorporated without share capital on March 29, 1994 under the Ontario Corporations Act. The operations of the Foundation are not included in these financial statements. The objectives of the Foundation are to promote interest in and awareness of Lambton College and to establish and administer funds for the support of students, research and development in the areas of curriculum and instruction, facilities and equipment and new initiatives.

2. ACCOUNTING POLICIES

The financial statements of Lambton College have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs") and include the following significant accounting policies:

Revenue recognition

Lambton College follows the deferral method of accounting for contributions, which includes donations and government grants. Deferred contributions are recognized as revenue in the year in which the related expenses are recognized. Other contributions are recognized as revenue when received or receivable.

Donations of assets are recorded at fair value when a fair value can be reasonably estimated. Endowment contributions are recognized as direct increases in net assets.

Revenue from student fees and from the sale of services and products is recognized at the time the products are delivered or the services provided.

Accrual accounting

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Vacation pay

Lambton College recognizes vacation pay as an expense on the accrual basis.

2. ACCOUNTING POLICIES - continued

Retirement and post-employment benefits and compensated absences

Lambton College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and non-vesting sick leave. Lambton College has adopted the following policies with respect to accounting for these employee benefits:

The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.

The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

The costs of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

The discount rate used in the determination of the above-mentioned liabilities is equal to Lambton College's internal rate of borrowing.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Capital assets

Capital assets are recorded at cost with the exception of donated assets which are recorded at their fair market value at the date of acquisition. Construction in progress is not amortized until the constructed asset is put into service. When a capital asset no longer contributes to the College's ability to provide services, its carrying value is written down to its residual value. Depreciation is provided on a straight-line basis over the following periods:

Buildings	30 - 40 years
Site improvements	10 years
Leasehold improvements	5 years
Major equipment	10 years
Equipment and vehicles	5 years
Computer hardware	3 years
College information system	10 years

2. ACCOUNTING POLICIES - continued

Deferred capital contributions

Contributions received to fund capital asset acquisitions are deferred and amortized over the same term and on the same basis as the related capital asset.

Restricted funds

Restricted funds account for monies received for a specific purpose. The funds follow the restricted fund method of accounting for contributions.

Internally restricted funds (appropriations) represent allocations primarily relating to capital projects intended to be completed in future years.

Externally restricted funds represent contributions which are fully expendable for the stated purposes as defined by the fund providers.

Endowment funds

The endowment funds receive all revenue designated by the benefactors to be held in trust to generate income. Funds received from the Province of Ontario are held in Lambton College bank account and these values are not subject to market rate fluctuations. Income from these funds is to be used to fund projects meeting the guidelines provided by the funding body.

Management estimates

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Actual results could differ from these estimates. Areas of key estimation include determination of fair value for deferred revenues, allowance for doubtful accounts, and actuarial estimation of post-employment benefits and compensated absences liabilities.

3. FINANCIAL INSTRUMENTS

Lambton College classifies its financial instruments as either fair value or amortized cost. Lambton College's accounting policy for each category is as follows:

Fair value

This category includes derivatives and equity instruments quoted in an active market. Lambton College has designated that cash is classified as fair value.

3. FINANCIAL INSTRUMENTS- continued

Amortized cost

This category includes all accounts receivable, accounts payable and accrued charges, accrued payroll, vacation pay and employee deductions, funds held in trust, and long-term obligations. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of revenue and expenditure.

Credit risk

Credit risk is the risk of financial loss to Lambton College if a debtor fails to make payments of interest and principal when due. Lambton College is exposed to this risk relating to its cash and accounts receivable. Lambton College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, Lambton College's cash accounts are insured up to $100,000 (2015 - $100,000).

Credit risk of student receivables is mitigated by financial approval processes before a student is enrolled.

Lambton College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on Lambton College's historical experience regarding collections. The amounts outstanding at year end were as follows:

			Past Due		
	Total	Current	31–60 days	61–90 days	91 + days
Government receivables	$ 2,227,525	$ 2,227,525	$ -	$ -	$ -
Student receivables	8,271,747	7,335,781	138,535	152,396	645,035
Other receivables	1,963,840	1,292,547	112,682	11,546	547,065
Gross receivables	12,463,112	10,855,853	251,217	163,942	1,192,100
Less: impairment allowance	(324,943)	-	-	-	(324,943)
Net receivables	$ 12,138,169	$ 10,855,853	$ 251,217	$ 163,942	$ 867,157

3. FINANCIAL INSTRUMENTS - continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Currency risk

Currency risk relates to Lambton College operating in foreign currencies and converting non-Canadian earnings at different points in time at different foreign exchange rates when adverse changes in foreign currency exchange rates occur.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

Lambton College is exposed to this risk through its long-term obligations.

