

Financial Statements of

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

Year ended March 31, 2006

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Financial Statements

Year ended March 31, 2006

	Page
Auditors' Report	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Auditors' Report on Supplementary Information	19
Schedules:	
1. Revenue	20
2. Academic Expenses	21
3. Educational Resources Expenses	22
4. Student Services Expenses	23
5. Administrative Expenses	24
6. Plant Expenses	25
7. Ancillary Operations Expenses	26
8. Ontario Training Strategies Expenses	27
9. Special Projects Expenses	28



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...our responsibility is to express an opinion...

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THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
		(restated note 2)
Revenue:		
Grants and reimbursements	\$ 27,773,985	\$ 26,591,337
Tuition fees	5,648,049	5,922,710
Ancillary operations	739,163	815,182
Other	1,749,663	1,793,406
Restricted for student purposes	2,652,655	2,053,860
Amortization of deferred capital contributions	1,631,540	1,730,099
	<u>40,195,055</u>	<u>38,906,594</u>
Expenses:		
Academic	18,903,770	17,839,560
Educational resources	1,451,914	1,324,317
Student services	1,657,606	1,576,221
Administrative	5,483,458	5,272,576
Plant	1,34(a)1.78252(t)8241(t)0.8937(l)5.132843 Td []	

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
		(restated note 2)
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 3,057,836	\$ 3,133,469
Items not involving cash:		
Amortization of capital assets	2,823,375	2,702,890

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2006

The Sault College of Applied Arts and Technology ("Sault College") is a provincial community college offering educational programs and upgrading to the accessing communities. Sault College is considered a Non-profit Schedule III Agency of the Ontario provincial government.

1. Significant accounting policies:

(a) Revenue recognition:

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2006

1. Significant accounting policies (continued):

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives as follows:

Category	Years
Buildings	40.0
Site improvements	12.5
Equipment and vehicles	5.0
Furniture and fixtures	5.0
Computer equipment	5.0
Aircraft	10.0

(f) Employment related obligations:

Employment related obligations, which include vacation pay, certain pension and post employment benefits and sick leave benefits, are accrued. The College is liable to pay 50% of certain faculty members' accumulated sick leave credits on termination or retirement after ten years service.

(g) Use of estimates:

The preparation of the 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2006

2. Change in accounting policy:

During 2006, the College changed its policy for recognizing tuition fee revenue. Previously the College recorded tuition fee revenue at the beginning of each semester. Tuition fee revenue is now recognized over the number of teaching days which occurs during the fiscal year. The change has been applied retroactively and has decreased the unrestricted operating net assets at the beginning of 2006 as previously reported by \$646,675 representing an increase in deferred tuition fees of the same amount. This change has also had the effect of increasing tuition fee revenue in 2005 by \$70,379 over that previously reported from what would have been recognized under the former policy.

3. Sinking fund investment:

The sinking fund investment consists of Ontario Hydro debenture coupons with a yield to maturity of 9.26%, which will mature in the year 2012 at \$4,100,000. This sinking fund investment is a restricted asset to be used to retire the student residence building mortgage at maturity.

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THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2006

7. Deferred contributions for capital assets:

Deferred contributions represent the unamortized balance and unspent balance of restricted contributions for the purchase of capital assets. The changes in the deferred contributions balance for the year are as follows:

	2006	2005
Balance, beginning of year	\$ 22,024,246	\$ 20,464,085
Contributions received	2,935,721	3,290,260
Less amounts amortized to revenue	(1,631,540)	(1,730,099)
Balance, end of year	\$ 23,328,427	\$ 22,024,246

The balance of unamortized capital contributions related to capital assets consists of the following:

	2006	2005
Unamortized capital contributions used to purchase assets	\$ 17,464,842	\$ 17,548,508
Unspent contributions	5,863,585	4,475,738
	\$ 23,328,427	\$ 22,024,246

