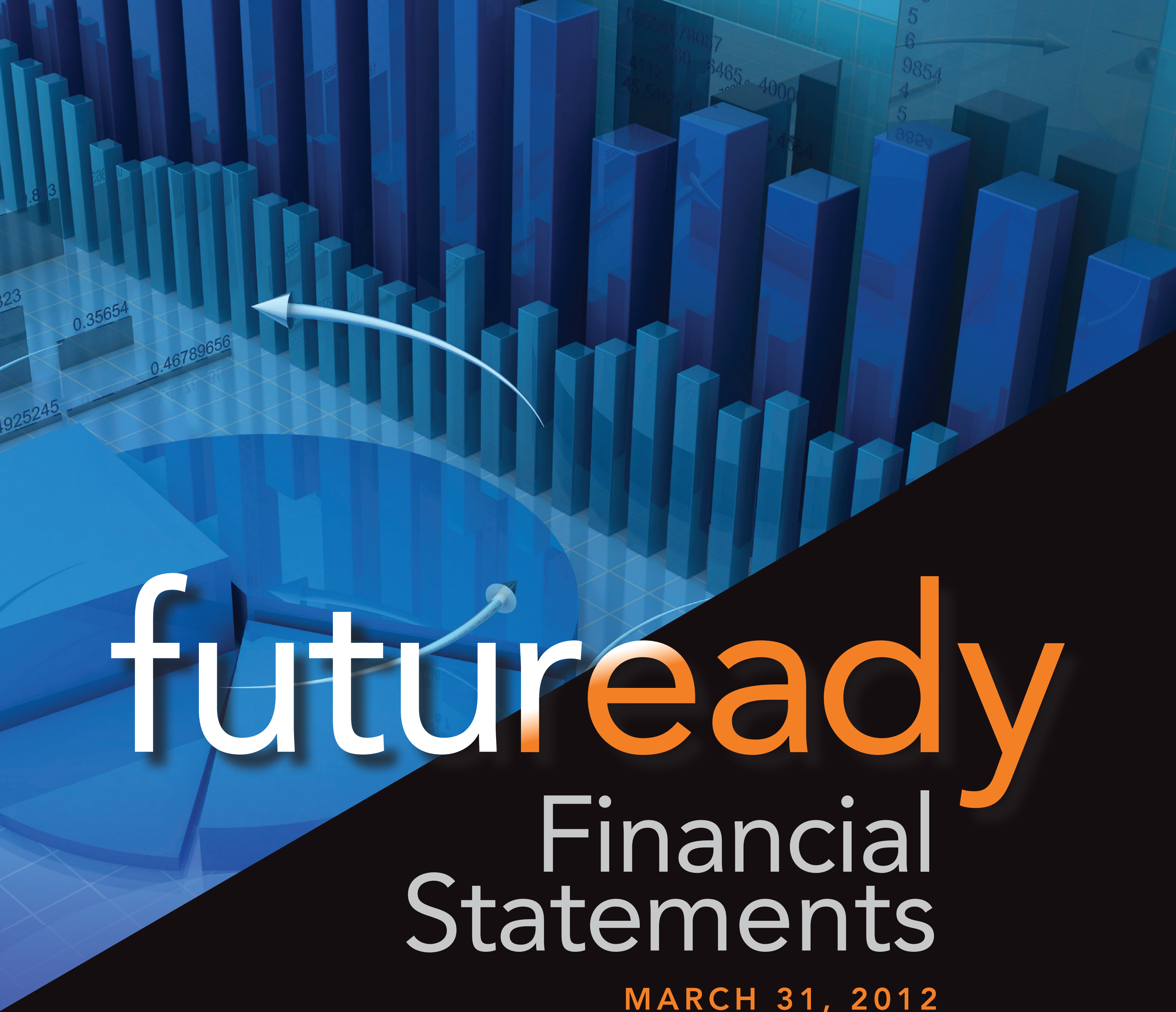

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Financial Statements

MARCH 31, 2012

MOHAWK COLLEGE

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INSPIRING LEARNING, LEADERSHIP, CITIZENSHIP AND INNOVATION

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

FINANCIAL STATEMENTS

I N D E X

BDO

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BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Board of Governors of
Mohawk College of Applied Arts and Technology

We have audited the accompanying financial statements of Mohawk College of Applied Arts and Technology ("College"), which comprise the statement of financial position as at March 31, 2012, and the statements of operations, 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 generally accepted accounting principles, 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.