At March 31, 2016, a 1% fluctuation in interest rates would have an estimated impact on interest expense related to Lambton College's bank loans of $6,500.

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

Lambton College is not exposed to this risk as they do not have equity holdings in the current year.

Liquidity risk

Liquidity risk is the risk that Lambton College will not be able to meet all cash outflow obligations as they come due. Lambton College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting.

There have been no significant changes from the previous year in the exposure to risks or policies, procedures and methods used to measure these risks.

4. CAPITAL

	2016			2015
	Cost	**Accumulated Depreciation**	**Net Book Value**	Net Book Value
Land	**$ 3,512,682**	**$ -**	**$ 3,512,682**	$ 3,512,682
Buildings	**63,409,736**	**29,077,809**	**34,331,927**	35,828,927
Site and leasehold improvements	**2,726,824**	**1,240,450**	**1,486,374**	1,476,623
Major equipment, equipment and vehicles	**10,374,097**	**5,839,493**	**4,534,604**	4,392,163
Computer hardware	**1,130,322**	**710,699**	**419,653**	309,693
College information system	**2,564,752**	**2,564,752**	**-**	4,246
Construction in progress	**751,707**	**-**	**751,707**	-
	$ 84,470,120	**$ 39,433,203**	**$ 45,036,917**	$ 45,524,334

In 2015 the College embarked on a major construction project to construct the NOVA Chemicals Health & Research Centre and the Athletics & Fitness Complex. The 100,000 sq. ft. project is estimated to cost approximately $45 million, with significant financing provided by the Federal and Provincial governments through the New Building Canada Fund – Small Communities Fund, as well as major funding generously provided by the County of Lambton, NOVA Chemicals Corporation and The Students Association of Lambton College. The Lambton College Foundation Envision Tomorrow Capital Campaign, launched in 2015, is focused on fundraising the balance of the project which is scheduled for completion by September 2018.

5. FUNDS HELD IN TRUST

The funds held in trust are unsecured, due on demand, bear interest at the 30 day Banker's Acceptance rate and consist of the following:

	2016	2015
Due to The Lambton College Foundation	**$ 2,345,913**	$ 1,464,456
Due to The Students Association of Lambton College	**1,681,884**	1,388,334
	$ 4,027,797	$ 2,852,790

The Lambton College Foundation has transferred gift in kind equipment at fair market value of $1,045,295 and cash of $287,647 during the year (2015 – equipment of $333,780 and cash of $208,879).

6. LONG-TERM OBLIGATIONS

	2016	2015
Demand loan, 6.20%, due in equal, consecutive, blended, monthly instalments of $61,283, secured by land and building	**$ 6,099,636**	$ 6,418,585
Demand loan, prime, due in equal, consecutive, monthly instalments of $2,414 plus interest	**364,556**	393,530
Demand loan, prime, due in equal, consecutive, monthly instalments of $1,022 plus interest	**211,480**	223,740
Term loan, 5.22%, due in equal, consecutive, blended, monthly instalments of $23,909, due in July 2033	**3,266,995**	3,380,007
	9,942,667	10,415,862
Current portion	**498,408**	473,194
	$ 9,444,259	$ 9,942,668

Principal amounts due in the next five years are as follows:

2017	**$ 498,408**
2018	**$ 525,098**
2019	**$ 553,350**
2020	**$ 583,255**
2021	**$ 614,911**

Lambton College has an operating line of credit with its bankers which is due on demand and bears interest at prime less 0.75%. As at March 31, 2016 the balance was $nil.

Interest expense incurred on long-term obligations has been recorded as an expense in Academic and Ancillary operations expenditure. These payments amounted to $625,430 (2015 - $654,516).

7. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

The following tables outline the components of Lambton College's post-employment benefits and compensated absences liabilities and related expenditure.