THE SAULT COLLEGE OF

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2006

9. Capital leases and mortgage:

	2006	2005
5.744% Lease, payable \$10,056 monthly, maturing October 2007, secured by certain aircraft	\$ 191,064	\$ 311,736
5.918% Lease, payable \$5,049 monthly, maturing April 2008, secured by certain aircraft	126,225	186,813
5.211% Lease, payable \$19,581 monthly, maturing June 2008, secured by flight simulators	528,687	763,659
	<u>845,976</u>	<u>1,262,208</u>
Less amount representing interest	26,506	69,178
	<u>819,470</u>	<u>1,193,030</u>
9.17% Mortgage, interest payable semi-annually, principal due in 2012, secured by a first mortgage on the student residence building	4,100,000	4,100,000
	<u>4,919,470</u>	<u>5,293,030</u>
Less current portion	393,062	373,560
	<u>\$ 4,526,408</u>	<u>\$ 4,919,470</u>

Minimum lease payments in each of the next three years are as follows:

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2006

10. Internally restricted net assets:

The Ministry of Training Colleges and Universities established a policy limiting the amount of unrestricted net assets of individual colleges. In implementing this policy, the Ministry may require the College to allocate funds for specific purposes. At March 31, 2006, Sault College did not contravene this policy.

Sault College appropriates amounts from unrestricted net assets to cover anticipated future operating expenditures. The actual costs are recorded as operating expenditures in the year in which they are incurred.

By resolution of the Board of Governors, accumulated appropriations from unrestricted net assets balance at March 31, 2006 have been made to the Joint Employment Stability Reserve Fund in the amount of \$ 187,683.

11. Pension plans:

Full time employees are participants in the multi-employer contributory retirement pension plans administered by the Board of Trustees of the CAAT Pension Plan. These plans are defined benefit plans, which specify the amount of the retirement benefit to be receivable by the employees based on length of service and rates of pay. The College makes contributions to these plans equal to those of the employees. Employer contributions amounted to \$1,478,792 (2005 - \$1,487,043).

12. Financial instruments:

The College's financial instruments consist of cash, temporary investments, accounts receivable, grants and reimbursements receivable, accounts payable, payable to the Ministry of Training, Colleges and Universities and capital leases. It is management's opinion that the carrying values of these financial instruments approximate the market values.

The College intends to hold the sinking fund investment until maturity in order to fund the retirement of the mortgage. The fair values of the sinking fund investment and the mortgage are presented in note 2.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2006

13. Other information (continue):

Report of Awards Issued for the Period April 1 to March 31:

	OSAP Recipients		Non-OSAP	Recipients		Total	
	Number	Amount	Number	Amount	Number	Amount	
Full-time	26	\$ 10,877	37	\$ 19,098	63	\$ 29,975	

14. Ontario Student Opportunity Trust Fund II:

Schedule of donations received for the year:

	2006		2005	
Cash donations matched between April 1 and March 31	\$	-	\$	124,270
Unmatched cash donations		-		-
Total cash donations	\$	-	\$	-

Schedule of Changes in Endowment Fund Balance
for the period April 1 to March 31:

	2006		2005	
Balance, beginning of year	\$	331,340	\$	82,800
Eligible cash donations received between April 1 and March 31		-		124,270
Matching funds received/receivable from MTCU		-		124,270
Fund balance at end of year	\$	331,340	\$	331,340

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2006

14. Ontario Student Opportunity Trust Fund II (continued):

Schedule of Changes in Expendable Funds Available
for Awards for the Period April 1 to March 31:

	2006	2005
Balance, beginning of year	\$ 3,858	\$ 608
Realized investment income, net of direct investment- related expenses and preservation of capital contributions	13,926	4,850
Bursaries awarded (total number: 21)	(10,200)	(1,600)
Balance, end of year	\$ 7,584	\$ 3,858

Report of Awards Issued for the Period April 1, 2005 Tm [1]1.78326(4)1.78326(.)0.89153(.Tg)3.s9ET 87.996 38