Auditor's 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 auditor's 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 College'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 College'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 overall the 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.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Burlington, Ontario
June 6, 2012

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012 — **Statement 1**

		2012 $	2011 $
ASSETS			
CURRENT			
Cash and investments	(note 2)	53,037,669	51,487,088
Accounts receivable		10,364,196	10,285,000
Grants receivable		5,164,696	5,720,288
Inventories		1,902,068	1,775,160
Prepaid expenses and other assets		1,029,900	822,924
		71,498,529	70,090,460
LONG-TERM			
Long-term investments	(note 3)	873,472	877,589
Long-term receivable	(note 4)	436,935	213,860
Construction in progress		955,735	2,087,702
Capital assets	(note 5)	121,637,760	117,091,953
		123,903,902	120,271,104
		195,402,431	190,361,564
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		29,706,223	27,788,618
Deferred revenue	(note 6)	9,668,804	9,374,232
Current portion of long-term debt	(note 8)	900,127	1,732,501
Demand loan	(note 9)	10,342,497	10,788,631
		50,617,651	49,683,982
LONG-TERM LIABILITIES			
Long-term debt	(note 8)	6,304,641	6,792,047
Interest rate swap	(note 9)	3,293,609	2,542,608
Sick leave benefits		2,945,251	3,346,608
Post retirement and employment benefits	(note 10)	1,225,000	1,245,000
		13,768,501	13,926,263
DEFERRED CONTRIBUTIONS			
Deferred contributions	(note 11a)	3,947,996	3,030,108
Deferred contributions related to construction in progress	(note 11b)	111,445	514,567
Deferred contributions related to expenses of future periods	(note 11c)	1,904,369	1,750,270
Deferred contributions related to capital assets	(note 11d)	84,803,706	86,872,082
		90,767,516	92,167,027
NET ASSETS (statement 3)			
Net assets invested in capital assets	(note 12)	20,254,613	13,365,911
Unrestricted net assets:			
Operating		2,776,472	7,690,042
Vacation pay		(8,867,867)	(8,680,381)
Sick leave benefits		(2,945,251)	(3,346,608)
Post retirement and employment benefits		(1,225,000)	(1,245,000)
Financial instruments		(3,604,742)	(2,608,160)
Restricted net assets:			
Endowment contributions	(note 13)	13,992,270	12,674,388
Internally restricted assets	(note 14)	19,868,268	16,734,100
		40,248,763	34,584,292
		195,402,431	190,361,564

SIGNED ON BEHALF OF THE BOARD:

Approved by the Board of Governors on Wednesday, June 6, 2012

See accompanying notes to the financial statements

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2012 **Statement 2**

	2012 $	2011 $
REVENUE		
Operating grants	88,351,718	92,317,530
Capital support grants	497,977	1,770,165
Tuition fees	55,362,659	50,929,897
Ancillary	13,099,543	13,986,545
Amortization of deferred contributions	4,301,663	4,355,692
Amortization of deferred contributions related to capital assets	5,157,053	4,211,763
Other	10,022,410	8,392,724
	176,793,023	175,964,316
EXPENDITURES		
Academic	87,656,456	86,876,159
Student services	22,535,935	20,747,478
Administrative services	21,905,675	22,094,088
Plant	14,870,245	13,915,881
Supplementary	1,423,112	1,545,739
Ancillary	8,714,981	9,147,865
Scholarship, bursary and award payments	4,301,663	4,355,692
Amortization expense	8,987,619	7,966,712
Interest on long-term liabilities	1,054,166	947,205
	171,449,852	167,596,819
EXCESS OF REVENUE OVER EXPENDITURES	5,343,171	8,367,497

See accompanying notes to the financial statements

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2012

Statement 3

	Invested in Capital Assets $	Unrestricted Operating $	Vacation, sick leave & post retire & employment benefits $	Financial Instruments $	Internally Restricted $	Endowment Contributions $	2012 Total $	2011 Total $
Balance, beginning of year	13,365,911	7,690,042	(13,271,989)	(2,608,160)	16,734,100	12,674,388	34,584,292	25,122,157
Excess (deficiency) of revenues over expenditures	(3,830,566)	10,480,753	233,871	-	(1,540,887)	-	5,343,171	8,367,497
Investment in capital assets	10,719,268	(6,905,258)	-	-	(3,814,010)	-	-	-
Change in internally imposed restrictions	-	(8,489,065)	-	-	8,489,065	-	-	-
Change in fair value of investments	-	-	-	(245,581)	-	-	(245,581)	(348,385)
Change in fair value of interest rate swap	-	-	-	(751,001)	-	-	(751,001)	148,871
Endowment contributions	-	-	-	-	-	1,317,882	1,317,882	1,294,152
Balance, end of year	20,254,613	2,776,472	(13,038,118)	(3,604,742)	19,868,268	13,992,270	40,248,763	34,584,292

