Financial Statements

Sir Sandford Fleming College of Applied Arts and Technology

March 31, 2010

Contents

Auditors' report

To the Board of Governors of
Sir Sandford Fleming College of Applied Arts and Technology

We have audited the statement of financial position of Sir Sandford Fleming College of Applied Arts and Technology as at March 31, 2010 and the statement of financial activities, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements, as at March 31, 2009 and for the year then ended were audited by another auditor who expressed an opinion on these financial statements in a report dated May 15, 2009.

Grant Thornton LLP

Barrie, Ontario
May 10, 2010,
Except as to Note 17
which is as of June 2, 2010

Chartered Accountants
Licensed Public Accountants

Sir Sandford Fleming College of Applied Arts and Technology
Statement of Financial Position

March 31		2010		2009
Financial Assets				
Cash and cash equivalents	$	**5,496,989**	$	10,699,354
Short term investments (Note 2)		**10,150,451**		303,677
Grants and reimbursements receivable		**9,304,866**		6,640,533
Receivables		**1,858,699**		1,523,153
Inventory and prepaids		**497,489**		510,245
Notes receivable (Note 3)		**375,000**		300,500
		27,683,494		19,977,462
Restricted cash and investments for endowments and bursaries (Notes 2 and 4)		**5,834,836**		4,666,611
Notes receivable (Note 3)		**1,244,841**		1,656,178
Capital assets (Note 5)		**80,131,500**		77,364,403
	$	**114,894,671**	$	103,664,654
Financial Liabilities				
Payables and accruals	$	**7,791,535**	$	5,486,750
Accrued payroll and employee benefits		**10,188,291**		9,361,767
Deferred grants in excess of entitlements		**3,339,114**		2,285,891
Deferred revenue		**4,222,427**		3,626,921
Fleming College Foundation (Note 15)		**191,829**		178,441
Current portion of long-term debt (Note 9)		**1,401,215**		1,326,840
		27,134,411		22,266,610
Long-term debt (Note 9)		**19,678,978**		21,080,193
Deferred derivative liability		**1,686,000**		2,985,000
Employee future benefits (Note 7)		**1,063,000**		1,058,000
		22,427,978		25,123,193
Deferred contributions				
Bursaries		**1,113,659**		937,209
Deferred capital contributions (Note 6)		**54,559,805**		50,989,970
		55,673,464		51,927,179
Net assets				
Invested in capital assets (Note 10)		**5,915,046**		5,417,769
Internally restricted (Note 17)		**804,000**		215,000
Unrestricted net assets				
Operating		**7,463,455**		5,237,101
Employee future benefits		**(1,063,000)**		(1,058,000)
Vacation pay accrual		**(5,219,860)**		(4,963,600)
Sick leave gratuity		**(1,276,000)**		(1,245,000)
Deferred derivative liability		**(1,686,000)**		(2,985,000)
Restricted for endowment		**4,721,177**		3,729,402
		9,658,818		4,347,672
	$	**114,894,671**	$	103,664,654

Commitments (Note 16)

On Behalf of the Board of Governors

Chair of the Board of Governors

President

See accompanying notes to the financial statements.

Sir Sandford Fleming College of Applied Arts and Technology
Statement of Financial Activities

Year Ended March 31		**2010**		2009
Revenue				
Grants and reimbursements	**$**	**52,334,215**	$	48,553,025
Student tuition		**19,369,352**		16,603,334
Other		**10,768,312**		9,772,416
Ancillary operations		**3,825,756**		3,713,689
Amortization of deferred capital contributions (Note 6)		**3,253,160**		3,395,446
		89,550,795		82,037,910
Expenditures				
Salaries		**47,567,612**		43,869,210
Benefits		**9,137,477**		8,396,348
Instructional support		**4,921,237**		4,852,586
Travel and professional development		**1,303,240**		1,042,240
Advertising		**1,017,305**		853,777
Telephone, legal and audit		**886,235**		939,786
Equipment maintenance		**383,111**		408,642
Plant and security		**2,819,245**		2,657,583
Rental and taxes		**419,045**		470,430
Utilities		**2,058,455**		2,349,456
Contract services and other		**4,638,368**		3,795,233
Bursaries		**3,069,962**		2,448,780
Supplementary		**1,561,103**		1,470,438
Interest on long-term debt		**1,430,050**		1,482,264
Amortization of capital assets (Note 10)		**5,317,979**		5,520,019
		86,530,424		80,556,792
Excess of revenue over expenditures, before adjustment to deferred derivative liability	**$**	**3,020,371**	$	1,481,118
Adjustment to deferred derivative liability		**1,299,000**		(890,883)
Excess of revenue over expenditures	**$**	**4,319,371**	$	590,235

See accompanying notes to the financial statements.