	2016			
	Post-employment benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total liability**
Accrued employee future benefits obligations	**$ 510,000**	**$ 1,441,000**	**$ 71,000**	**$ 2,022,000**
Value of plan assets	**(80,000)**	**-**	**-**	**(80,000)**
	$ 430,000	**$ 1,441,000**	**$ 71,000**	**$ 1,940,000**

	2015			
	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	$ 530,000	$ 1,468,000	$ 82,000	$ 2,080,000
Value of plan assets	(83,000)	-	-	(83,000)
	$ 447,000	$ 1,468,000	$ 82,000	$ 1,997,000

	2016			
	Post-employment benefits	**Non-vesting sick leave**	**Vesting sick leave**	**Total expenditure**
Current year benefits cost	**$ (16,000)**	**$ (27,000)**	**$ (12,000)**	**$ (55,000)**
Interest on accrued benefits obligation	**1,000**	**-**	**-**	**1,000**
Amortized actuarial losses	**(3,000)**	**-**	**-**	**(3,000)**
	$ (18,000)	**$ (27,000)**	**$ (12,000)**	**$ (57,000)**

	2015			
	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total expenditure
Current year benefits cost	$ 24,000	$ (35,000)	$ (20,000)	$ (31,000)
Interest on accrued benefits obligation	1,000	-	-	1,000
Amortized actuarial losses	(3,000)	-	-	(3,000)
	$ 22,000	$ (35,000)	$ (20,000)	$ (33,000)

7. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY - continued

Above amounts exclude pension contributions to the Colleges of Applied Arts and Technology Pension Plan, a multi-employer plan, described below.

Retirement benefits

<u>CAAT Pension Plan</u>

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. Lambton College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify Lambton College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2016 indicated an actuarial surplus of $1.2 billion. Lambton College made contributions to the Plan and its associated retirement compensation arrangement of $3,611,500 (2015 - $3,753,800), which has been included in the statement of revenue and expenditure.

Post-employment benefits

Lambton College extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. Lambton College recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

The major actuarial assumptions employed for the valuations are as follows:

a) Discount rate

The present value as at March 31, 2016 of the future benefits was determined using a discount rate of 1.7% (2015 – 1.6%).

b) Drug costs

Drug costs were assumed to increase at 9% per annum until 2014 and decrease proportionately thereafter to an ultimate rate of 4% in 2034.

c) Hospital and other medical

Hospital and other medical costs were assumed to increase at 4% per annum (2015 – 4%).

Medical premium increases were assumed to increase at 7.5% per annum until 2014 and decrease proportionately thereafter to an ultimate rate of 4% in 2034.

7. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY - continued

d) Dental costs

Dental costs were assumed to increase at 4% per annum in 2016 (2015 - 4%).

Compensated absences

Vesting sick leave

Lambton College has provided for vesting sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive 50% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

Non-vesting sick leave

Lambton College allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

The assumptions used in the valuation of vesting and non-vesting sick leave are actuarial best estimates of expected rates of:

	2016	2015
Wage and salary escalation	**0.5 - 1.8%**	0 – 1.8%
Discount rate	**1.7%**	1.6%

The probability that an employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0% to 24% and 0 to 40.6 days respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received to fund the purchase of capital assets. The amortization of the deferred capital contributions is recorded as revenue in the statement of revenue and expenditure. Changes in the deferred capital contributions balance are as follows:

	2016	2015
Balance, beginning of year	**$ 27,327,318**	$ 28,297,221
Contributions received for capital purposes	**1,906,260**	1,424,340
Amortization of deferred capital contributions	**(2,377,281)**	(2,394,243)
Balance, end of year	**$ 26,856,297**	$ 27,327,318

9. INVESTED IN CAPITAL ASSETS

a. Change in net assets invested in capital assets is calculated as follows:

Excess of expenditure over revenue		
Amortization of deferred contributions related to capital assets	**$ 2,377,281**	$ 2,394,243
Depreciation of capital assets	**(3,631,830)**	(3,718,621)
	$ (1,254,549)	$ (1,324,378)

b. Net investment in capital assets:

Capital assets acquired	**$ 3,144,413**	$ 2,493,808
Repayment of long-term obligations related to capital assets	**473,195**	449,371
Amounts funded by deferred capital contributions	**(1,906,260)**	(1,424,340)
	$ 1,711,348	$ 1,518,839

c. Net assets invested in capital assets are represented by:

Capital assets, net book value	**$ 45,036,917**	$ 45,524,334
Less:		
Deferred capital contributions	**26,856,297**	27,327,318
Long-term obligations related to capital assets	**9,942,667**	10,415,862
	36,798,964	37,743,180
Net assets invested in capital assets	**$ 8,237,953**	$ 7,781,154

10. NET ASSETS INTERNALLY RESTRICTED

Internally restricted net assets are funds committed for specific purposes which represent allocations primarily related to major capital additions and other campus renewal projects intended to be completed in future years.