See accompanying notes to the financial statements

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012 **Statement 4**

	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	5,343,171	8,367,497
Adjustments to reconcile excess of revenue over expenditures to cash provided by operating activities:		
Amortization expense	8,987,619	7,966,712
Net loss (income) of Mohawk College Enterprise	493,084	(4,017)
Decrease in post retirement & employment benefits	(20,000)	(37,000)
Decrease in sick leave benefits	(401,357)	(442,636)
Unrealized loss included in cash and investments	(245,581)	(348,385)
Less amortization of deferred contributions related to capital assets	(5,157,053)	(4,211,763)
	8,999,883	11,290,408
Changes in non-cash working capital items		
Grants receivable	555,592	3,187,017
Accounts receivable	(79,196)	(1,248,195)
Inventories	(126,908)	4,711
Prepaid expenses and other assets	(206,976)	(84,802)
Accounts payable and accrued liabilities	1,428,638	(67,890)
Deferred revenue	294,572	(1,513,864)
	10,865,605	11,567,385
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets, net	(11,532,413)	(23,777,274)
Long-term investments	-	(100)
Long-term receivable	(223,075)	(213,860)
Construction in progress, net of deferred contributions	(844,290)	(1,527,340)
	(12,599,778)	(25,518,574)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for endowment	1,317,882	1,294,152
Contributions for other restricted purposes, net	917,888	174,110
Contributions for capital purposes, net	2,660,799	18,581,300
Contributions for expenses of future periods	154,099	(2,409,429)
Proceeds of long-term debt	541,401	1,685,175
Repayment of long-term debt	(1,861,181)	(2,118,285)
Repayment of demand loan	(446,134)	(417,092)
Repayment of obligation under capital lease	-	(91,462)
	3,284,754	16,698,469
INCREASE IN CASH AND INVESTMENTS	1,550,581	2,747,280
CASH AND INVESTMENTS, BEGINNING OF YEAR	51,487,088	48,739,808
CASH AND INVESTMENTS, END OF YEAR	53,037,669	51,487,088

1) SIGNIFICANT ACCOUNTING POLICIES:

General

Mohawk College of Applied Arts and Technology, established in 1966, is an Ontario College of Applied Arts and Technology duly established pursuant to Ontario regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. The College is an agency of the Crown and provides post secondary, vocationally oriented education in the areas of applied arts, business, health sciences and technology.

(a) Revenue recognition

The College follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants from the Ministry of Training, Colleges and Universities (MTCU) and other government agencies are recorded as revenue in the year to which they relate. Grants approved but not received at the end of the fiscal year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

Revenue from tuition fees, contracts and sales from ancillary operations is recognized when the services are provided or the goods are sold.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

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

(b) Cash and investments

Cash and investments consist of cash on hand, bank balances and investments in money market and short-term bond portfolios. These investments are classified as available for sale and are recorded at fair value on a settlement date basis. Fair value of investments is determined based on quoted bid prices. In circumstances where bid price information is not available, the investment has been valued using the final trade price. 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.

(c) Financial instruments

The College utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from its financial instruments and the carrying amounts approximate fair values.

Risks arising from financial instruments:

i) Interest Rate Risk

The College manages its investments based on cash flow needs and with a view of optimizing its investment income. The effective interest rate on bonds held varies from 0.64% to 5.03%. The maturities of these bonds range from April 2012 to November 2018.

ii) Market Risk

The College is subject to market risk with respect to its investments. The values of these investments will fluctuate as a result of changes in market prices or other factors affecting the value of the investments.

(d) Accounts, grants and long-term receivables
Accounts, grants and long-term receivables have been classified as loans and receivables and are recorded initially at fair value and subsequently at amortized cost using the effective interest rate method. Interest income or expense is included in the statement of operations over the expected life of the instrument.

(e) Inventories
Inventories consist primarily of items held for resale in the Campus Stores. Inventories are valued at the lower of cost and net realizable value. The inventory that has been expensed during the fiscal year is $4,484,147 (2011 - $5,020,252).

(f) Capital assets
Purchased capital assets are recorded at cost less accumulated amortization. Donated capital assets are recorded at their fair market value at the date of donation. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to residual value.