Fleming College Foundation
Statement of Change in Net Assets
Year ended March 31

	Invested in Capital assets (Note 10a)	Internally restricted (Note 17)	Restricted for endowment	Unrestricted	**2010 Total**	2009 Total
Net assets, beginning of year	$ 5,417,769	$ 215,000	$ 3,729,402	$ (5,014,499)	**$ 4,347,672**	$ 3,336,599
Excess (deficiency) of revenue over expenditures	(2,063,363)	440,500	-	5,942,234	**4,319,371**	590,235
Endowment contributions	-	-	991,775	-	**991,775**	420,838
Net change in invested in capital assets	2,560,640	-	-	(2,560,640)	**-**	-
Change in internally restricted	-	148,500	-	(148,500)	**-**	-
Fund balances, end of the year	$ 5,915,046	$ 804,000	$ 4,721,177	$ (1,781,405)	**$ 9,658,818**	$ 4,347,672

See accompanying notes to the financial statements.

Sir Sandford Fleming College of Applied Arts and Technology
Statement of Changes in Financial Position

Year ended March 31		2010		2009
Increase (decrease) in cash and cash equivalents				
Operating activities				
Excess of revenue over expenditures	$	**4,319,371**	$	590,235
Items not involving cash				
Amortization of capital assets		**5,317,979**		5,520,019
Gain on disposal of capital assets		**(1,456)**		(137,441)
Amortization of deferred capital contributions		**(3,253,160)**		(3,395,446)
Sick leave		**31,000**		(7,941)
Employee future benefits expense (recovery)		**5,000**		(15,000)
Deferred derivative liability		**(1,299,000)**		890,883
Donation of capital assets		**(399,550)**		(255,959)
		4,720,184		3,189,350
Change in non-cash operating working capital				
Grants and reimbursements receivable		**(2,664,333)**		(2,258,117)
Receivables		**(335,546)**		362,693
Inventory and prepaids		**12,756**		228,716
Payables and accruals		**2,304,785**		(1,413,642)
Accrued payroll and employee benefits		**795,524**		561,834
Deferred grants in excess of entitlements		**1,053,223**		1,274,327
Deferred revenue		**595,506**		526,799
		6,482,099		2,471,960
Financing activities				
Deferred capital contributions		**6,822,995**		2,428,035
Deferred contributions - bursaries		**176,450**		(9,146)
Endowment contributions		**991,775**		420,838
Issuance of long-term debt		**-**		1,920,000
Principal payments on long-term debt		**(1,326,840)**		(1,195,967)
Fleming College Foundation, net		**13,388**		(712,238)
		6,677,768		2,851,522
Investing activities				
Invested in short-term investments, net		**(9,846,774)**		7,702,465
Increase in restricted cash and investments for endowments and bursaries		**(1,168,225)**		(411,692)
Purchase of capital assets		**(7,686,620)**		(3,511,658)
Proceeds on disposal of capital assets		**2,550**		214,173
Notes receivable repayment		**336,837**		252,675
		(18,362,232)		4,245,963
Increase (decrease) in cash and cash equivalents		**(5,202,365)**		9,569,445
Cash and cash equivalents,				
Beginning of year		**10,699,354**		1,129,909
End of year	$	**5,496,989**	$	10,699,354

Supplemental cash flow information				
Interest paid	$	**1,430,050**	$	1,482,264

See accompanying notes to the financial statements.

General

Sir Sandford Fleming College (the “College”) was established as a corporation without share capital, as set out in the Ontario Colleges of Applied Arts and Technology Act. The Corporations Act governs the corporate affairs of the College and became effective April 1, 2003. The College is principally involved in providing post-secondary educational services. Under the Income Tax Act (Canada), the College is considered a registered charity and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Summary of significant accounting policies

a) Basis of accounting

These financial statements are the representation of management and have been prepared in accordance with the “Governance and Accountability Framework for Universities and Colleges of Ontario” and generally accepted accounting principles.

b) Deferred revenue

The College defers the portion of the delivery of programs and courses that takes place after March 31.

c) Revenue recognition

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases to net assets.

