

**THE SAULT COLLEGE OF  
APPLIED ARTS AND TECHNOLOGY**

Year ended March 31, 2013

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Unaudited Schedules:	
Revenue	24



and as such, it is unaudited.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

May 30, 2013

Sault Ste. Marie, Canada

# COLLEGE OF APPLIED ARTS AND TECHNOLOGY

comparative figures for March 31, 2012 and April 1, 2011

	2011	2012	2013
Accounts receivable	3,322,911	3,732,718	2,173,128
Current portion of pledges receivable (note 7)	720,122	612,125	-
Inventory	3,841	6,212	15,112
Prepaid expenses	306,330	347,822	341,907
Pledges receivable	-	4,049,903	-
Other receivables	22,485,548	29,483,755	30,455,553
	\$ 6,838,732	\$ 8,233,493	\$ 6,014,639

## Deferred Contributions and Net Assets

Current liabilities:	2011	2012	2013
Accounts payable and accrued liabilities	\$ 1,211,828	\$ 2,002,500	\$ 800,000
Accrued vacation	3,000,000	3,295,775	3,280,124
Deferred tuition fees	805,000	2,200,000	600,000
Payable to the Ministry of Training, Colleges, and Universities	188,692	271,186	508,514
Current portion of capital mortgages	-	1,100,000	-

See accompanying notes to financial statements

On behalf of the Board

  
Chair

  
Treasurer

scholarships and bursaries	1,001,310	1,057,021
Provision for (recovery of) post-employment benefits and compensated absences	(83,185)	(21,838)

<u>Excess (deficiency) of revenue over expenses before the undernoted items</u>	<u>53,181,182</u>	<u>51,042,664</u>
Gain (loss) on disposal of capital asset	7,105	(517,173)
<u>Deficiency of revenues over expenses</u>	<u>\$ (667,471)</u>	<u>\$ (148,856)</u>

See accompanying notes to financial statements.

Balance, beginning of

	2017	2018	2019	2020	2021
Excess of revenues over					
expenses (excluding					
revenue) (note 19)	167,536	(883,732)	(2,660)	570,000	(148,856)
Change in unrealized					
investment income	110,000	-	-	701,700	201,391
Endowment contributions	-	-	-	261,810	261,810
invested in capital assets (note 11)	(3,184,411)	3,230,724	-	(46,247)	-
Capital donation	-	53,000	-	-	53,000
Interfund transfer (note 14)	(60,000)	471,310	-	(411,310)	-
<b>Balance, end of year</b>	<b>\$ 5,010,926</b>	<b>\$ 9,246,164</b>	<b>\$ 174,132</b>	<b>\$ 5,782,578</b>	<b>\$ 20,213,800</b>

See accompanying notes to financial statements.

Prepays receivable	213,432	(2,219,971)
Repayment of capital mortgages	(4,100,000)	-
	(3,885,338)	(1,958,161)
Investing activities:		
Sinking fund investment	4,049,903	(343,238)
Realized gain (loss) on investments	(163,626)	281,391
	3,886,277	(61,847)
Net decrease in cash and temporary investments	(2,526,174)	(5,770,226)
Cash and temporary investments, beginning of year	19,849,530	25,619,756

See accompanying notes to financial statements.



Temporary investments	117,765
Realized gains, reclassified to the statement of operations:	
Temporary investments	

Designated fair value	(201,397)
Net remeasurement gains for the year	(163,626)
Accumulated remeasurement gains, end of the year	\$ 117,765

See accompanying notes to financial statements.

related expenses are recognized. Commissions received for the purchase of capital

assets are deferred and amortized into revenue on a straight-line basis at 12.5%

12.5%

Contributions for student purposes and the interest thereon are recognized as direct

increases in net assets restricted for student purposes.

Sales and services revenue is recognized at the point of sale.

...equipment and structures on a straight-line basis over

...which has been estimated to be as follows.

	Years
Buildings	40
Site improvements	10
Equipment	5
Major equipment	10
Vehicles	5
Furniture and fixtures	5
Computer equipment	5
Aircraft	10

(d) Vacation pay:

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

(ii) The cost of providing the 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.

(iii) The discount used in the determinations of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

... subject to quoted market prices in active markets for identical assets or liabilities;

- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices

... term of the assets or liabilities; and

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

...market position and the measure taken at fair value of investment debt based on the characteristics of the instrument and the College's accounting policy choices (see Note 1 - Significant Accounting Policies).

...with the provisions of the new standard, the College recorded the following adjustments at April 1, 2012:

- A decrease of \$281,391 to unrestricted net assets and an increase of \$281,391 to accumulated remeasurement gains due to the unrealized gain of the College's investments

...previously classified as held-to-maturity or available-for-sale being reclassified to accumulated remeasurement gains.

Equity instruments, quoted in an active market

mutual funds	1,295,998	1,554,309	1,536,009
Cash	67,566	638,889	446,365
	\$ 15,230,169	\$ 16,991,125	\$ 18,542,882

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2013 and 2012. There were also no transfers in or out of Level 3.