Construction in progress is recorded separately on the statement of financial position until construction is complete and the asset is put into operational use. These costs primarily represent the Mohawk Recreation Centre.

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

Asset Class	Rate
Land	n/a
Buildings	40 years
Portables & roof replacement	20 years
Site improvements	10 years
Major equipment	10 years
Furniture & equipment	5 years
Vehicles	5 years
Computers & software	3 years

In the event that facts and circumstances indicate that the College's long lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value of discounted cash flow value is required. The College considers that no circumstances exist that would require such an evaluation.

(g) Accounts payable and accrued liabilities, long-term debt and demand loan
Accounts payable and accruals, long-term debt and demand loan have been classified as other liabilities and are recorded initially at fair value and subsequently at amortized cost using the effective interest method. Interest income or expense is included in the statement of operations over the expected life of the instrument.

(h) Interest rate swaps
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.

(i) Vacation Pay
The College recognizes vacation pay as an expense on the accrual basis. This amount is included in Accounts payable and accrued liabilities.

(j) Vested Sick Leave Benefits
The College has provided for vested sick leave benefits during the year. Eligible Faculty employees, hired before April 1, 1991 and Administrative employees hired before July 1, 1974 are entitled to receive on termination or retirement, accumulated sick days multiplied by their actual daily rate to a maximum of six months salary. Previously the Ministry of Training, Colleges and Universities funded these expenditures. Since 2005 the program is administered and financially supported for the most part by The College Compensation and Appointments Council.

(k) Post retirement and employment benefits
The College recognizes employee future benefits (health, dental, life insurance and other retirement obligations) as they are earned during the employees' tenure of service. The accrued benefit obligation and the current service cost were actuarially determined.

(l) Student organizations and The Mohawk College Foundation
These financial statements do not reflect the assets, liabilities and results of operations of the various student organizations or The Mohawk College Foundation which is a separate public foundation.

(m) Measurement uncertainty
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. In estimating accrued liabilities the College relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. Actual results could differ from those estimates as additional information becomes available in the future.

2) CASH AND INVESTMENTS:

The College's bank accounts are held at two chartered banks. Other investments are held with the College's investment management firm. The bank account earned interest at prime less 1.85%. The investments earned interest from 0.01% to 4.64% before fees.

3) LONG TERM INVESTMENTS:

		2012 $	2011 $
Investment in Land	(i)	873,472	873,472
Investment in Mohawk College Enterprise	(ii)	-	4,117
		873,472	877,589

(i) In October 1995, the College purchased land in conjunction with Hillfield-Strathallan College for undetermined future use.

(ii) Mohawk College (the College) controls Mohawk College Enterprise Corporation (MCE) and is the only registered holder of issued and outstanding MCE shares (2012 - $100; 2011 - $100) and accounts for the investment using the equity method. MCE undertakes and carries out education training programs and consulting projects for and on behalf of businesses and industries. MCE is the exclusive provider of corporate training on behalf of the College. MCE is a for-profit organization and was incorporated under the Business Corporations Act (Ontario) by Certificate of Incorporation dated April 1, 2010. The Board of Directors is approved by the College and the Shareholder Declaration provides for limitations on certain activities and actions on the part of MCE without the express consent of the College.

Mohawk College Enterprise Balance Sheet	**2012 $**	**2011 $**
Total assets	310,236	611,949
Total liabilities	799,203	607,832
Total net assets	(488,967)	4,117
	310,236	611,949

Mohawk College Enterprise Statement of Operations & Retained Earnings (Deficit)	**2012 $**	**2011 $**
Total revenue	2,309,434	2,565,868
Total expenses	2,803,373	2,561,086
Income (loss) before income taxes	(493,939)	4,782
Income taxes (recovery)	(855)	765
Net income (loss) for the year	(493,084)	4,017
Retained earnings, beginning of year	4,017	-
Retained earnings (deficit), end of year	(489,067)	4,017

The loss on the investment in MCE has been included in accounts payable and accrued liabilities.

4) LONG TERM RECEIVABLE:

The College has entered into a loan agreement with MCE to provide financing up to $500,000 for MCE working capital needs. The total amount borrowed including interest at prime rate plus 3% per annum as at March 31, 2012 is $282,425 (2011 - $213,860). MCE may pay the indebtedness in whole or in part on demand. Mohawk College has waived their right to demand repayment during the next fiscal year.