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

d) Short-term investments and restricted cash and investments for endowments and bursaries

Investments have been designated as held-for-trading and are recorded at fair value. The gain or loss arising from a change in fair value of investments for unrestricted investment income is included in excess (deficiency) of revenue over expenditures in the year in which it arises. Restricted investment income is recognized as revenue when related expenses are incurred.

e) Library books

Library book purchases are recorded as an operating expenditure at the time of purchase.

1. Summary of significant accounting policies (continued)

f) Capital assets

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 expenditure. Betterments which extend the estimated life of an asset are capitalized. Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2-1/2%
Site improvements	10%
Furniture and equipment	20%
Computer equipment	33-1/3%
Residence furniture	6-2/3%
Fibre optic system	5%
Enterprise Resource Planning system	14%
Leasehold improvements	Over term of lease
Sport and Wellness Centre	Over term of lease

Construction in progress is not amortized until it is available for use.

g) Accumulated sick leave credits

The College is liable to pay 50% of an employee's accumulated sick leave credits on termination or retirement after 10 years of service. This program to accumulate sick leave credits ceased for employees hired after March 31, 1991.

Accrued payroll and employee benefits include an amount of $1,276,000 (2009 - $1,245,000) for sick leave accruals.

h) Long-term debt

The College has designated its long-term debt as held-for-trading and, as such, it is recorded at fair value. The fair value of the debt approximates its carrying value as the interest rate is similar to the interest rate currently available to the College.

i) Derivative financial instruments

Derivative financial instruments are utilized by the College in the economic management of its interest rate exposure. The College does not enter into derivative financial instruments for trading or speculative purposes. The College uses interest rate swap agreements to economically manage the floating interest rate of a portion of the debt portfolio and the related overall cost of borrowing. These instruments are not designated as hedges for accounting purposes and are carried on the balance sheet, under the caption deferred derivative liability, at estimated fair market value. Realized and unrealized gains or losses arising from net payments made or received and changes in fair value related to the interest rate swap agreements are recognized in the statement of financial activities in the year of the change.

1. Summary of significant accounting policies (continued)

j) Employee future benefits

The cost of post-retirement benefits is recognized over the periods in which the employee renders services to the College in return for the benefits. The accrued benefit obligation and the current service cost were actuarially determined using the projected benefit method prorated on service and based on management's assumptions.

k) Use of estimates

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Board may undertake in the future. Significant accounting estimates include allowance for doubtful accounts and estimated useful lives of property and equipment. Actual results could differ from those estimates.

l) Change in accounting policies

Effective April 1, 2009, the College adopted the amendments to the various sections of CICA Handbook Section 4400. The adoption of these standards has not resulted in any additional disclosures. Note 20 provides details of the sections adopted.

2. Short term investments and restricted cash and investments for endowments and bursaries

		2010		2009
	Market Value	**Cost**	Market Value	Cost
Cash	**$ -**	**$ -**	$ 609,133	$ 609,133
Money market	**63,561**	**63,561**	367,470	367,471
Fixed income	**15,127,441**	**15,009,387**	3,386,121	3,396,996
Canadian equity	**508,201**	**474,588**	398,870	466,051
Global equity	**286,084**	**270,080**	208,694	227,556
	$ 15,985,287	**$ 15,817,616**	$ 4,970,288	$ 5,067,207

2. Short-term investments and restricted cash and investments for endowments and bursaries (continued)

Fair values of investments are determined as follows:

Bonds and equities are valued at year end quoted market prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

Guaranteed investment certificates, term deposits maturing after a year, mortgages and real estate debentures are valued at the present value of estimated future cash flows discounted at interest rates in similar type, quality and maturity.

