

Financial Statements of

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

Year ended March 31, 2015

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Financial Statements

Year ended March 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Governors of The Sault College of Applied Arts and Technology

We have audited the accompanying financial statements of The Sault College of Applied Arts and

Technology, which comprise the statement of financial position as at March 31, 2015, the statements

of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 6,836,973	\$ 4,573,658
Temporary investments (note 2)	10,010,100	9,771,701
Accounts receivable (note 2)	1,341,209	1,161,375
Grants and reimbursements receivable	3,498,137	2,592,994
Current portion of loan receivable (note 4)	157,021	-
Prepaid expenses	342,584	642,284
Loan receivable (note 4)	2,842,979	3,000,000
Capital assets (note 5)	61,882,029	63,143,879
Pledges receivable (note 7)	506,389	658,276

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Revenue: (Schedule)		
Grants and reimbursements	\$ 37,866,821	\$ 35,987,123
Tuition fees	9,462,579	9,319,240
Ancillary operations	1,341,238	1,267,833
Other	3,496,301	2,963,386
Restricted for student purposes	1,149,117	1,116,271
Amortization of deferred capital contributions (note 9)	2,798,282	2,866,091
	<u>56,114,338</u>	<u>53,519,944</u>
Expenses:		
Salaries and benefits	39,115,901	37,322,155
Instructional supplies	1,824,247	1,592,926
Contracted services	4,293,394	3,077,614
Utilities, maintenance and taxes	2,897,982	2,752,196
	<u>57,926,564</u>	<u>53,505,416</u>
Interest and bank charges	164,907	93,185
Travel and professional development	623,990	490,099
Training subsidies and allowances	1,944,959	1,375,065
Supplies and other expenses	2,107,241	2,316,919
Restricted for student purposes	98,326	105,661
Scholarships and bursaries	918,879	930,701
Provision for (recovery of) post-employment benefits and compensated absences	79,255	(381,023)
Amortization of capital assets	3,857,483	3,829,918
	<u>57,926,564</u>	<u>53,505,416</u>
Excess (deficiency) of revenue over expenses before the undernoted item	(1,812,226)	14,528
Gain on sale of capital asset	1,848	3,506
Excess (deficiency) of revenue over expenses	<u>\$ (1,810,378)</u>	<u>\$ 18,034</u>

See accompanying notes to financial statements.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

Year ended March 31, 2015, with comparative information for 2014

2015	Capital assets	Invested in internally restricted	Restricted for student purposes and endowments	Unrestricted	Total
Balance, beginning of year	\$ 9,752,595	\$ 158,249	\$ 4,249,987	\$ 4,053,078	\$ 18,213,909
Excess (deficiency) of revenue over expenses	(1,059,201)	(1,582)	131,912	(881,507)	(1,810,378)
Invested in capital assets (note 12)	990,839	-	(59,153)	(931,686)	-
Loan transfer to operations	(2,000,000)	-	-	2,000,000	-
Balance, end of year	\$ 7,684,233	\$ 156,667	\$ 4,322,746	\$ 4,239,885	\$ 16,403,531

2014	Capital assets	Invested in internally restricted	Restricted for student purposes and endowments	Unrestricted	Total
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Balance, beginning of year	\$ 13,595,438	\$ 159,178	\$ 5,296,894	\$ 214,658	\$ 19,266,168
Excess (deficiency) of revenue over expenses	(963,827)	(929)	79,909	902,881	18,034
Invested in capital assets (note 12)	(2,879,016)	-	(56,523)	2,935,539	-
Transfer of Sault College Student Union Fund	-	-	(1,070,293)	-	(1,070,293)

Balance, end of year	\$ 9,752,595	\$ 158,249	\$ 4,249,987	\$ 4,053,078	\$ 18,213,909
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See accompanying notes to financial statements.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flow

Year ended March 31, 2015 with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (1,810,378)	\$ 18,034
Items not involving cash:		
Amortization of deferred capital contribution	(2,798,282)	(2,866,091)
Gain on sale of capital assets	(1,848)	(3,506)
Realized gain (loss) on investments	247,545	(191,093)
	(505,480)	787,262
Change in non-cash operating working capital:		
Accounts receivable	(179,834)	(352,396)
Grants and reimbursement receivable	(905,143)	729,926
Inventory	(1,668)	(8)
Prepaid expenses	299,699	(335,954)
Accounts payable and accrued liabilities	693,137	477,160
Accrual for vacation pay	175,256	(182,024)
Payable to Ministry of Training Colleges		

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Remeasurement Gains and Losses

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Accumulated remeasurement gains (losses), beginning of the year	\$ (73,327)	\$ 117,765
Unrealized gains (losses) attributable to:		
Temporary investments	174,218	(73,327)
Realized gains, reclassified to the statement of operations:		
Temporary investments	72,227	(117,765)
Reclassified fair value	(72,227)	(72,227)
Net remeasurement gains (losses) for the year	247,545	(191,092)
Accumulated remeasurement gains (losses) end of the year	\$ 174,218	\$ (73,327)

See accompanying notes to financial statements.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

1. Significant accounting policies (continued)

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair

value at the date of contribution. Repairs and maintenance costs are charged to expense

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Notes to the Financial Statements

Year ended March 31, 2015

1. Significant accounting policies (continued):

(e) Retirement and post-employment benefits and compensated absences (continued):

(iii) ~~The cost 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.