5) CAPITAL ASSETS:

	Cost $	Accumulated Amortization $	2012 Net Book Value $	2011 Net Book Value $
Land	3,172,775	-	3,172,775	3,172,775
Buildings	116,038,398	32,705,711	83,332,687	85,958,667
Portables & roof replacement	3,288,607	813,770	2,474,837	2,637,204
Site improvements	30,469,801	8,784,531	21,685,270	15,337,120
Major equipment	14,164,160	9,101,641	5,062,519	5,198,734
Furniture & equipment	18,450,940	15,555,273	2,895,667	2,688,283
Vehicles	916,305	391,048	525,257	413,310
Computers & software	15,149,172	12,660,424	2,488,748	1,685,860
Computers – Leased	12,394	12,394	-	-
	201,662,552	80,024,792	121,637,760	117,091,953

6) DEFERRED REVENUE:

Deferred revenue consists of the following:

	2012 $	2011 $
MTCU grants	795,633	1,052,057
Student fees	6,665,839	6,736,187
Contracts	1,420,342	926,545
Student residence	275,050	241,680
Other	511,940	417,763
	9,668,804	9,374,232

7) PENSION PLANS:

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

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2012 indicated an actuarial surplus of $154 million. The College made contributions to the Plan and its associated Retirement Compensation Arrangement of $8,469,686 in 2012 (2011 - $8,171,759), which has been included in the Statement of Operations.

8) LONG TERM DEBT:

	2012 $	2011 $
Unsecured loan payable to Ontario Financing Authority, at 4.798%, payable in blended quarterly instalments of $167,234, due September 10, 2011.	-	290,821
Unsecured loan payable to Ontario Financing Authority, at 1.9405%, payable in blended monthly instalments of $69,910, due March 2, 2012.	-	761,605
Unsecured loan payable to Ontario Financing Authority, at 1.885%, payable in blended semi-annual instalments of $329,687, due March 23, 2013.	635,985	1,274,332
Interest free and unsecured loan payable to Varian Medical Systems, payable in annual instalments of $45,597, due July 18, 2014. The effective interest rate is 3.0%.	87,249	128,976
Unsecured construction period loan advances up to a maximum of $6,512,000 payable to Ontario Financing Authority. Interest on advances subject to thirty-day Ontario Treasury Bill Rate plus 0.40%. Upon the earlier of the substantial completion date, or August 31, 2011, interest on total advance amount plus accrued interest subject to Province of Ontario’s twenty year cost of funds plus 0.40%.	-	6,068,814
Unsecured loan payable to Ontario Financing Authority, at 4.183%, payable in blended monthly instalments of $40,673, due September 2, 2031.	6,481,534	-
	7,204,768	8,524,548
Less current portion	900,127	1,732,501
	6,304,641	6,792,047

Principal repayments for the next five years and thereafter:

2013	900,127
2014	274,862
2015	240,426
2016	250,678
2017	261,367
Thereafter	5,277,308
	$ 7,204,768

9) DEMAND LOAN:

The College has a demand credit facility with a Canadian chartered bank. Interest is charged at prime. Borrowing is unsecured and subject to a credit spread of 100 basis points. To reduce the interest rate risk on the loan, the College entered into an interest rate swap contract that entitles the organization to receive interest at floating rates and obliges it to pay interest at a fixed rate of 7.75% (including the credit spread). The swap contract provides for amortization over 25 years.

The fair value of the interest rate swap of $3,293,609 (2011 - $2,542,608) 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.

10) POST RETIREMENT AND EMPLOYMENT BENEFITS:

Post retirement and employment benefits include health, dental and life insurance benefits provided to early retirees and employees currently on long term disability. Premiums paid by these groups are subsidized by the premium rates paid by the Colleges for the active employees.

Information about the College's post retirement and employment benefits is as follows:

	2012 **$**	**2011** **$**
Balance, beginning of year	1,245,000	1,282,000
Current service cost	48,000	34,000
Interest	22,000	24,000
Benefits paid	(90,000)	(95,000)
Balance, end of year	1,225,000	1,245,000

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

(a)	Interest (discount) rate	4.2% per annum as at March 31, 2012
(b)	Medical cost increases	Hospital – 4.5% per annum Drugs – 10.5% per annum in 2011, grading down to 4.5% in 2026 Other Medical – 4.5% per annum Vision/Hearing Care – 4.5% per annum
(c)	Dental cost increase	4.5% per annum

11) DEFERRED CONTRIBUTIONS:

a) Deferred contributions:

Deferred contributions represent unspent externally restricted scholarships, bursaries, grants and donations for student awards and student assistance. It also includes unspent endowment investment income.