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

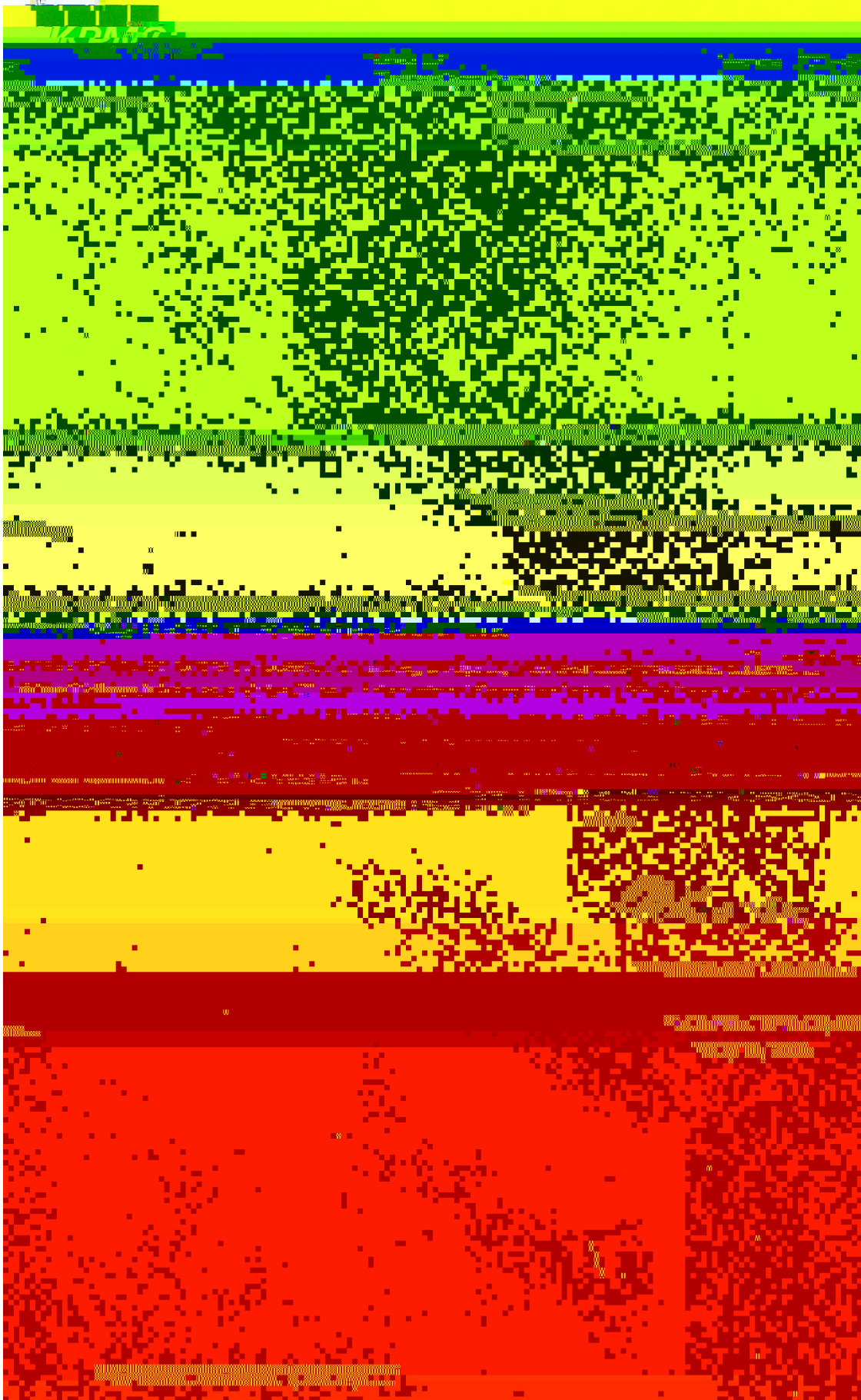
Notes to Financial Statements

Year ended March 31, 2006

15. Ontario Trust for Student Support (continued):

Schedule of Changes in Endowment Fund Balance for
the period April 1 to March 31:

	2006		2005
Balance, beginning of year	\$ -	\$	-
Eligible cash donations received between April 1			



THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Revenue

Year ended March 31, 2006, with comparative figures for 2005

Schedule 1

	2006	2005
		(restated note 2)
Grants and reimbursements:		
Basic operating grant	\$ -4,348,941	(a)1,782,522(n)1(c)-6,024,111.(e)1,782,522

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Educational Resources Expenses

Year ended March 31, 2006, with comparative figures for 2005

Schedule 3

	2006	2005
Salaries:		
Administration	\$ 115,361	\$ 107,364
Academic	182,723	239,753
Support	628,698	509,680
Benefits	188,159	162,032
Contracted services	51,576	60,407
Equipment maintenance and repairs	28,135	21,060
Furniture and equipment purchases	4,469	2,022
Furniture and equipment rental	80,187	80,646
Instructional supplies	144,335	120,784
Office supplies	20,173	14,199
Professional Development	1,073	-
Professional fees	3,268	1,973
Promotion and public relations	1,053	1,326
Telecommunications	2,704	1,572
Travel and conference	-	1,499
	\$ 1,451,914	\$ 1,324,317

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Student Services Expenses

Year ended March 31, 2006, with comparative figures for 2005

Schedule 4

	2006	2005
Salaries:		
Administration	\$ 175,219	\$ 150,438
Support	910,761	903,328
Early retirement incentive	-	2,500
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THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Administrative Expenses

Year ended March 31, 2006, with comparative figures for 2005

Schedule 5

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Plant Expenses

Year ended March 31, 2006, with comparative figures for 2005
(in thousands of dollars)

Schedule 6

	2006	2005
Salaries:		
Administration	\$ 93,477	\$ 85,292
Support	757,915	749,936
Benefits	228,529	220,789
Building repairs and maintenance	59,762	50,930
Contracted security services	75,779	72,958
Contracted services	1,023	430
Furniture and equipment rental	5,017	4,781
Grounds maintenance	10,003	8,889
Insurance	3,089	3,077
Janitorial and maintenance supplies	44,320	47,152
Office supplies	1,518	1,533
Professional fees	409	-
Promotional and Public Relations	3,911	-
Telecommunications	3,934	4,942
Travel and conference	1,911	287
Utilities	685,687	643,688
Vehicle expense	169	274
	\$ 1,976,451	\$ 1,894,958

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Ancillary Operations Expenses

Year ended March 31, 2006, with comparative figures for 2005

Schedule 7

	2006	2005
Salaries:		
Administration	\$ 137,858	\$ 136,060
Support	312,293	324,813
Benefits	104,162	104,206
Building repairs and maintenance	48,590	35,467
Contracted security services	19,873	20,955
Contracted services	43,101	23,653
Cost of goods sold	2,444	1,865
Equipment maintenance and repairs	990	1,524
Grounds maintenance	39,924	30,118
Instructional supplies	28,570	22,007
Interest and bank charges	375,970	375,970
Janitorial and maintenance supplies	1,807	685
Office supplies	7,344	2,067
Professional development	306	-
Professional fees	329	319
Promotion and public relations	908	1,030
Travel and conference	988	-
Utilities	52,368	50,054
	\$ 1,177,825	\$ 1,130,793

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Ontario Training Strategies Expenses

Year ended March 31, 2006, with comparative figures for 2005

Schedule 8

	2006	2005
Salaries:		
Administration	\$ 133,336	\$ 146,584
Academic	250,559	253,063
Support	832,082	805,985
Benefits	256,064	262,855
Contracted services	85,524	79,534
Equipment maintenance and repairs	51	379
Furniture and equipment purchases	48,255	14,924
Furniture and equipment rental	3,564	4,364
Instructional supplies	31,394	46,579
Office supplies	31,820	34,090
Premise rental	78,996	79,159
Professional development	5,680	1,400
Professional fees	5,627	6,855
Promotion and public relations	28,342	25,563
Telecommunications	33,465	23,379
Travel and conference	21,186	26,581

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Special Projects Expenses

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