	Balance, Beginning of Year	Additions	Transfers, Adjustments, Disbursements	Balance, End of Year
Appropriations	$ 6,354,413	$ 5,481,241	$ 769,121	$ 11,066,533

11. NET ASSETS EXTERNALLY RESTRICTED

Externally restricted net assets are funds committed for specific purposes as follows:

	Balance, Beginning of Year	Additions	Transfers, Adjustments, Disbursements	Balance, End of Year
Bursaries and awards	$ 140,064	$ 98,474	$ 112,479	$ 126,059
Financial assistance fund	434,247	726,700	778,475	382,472
Employment Stability Fund	66,385	1,674	-	68,059
Conferences and external projects	431,856	1,376,546	1,423,593	384,809
	$ 1,072,552	$ 2,203,394	$ 2,314,547	$ 961,399

12. NET ASSETS ENDOWMENT FUNDS

The endowment funds are funds committed for specific purposes as follows:

	Balance, Beginning of Year	Additions	Transfers, Adjustments, Disbursements	Balance, End of Year
OSOTF and OTSS	$ 3,281,500	$ 110,836	$ 52,598	$ 3,339,739
Other scholarships and bursaries	59,491	1,998	1,100	60,388
	$ 3,340,991	$ 112,834	$ 53,698	$ 3,400,127

Endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust for Student Success (OTSS). Under these programs, the government matches funds raised by Lambton College to be maintained as endowment principal. The purpose of these programs is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend College.

12. NET ASSETS ENDOWMENT FUNDS - continued

	OSOTF	OSOTF II	OTSS	Other	Total
Changes in Endowment Fund Balances					
Fund balances, beginning of year	$ 1,071,656	$ 138,146	$ 1,879,768	$ 57,500	$ 3,147,070
Cash donations	-	1,398	10,000	-	11,398
Fund balances, end of year	1,071,656	139,544	1,889,768	57,500	3,158,468
Changes in Expendable Funds Available for Awards					
Fund balances, beginning of year	101,432	7,114	83,385	1,990	193,921
Expendable donations	50	(1,398)	17,943	1,000	17,595
Investment income	29,315	3,642	49,885	998	83,841
Bursaries awarded	(27,912)	(2,200)	(22,485)	(1,100)	(53,698)
Fund balances, end of year	102,885	7,158	128,728	2,888	241,659
Total endowment fund balances and market value	$ 1,174,541	$ 146,702	$ 2,018,496	$ 60,388	$ 3,400,127
Awards issued in 2016	38	3	32	6	79

13. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2016	2015
Grants receivable	$ (266,324)	$ 455,134
Accounts receivable	(4,447,657)	(1,862,744)
Inventories	144,862	(25,954)
Prepaid expenses	126,891	579,082
Accounts payable and accrued charges	12,156,476	1,767,004
Deferred revenue	5,008,687	253,615
Funds held in trust	1,175,007	514,223
	$ 13,897,942	$ 1,680,360

THE LAMBTON COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Analysis of Operating Revenue

For the year ended March 31, 2016 **Schedule 1**

	2016	2015
GRANTS AND REIMBURSEMENTS		
Basic operating and supplemental grants	**$ 24,036,452**	$ 24,417,953
Apprentice training	**1,091,703**	1,053,512
Municipal taxes	**208,875**	226,950
Capital support grants	**75,231**	257,322
Employment Services	**2,528,788**	2,335,661
Literacy and Basic Skills	**451,720**	449,157
Bursaries	**91,082**	110,858
Other provincial grants	**3,163,154**	2,458,629
Federal grants	**1,839,181**	1,339,260
Municipal grants	**232,457**	346,558
	33,718,643	32,995,860
STUDENT TUITION		
Full-time	**8,898,742**	9,431,451
Part-time	**1,445,328**	1,390,043
Contract education	**3,059,681**	3,520,035
International education	**14,494,159**	9,405,585
Sundry fees	**3,307,251**	3,215,225
	31,205,161	26,962,339
ANCILLARY OPERATIONS		
Campus Shop	**2,385,561**	2,579,720
Parking	**571,458**	531,028
Residence and Event Centre	**1,423,005**	1,560,521
	4,380,024	4,671,269
OTHER INCOME		
Child Care Centre	**-**	75,081
Other sources	**1,650,889**	1,545,471
Donations from The Lambton College Foundation	**302,648**	427,024
	1,953,537	2,047,576
AMORTIZATION OF DEFERRED CAPITAL CONTRIBUTIONS	**2,377,281**	2,394,243
	$ 73,634,646	$ 69,071,287