		2012 $	2011 $
Balance, beginning of year		3,030,108	2,855,998
Add:	Ministry grants	1,904,899	1,313,248
	Tuition set-aside fees	2,417,539	2,420,254
	Cash donations	251,545	196,483
	Restricted investment income	571,192	499,763
	Other income	74,376	100,054
Deduct:	Award payments & administrative expenses	(4,301,663)	(4,355,692)
Balance, end of year		3,947,996	3,030,108

b) Deferred contributions related to construction in progress:

Deferred contributions related to construction in progress pertain to the Fennell Campus Renewal project.

c) Deferred contributions related to expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations intended to support primarily college-wide equipment and facility improvements and also provide student financial assistance.

d) Deferred contributions related to capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets.

	2012 $	2011 $
Balance, beginning of year	86,872,082	66,900,648
Additional contributions received from:		
Ministry of Training, Colleges and Universities	956,679	19,654,966
Donations	1,986,251	4,506,552
Other	145,747	21,679
	89,960,759	91,083,845
Less amortization in current year	(5,157,053)	(4,211,763)
Balance, end of year	84,803,706	86,872,082

12) INVESTMENT IN CAPITAL ASSETS:

The College's investment in capital assets, not including construction in progress, is calculated as follows:

	2012 $	2011 $
Capital assets, at cost	201,662,552	189,424,647
Investment in land	873,472	873,472
Less:		
Accumulated amortization	(80,024,792)	(72,332,694)
Long term debt – current portion	(900,127)	(1,732,501)
Demand loan	(10,342,497)	(10,788,631)
Long term debt	(6,210,289)	(5,206,300)
Deferred contributions related to capital assets	(84,803,706)	(86,872,082)
Investment in capital assets	20,254,613	13,365,911

13) ENDOWMENT CONTRIBUTIONS:

The College has the following endowment funds:

	2012 $	2011 $
Ontario Student Opportunity Trust Funds	5,583,328	5,583,328
Ontario Trust for Student Support	6,326,646	5,127,635
Other	2,082,296	1,963,425
	13,992,270	12,674,388

14) INTERNALLY RESTRICTED FUNDS:

Net assets internally restricted by the Board of Governors represent specific initiatives, liabilities and other provisions. Internally restricted net assets are not available for other purposes without approval of the Board of Governors.

15) THE MOHAWK COLLEGE FOUNDATION:

The College has an economic interest in the Mohawk College Foundation, which raises funds from the community and alumni to finance certain expenditures of the College. The Foundation's accounts are not included in these financial statements. The Foundation is incorporated under the Province of Ontario as a public foundation and is a registered charity under the Income Tax Act.

16) CAPITAL DISCLOSURES:

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

The College considers its capital to be its net assets (see Statement 3 and Notes 12 to 14). The College's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services to its clients and to allow for future expansion. Annual budgets are developed and monitored to ensure the College's capital is maintained at an appropriate level.

17) FUTURE FOR NOT FOR PROFIT ORGANIZATIONS:

The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) have issued new standards for government (public sector) not-for-profit organizations (NPOs). For years beginning on or after January 1, 2012, government NPOs have a choice of:

1. Public Sector Accounting standards supplemented by PS 4200 – 4270 for government not-for-profit organizations; or
2. Public Sector Accounting standards

The College has chosen to follow Public Sector Accounting standards supplemented by PS 4200 – 4270 for government not-for-profit organizations. The College, jointly with the other Colleges of Ontario, have determined the following to be key transitional issues for Colleges:

- **Unvested sick leave**: Currently Colleges accrue vested sick leave in their financial statements, however they do not accrue sick leave that accumulates but does not vest. Under PSAB, accruing unvested sick leave is a requirement. This will lead to a significant increase in liabilities and decrease in net assets on transition.
- **Employee Future Benefits**: Currently, the discount rates used to calculate the liability for employee future benefits is the market yield on high quality corporate bonds. Under PSAB, the rate used must be either the cost of borrowing or the plan asset earnings.
- **Financial Instruments**: PSAB has introduced a financial instruments standard that has differences in the measurement, recognition and disclosure in comparison to current GAAP. From a recognition point of view, there should not be any changes for the College. However, from a disclosure point of view there is one change. PSAB introduces a new statement called the "Statement of Remeasurement Gains and Losses." All fair value changes to the College's financial instruments (investments, interest rate swap) will be recorded through this statement, as opposed to being recorded through a separate fund in the statement of net assets.

18) COMPARATIVE AMOUNTS:

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.