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

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2015

Significant accounting policies (continued)

(h) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the collection of pledges receivable, the carrying amount of capital assets, and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Accounts receivable:

	2015	2014
Student tuition fees	\$ 352,203	\$ 291,095
Federal other	330,285	184,046
Other	799,745	809,787
	<u>1,482,233</u>	<u>1,284,928</u>
Less allowance for doubtful accounts	141,024	123,553
	<u>\$ 1,341,209</u>	<u>\$ 1,161,375</u>

3. Investments:

	Level	2015	2014

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Notes to the Financial Statements

Year ended March 31, 2015

Long term receivables:

	2015	2014
Health and Wellness building – Sault College Student Union receivable	\$ 3,000,000	\$ 3,000,000
Current portion of long term receivable	157,021	

\$ 2,842,979 \$ 3,000,000

Aggregate maturities of long-term receivables for each of the five years subsequent to March 31,

2016 - 2,842,979; 2017 - 2,842,979; 2018 - 2,842,979; 2019 - 2,842,979; 2020 - 2,842,979

Notes to the Financial Statements

Year ended March 31, 2015

5. Capital assets (continued):

2014	Cost	Accumulated amortization	Net book value
Land	\$ 680,817	\$ -	\$ 680,817
Buildings	83,595,887	27,616,792	55,979,095
Site improvements	4,113,375	1,854,708	2,258,667
Equipment	12,451,108	9,779,766	2,671,342
Vehicles	379,865	315,408	64,457
Furniture and fixtures	1,220,627	875,190	345,437
Computer equipment	12,968,256	12,273,077	695,179
Aircraft	3,650,422	3,201,537	448,885
	\$ 119,060,357	\$ 55,916,478	\$ 63,143,879

6. Deferred contributions for expenses of future periods:

Deferred contribution consists of the following:

	2015	2014
Balance, beginning of year	\$ 1,898,928	\$ 1,622,585

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 Notes to the Financial Statements

9. Deferred capital contributions:

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

	2015	2014
Unamortized capital contributions used to purchase assets	\$ 52,403,706	\$ 52,204,284
Unspent contributions	406,697	769,776
	<u>\$ 52,604,493</u>	<u>\$ 54,161,060</u>

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is

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Notes to the Financial Statements

Year ended March 31, 2015

10. Employee future benefits (continued):

Information about the Organization's benefit plans is as follows:

	2015	2014
Accrued benefit obligation	\$ 2,287,000	\$ 2,222,000
Fair value of plan assets	(89,000)	(74,000)
Unrecognized actuarial gain (loss)	(91,000)	65,000
Employee future benefit liability	\$ 2,107,000	\$ 2,213,000

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Notes to the Financial Statements

Year ended March 31, 2015

10. Employee future benefits (continued):

(i) Vesting Sick Leave:

The 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

(ii) Non-Vesting Sick Leave:

The College provides to certain employee groups a specified number of days each year for

Notes to the Financial Statements

Year ended March 31, 2015

12. Investment in capital assets:

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

	2015	2014
Capital assets	\$ 61,882,029	\$ 63,143,879

Unamortized capital contributions used to purchase assets	(52,197,796)	(53,391,284)
Long-term debt	(2,000,000)	-
	<u>\$ 7,684,233</u>	<u>\$ 9,752,595</u>

(b) Change in net assets invested in capital assets is calculated as follows:

	2015	2014
Excess of revenues over expenses:		
Amortization of deferred capital contributions	\$ 2,798,282	\$ 2,866,091
Amortization of capital assets	(3,857,483)	(3,829,918)
	<u>\$ (1,059,201)</u>	<u>\$ (963,827)</u>

Net change in investment in capital assets:		
Purchase of capital assets	\$ 2,595,635	\$ 6,947,985
Amounts funded by:		

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

14. Externally restricted net assets:

Externally restricted net assets include restricted donations received by the College where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with the various purposes established by donors. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted

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Notes to the Financial Statements

Year ended March 31, 2015

16. Financial instrument risk management (continued):

Liquidity risk is the risk that the College will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The College manages its liquidity risk by monitoring its operating requirements. The College prepares budget and cash forecasts to ensure it has sufficient

funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2014.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the College's income or the value of its holdings of financial instruments. The

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Notes to the Financial Statements

Year ended March 31, 2015

17. Endowment funds:

The following information outlines the activity of the Ontario Student Opportunity Trust Fund 1 (OSOTF I), the Ontario Student Opportunity Trust Fund II (OSOTF II) and Ontario Trust for Student

for student purposes.

Schedule of changes in Endowment Fund balances

Year ended March 31

	OSOTF I	OSOTF II	OTSS	2015 Total	2014 Total
Balance, beginning of year	\$ 664,172	\$ 331,340	\$ 2,346,515	\$ 3,342,027	\$ 3,342,027
Cash donations received					

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Revenue

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Grants and reimbursements:		
Operating grants	\$ 14,210,088	\$ 14,376,650
Special purpose grants	15,598,939	15,024,884
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Apprentice training	1,213,818	1,247,878
Ontario training strategies	4,338,058	3,565,051
Other	2,505,918	1,772,660
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	37,866,821	35,987,123
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Tuition fees:		
Full time post secondary	7,254,860	7,104,812
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	9,827,710	9,461,127
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	9,462,579	9,319,240
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Ancillary operations	1,341,238	1,267,833
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Miscellaneous:		
Contract educational services	542,883	306,138
Sale of course products and services	441,500	383,830
Other	2,511,918	2,273,418
	<hr/>	<hr/>
	3,496,301	2,963,386
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Restricted for student purposes	1,149,117	1,116,271
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Amortization of deferred capital contributions	2,798,282	2,866,091