Government bonds have interest rates from 1.50% to 6.1% (2012 - 1.0% to 5.35%) and mature between 2014 and 2035.

Computer equipment	12,560,370	11,728,767	831,603
Aircraft	3,609,754	3,290,592	319,162
Construction in progress	294,368	-	294,368

\$ 100,682,959      \$ 49,500,091      \$ 51,182,868

April 1, 2011 (Unaudited)	Cost	Accumulated amortization	Net book value
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Land	\$ 621,811	\$ -	\$ 621,811
Buildings	45,217,204	22,774,643	22,442,561
Site improvements	1,358,393	890,880	467,513

Computer equipment	11,997,175	11,366,535	630,640
Aircraft	3,571,138	3,225,752	345,386
Construction in progress	23,656,849	-	23,656,849

\$ 96,790,708      \$ 46,874,837      \$ 49,915,871



7. Pledges receivable:

	March 31, 2013	March 31, 2012	April 1, 2011
		(Unaudited)	(Unaudited)
Inspiring Growth Capital Campaign pledges	\$ 2,006,539	\$ 2,219,971	\$ -
Current portion of pledges receivable	720,122	612,125	-
<b>Non-current portion of pledges receivable</b>	<b>\$ 1,286,417</b>	<b>\$ 1,607,846</b>	<b>\$ -</b>

All pledges received during the year or receivable at year end are recorded as deferred contribution related to capital assets.

Aggregate maturities of pledges receivable for each of the 4 years subsequent to March 31, 2013 are as follows:

2014	\$ 635,076
2015	351,817
2016	294,473
2017	5,052
2018	-

Deferred capital contributions represent the unamortized amount and unprofit amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2013	2012
Balance, beginning of year	\$ 47,324,105	\$ 44,621,491
Additional contributions received	5,956,893	2,399,750
Donation of capital asset	-	50,000
<hr/>		
Proposed capital asset		(2,000,000)
Inspiring Growth Capital Campaign	645,737	2,840,786
Less amounts amortized to revenue	(2,315,309)	(2,332,322)
Balance, end of year	\$ 51,611,426	\$ 47,324,105

by an external valuation study commissioned by the College Employer Council.

injury exceeds the current year's allocation of days. Sick days are paid out at the salary in

valuation study commissioned by the College Employer Council.

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 asset and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2013 indicated an actuarial surplus of \$347 million.

Under these arrangements, the College makes contributions equal to those of the employees. Contributions made by the College during the year amounted to approximately \$2,977,098 (2012 - \$2,768,025).

**11. Investment in capital assets:**

(a) Investment in capital assets is calculated as follows:

	March 31, 2013	March 31, 2012 (Unaudited)	April 1, 2011 (Unaudited)
Cash	\$ 4,496,005	\$ 1,311,443	\$ 1,459,680
Investments	2,739	633,033	14,137
Grants receivable	514,727	1,273,051	-
Pledges receivable	2,006,539	2,219,971	-
Sinking fund Investment	-	4,049,903	3,706,665
Capital assets	60,025,810	51,182,868	49,915,871
	<b>67,045,820</b>	<b>60,670,269</b>	<b>55,096,353</b>
Less amounts financed by:			
Deferred capital contributions	51,611,426	47,324,105	44,621,491
Capital mortgage	-	4,100,000	4,100,000
	<b>\$ 15,434,394</b>	<b>\$ 9,246,164</b>	<b>\$ 6,374,862</b>

restricted purpose are expended for the purpose for which they were provided.

Investment income on externally restricted endowments that was disbursed during the year has been recorded in the statement of operations since this income is available for disbursement as

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the income statement. Subsequent recoveries of impairment losses related to accounts receivable are

March 31, 2013 is \$200,004 (March 31, 2012 - \$150,015).

to cash flow interest rate risk. The College is exposed to this risk through to its interest bearing investments.

The College's investments, including bonds and debentures, are disclosed in note 5.

There has been no change to the interest rate risk exposure from 2012.



Adjustment to recognize economic downturn (2009)	(2,180,896)
Public sector restated, April 1, 2011	18,394,298
Collaborative nursing restatement (note 18)	1,382,157

18,595,559

Public sector restatement

(299,074)

Collaborative nursing restatement (note 10)

1,002,278

Balance, beginning of year      62,001      17,011      60,101      100,000      100,000  
 Investment income, net of

expenses	121,510	21,510	70,075	219,300	115,487
Bursaries awarded	(37,775)	(17,000)	(155,550)	(210,325)	(154,223)
Balance, end of year	\$ 172,202	\$ 18,832	\$ (21,768)	\$ 169,266	\$ 160,085

The bursaries awarded under OTSS comprise of 211 to OSAP recipients totalling \$94,200 and 148 to non-OSAP recipients totalling \$61,350.

Other

2,455,487

2,675,271

3,170,170

3,395,047

restricted for student purposes

2,510,000

1,800,000

\$ 52,506,606

\$ 51,410,987