The associated risks with the investments are as follows:

a) Liquidity risk

Money market investments represent instruments in highly liquid investments that are readily converted into known amounts of cash.

b) Credit, interest rate and maturity risk

Fixed income securities have yields varying from 0.6% to 8.96% (2009 – 1.26% to 8.96%) with maturity dates ranging from April 17, 2010 to June 30, 2039 (2009 – April 21, 2009 to June 30, 2039). The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. The value of securities will vary with developments within the specific companies or governments which issue the securities.

c) Equity risk

The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. Changes in interest rates may also affect the value of equity securities.

d) Foreign exchange risk

The value of securities denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

3. Notes receivable

The notes receivable balance includes $585,973 (2009 - $712,416) and $1,033,868 (2009 - $1,244,262) due from the Student Association, Frost Campus (“SA”) and from the Sir Sandford Fleming College Student Administrative Council, Peterborough Campus (“SAC”), respectively.

The funds were utilized by SA to construct a Student Centre at the Frost Campus and by SAC for their contribution to the Peterborough Sport and Wellness Centre construction.

3. Notes receivable (continued)

The notes receivable bear interest at the average interest rate earned on the College bank account of 0.5% (2009 – 2.4%). The repayments will vary year to year as the Building Fund Fee is based on enrolment at the respective campuses. The repayment period will continue indefinitely until the balances of the notes receivable plus accrued interest are fully paid. The current portion of the notes receivable is $375,000 (2009 - $300,500) and is estimated by using the repayments net of projected interest received during the year.

Total interest earned during the year is $10,089 (2009 - $53,539) and principal repayments received during the year total $336,837 (2009 - $252,675).

4. Restricted cash and investments for endowments and bursaries

Cash and investments in the amount of $5,834,836 (2009 - $4,666,611) are restricted as to use and are not available for general operations. Fair value is described in Note 2.

5. Capital assets

			2010	2009
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	$ 2,359,937	$ -	**$ 2,359,937**	$ 2,359,937
Buildings	94,754,748	29,980,155	**64,774,593**	63,583,823
Site improvements	3,522,306	1,894,617	**1,627,689**	1,043,572
Furniture and equipment	20,739,140	16,715,793	**4,023,347**	3,064,533
Computer equipment	11,341,219	9,600,354	**1,740,865**	915,276
Residence furniture	1,086,301	619,508	**466,793**	539,213
Fibre optic system	1,560,459	424,603	**1,135,856**	1,213,879
Enterprise Resource Planning system	3,879,358	2,097,813	**1,781,545**	2,336,550
Leasehold improvements	292,093	282,626	**9,467**	47,251
Sport and Wellness Centre	2,448,053	236,645	**2,211,408**	2,260,369
	$ 141,983,614	$ 61,852,114	**$ 80,131,500**	$ 77,364,403

The total capital asset additions purchased and donated during the year were $8,086,170 (2009 - $3,767,617). The Ministry of Training, Colleges and Universities ("MTCU") contributed $6,135,772 (2009 - $2,671,245), other Provincial ministries $2,953 (2009 - $nil), the Federal government $11,552 (2009 - $ 24,538), private companies $411,978 (2009 - $268,867), fundraising $287,563 (2009 - $183,201) and internal funds $1,236,352 (2009 - $619,766).

Included in capital assets is capital in progress in the amount of $1,970,075 (2009 - $118,336).

6. Deferred capital contributions

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 recorded as revenue in the statement of financial activities. The changes in the deferred capital contributions balance are as follows:

	2010	2009
Balance, beginning of year	**$ 50,989,970**	$ 51,957,381
Less amounts amortized to revenue	**(3,253,160)**	(3,395,446)
	47,736,810	48,561,935
Contributions received for capital purposes	**6,822,995**	2,428,035
Balance, end of year	**$ 54,559,805**	$ 50,989,970

As at March 31, 2010, there was $1,423,544 (2009 - $1,450,369) of deferred capital contributions received that were not spent.

7. Employee future benefits other than pension

The College pays certain benefits on behalf of its retired employees in addition to pension (Note 8). As well, current employee compensated absence for short-term disability and maternity leave benefits are included. Information regarding the College's liability is as follows:

	2010	2009
Balance, beginning of year	**$ 1,058,000**	$ 1,073,000
Employee future benefits expense (income)	**5,000**	(15,000)
Balance, end of year	**$ 1,063,000**	$ 1,058,000

A discount rate of 4.75% was used as the actuarial assumption in the valuation of retired employee benefits. Compensated absences are not actuarially determined.

8. Pension plan

The College has a defined benefit multi-employer pension plan for its employees, which is jointly trusteed. Under this arrangement, the College makes contributions to this plan equal to those of the employees. The College follows defined contribution accounting for its portion of the multi-employer plan. The employer portion of pension contributions for the year was $3,960,570 (2009 - $3,361,315) which includes RCA contributions of $82,086 (2009- $59,010). The pension plan is administered by a Board of Trustees and, based on the latest actuarial report filed on January 1, 2008, the plan has a going concern deficit and a solvency deficit. Any unfunded liability would be shared equally between the colleges and their employees.

9. Long-term debt

	2010	2009
Lindsay Student Residence loan, payable $26,701 monthly, including interest at 4.514%, due June 2015, secured by specific property	**$ 1,495,193**	$ 1,742,033
Less principal repayments due within one year	**(258,215)**	(246,840)
	1,236,978	1,495,193
Brealey Student Residence loan payable, secured by specific property	**16,491,000**	17,028,000
Less principal repayment due within one year	**(574,000)**	(537,000)
	15,917,000	16,491,000
Peterborough Sport and Wellness Centre loan payable, secured by specific property	**1,322,000**	1,373,000
Less principal repayment due within one year	**(53,000)**	(51,000)
	1,269,000	1,322,000
Enterprise Resource Planning System loan payable, secured by specific property	**1,772,000**	2,264,000
Less principal repayment due within one year	**(516,000)**	(492,000)
	1,256,000	1,772,000
	$ 19,678,978	$ 21,080,193

The College has entered into interest rate swaps for the Brealey Student Residence, the Peterborough Sport and Wellness Centre and the Enterprise Resource Planning System. The fair values of the interest rate swaps have been recorded as a deferred derivative liability.

The swap for the Brealey Student Residence has a total notional value of $20,000,000, whereby that portion of the loan payable is fixed at 7.05%, inclusive of the stamping fee. Principal repayments are due quarterly with the swap agreement expiring on October 31, 2011. The Brealey Student Residence loan also matures on October 31, 2011. The fair value of this swap liability is $1,467,677 (2009 - $2,522,839).

The Peterborough Sport and Wellness Centre swap has a notional value of $1,500,000, whereby that portion of the loan payable is fixed at 5.34%, inclusive of the stamping fee. Principal repayments are due quarterly with the swap agreement expiring on June 13, 2026. The fair value if this swap liability is $129,750 (2009 - $273,311).

The Enterprise Resource Planning System swap has a notional value of $3,500,000, whereby that portion of the loan payable is fixed at 5.05%, inclusive of the stamping fee. Principal repayments are due quarterly with the swap agreement expiring on June 13, 2013. The fair value of this swap liability is $88,573 (2009 - $188,850).

9. Long-term debt (continued)

The principal repayments due in the next five years and thereafter are as follows:

2011	$	1,401,215
2012		18,712,115
2013		282,564
2014		295,586
2015		309,208
Thereafter		79,505
	$	21,080,193

10. Net assets invested in capital assets

a) Net assets invested in capital assets represent the following:

		2010		2009
Capital assets, at cost	**$**	**141,983,614**	$	135,434,157
Accumulated amortization		**(61,852,114)**		(58,069,754)
Long-term debt				
Long-term portion		**(19,678,978)**		(21,080,193)
Current portion		**(1,401,215)**		(1,326,840)
Deferred contributions related to capital assets		**(53,136,261)**		(49,539,601)
	$	**5,915,046**	$	5,417,769

b) The change in net assets invested in capital assets is calculated as follows:

		2010		2009
Excess (deficiency) of revenue over expenditures				
Amortization of deferred capital contributions	**$**	**3,253,160**	$	3,395,446
Amortization of capital assets		**(5,317,979)**		(5,520,019)
Gain on disposal of capital assets		**1,456**		137,441
	$	**(2,063,363)**	$	(1,987,132)

10. Net assets invested in capital assets (continued)

		2010		2009
Net change in investment in capital assets				
Donated and purchased capital assets	**$**	**8,086,170**	$	3,767,617
Proceeds on disposal of capital assets		**(2,550)**		(214,173)
Amounts funded by deferred capital contributions		**(6,849,820)**		(3,197,424)
Repayment of long-term debt		**1,326,840**		1,195,967
Issuance of long-term debt		**-**		(1,920,000)
	$	**2,560,640**	$	(368,013)

11. Investment income

Investment income earned and recorded in the statement of financial activities is calculated as follows:

		2010		2009
Unrestricted resources	**$**	**101,928**	$	256,165
Endowment funds		**106,976**		129,590
	$	**208,904**	$	385,755

12. Fair values of financial instruments

Cash, grants and reimbursements receivable, receivables, payables and accruals and accrued payroll and employee benefits are designated as held for trading. Their carrying values approximate their fair values due to the relatively short period to maturity of these financial instruments. The fair value of the notes receivable is not determinable as the repayment amounts fluctuate each year and the maturity date is not known.

Fair values of short-term investments are as disclosed in Note 2.

The College is exposed to interest rate risk on the financing of the student residence at the Brealey Campus, the Wellness Centre and the Enterprise Resource Planning System. The swaps have been recorded at their fair values, as described in Note 9.

Each of the swaps was entered into with a highly rated counterparty, consistent with the College's risk management objectives.

13. Ontario Student Opportunity Trust Funds

Net assets restricted for endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund Phase 1 and Phase 2 (“OSOTF”) matching program to award student aid as a result of raising an equal amount of endowed donations.

The College has recorded the following amounts under the OSOTF programs:

a) OSOTF – Phase 1

Schedule of changes in endowment fund balance:

		2010		2009
Fund balance, beginning of year	**$**	**1,417,620**	$	1,417,236
Preservation of capital		**119**		384
Fund balance, end of year	**$**	**1,417,739**	$	1,417,620

Schedule of changes in expendable funds available for awards:

	2010				2009			
		Market		**Cost**		Market		Cost
Balance, beginning of year	**$**	**146,968**	**$**	**163,598**	$	270,058	$	259,328
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		**129,342**		**61,502**		(40,890)		(13,530)
Bursaries awarded (2010 - 67; 2009 - 93)		**(53,450)**		**(53,450)**		(82,200)		(82,200)
Balance, end of year	**$**	**222,860**	**$**	**171,650**	$	146,968	$	163,598

13. Ontario Student Opportunity Trust Funds (continued)

b) OSOTF – Phase 2

Schedule of changes in endowment fund balance:

		2010		2009
Fund balance, beginning of year	$	472,926	$	472,884
Preservation of capital		170		42
Fund balance, end of year	$	473,096	$	472,926

Schedule of changes in expendable funds available for awards:

	2010				2009			
		Market		Cost		Market		Cost
Balance, beginning of year	$	7,141	$	43,705	$	56,411	$	59,203
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		59,668		19,332		(27,755)		6,017
Bursaries awarded (2010 - 14; 2009 - 17)		(18,165)		(18,165)		(21,515)		(21,515)
Balance, end of year	$	48,644	$	44,872	$	7,141	$	43,705

14. Ontario Trust for Student Support

Net assets restricted for endowments include monies provided by the Government of Ontario from the Ontario Trust for Student Support ("OTSS") matching program to award student aid.

Schedule of donations received:

	2010	2009
Cash donations matched	**$ 300,274**	$ 124,843

Schedule of changes in endowment fund balances:

	2010	2009
Fund balance, beginning of year	**$ 1,402,565**	$ 1,152,808
Eligible cash donations received in compliance with the November 2005 Program Guidelines and Reporting Requirements	**300,274**	124,843
Matching funds received/receivable from MTCU in 2009/10	**686,784**	124,843
Preservation of capital	**14**	71
Fund balance, end of year	**$ 2,389,637**	$ 1,402,565

Schedule of changes in expendable funds available for awards:

	2010		2009	
	Market	**Cost**	Market	Cost
Balance, beginning of year	**$ (31,810)**	**$ 4,959**	$ 34,227	$ 37,937
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	**196,799**	**82,997**	(42,937)	(9,878)
Bursaries awarded (2010 - 50; 2009 - 34)	**(31,750)**	**(31,750)**	(23,100)	(23,100)
Balance, end of year	**$ 133,239**	**$ 56,206**	$ (31,810)	$ 4,959

15. Fleming College Foundation

The College exercises significant influence over Fleming College Foundation (the “Foundation”). The Foundation was established to raise funds for the use of the College. The Foundation was incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act (Canada). Net resources of the Foundation amount to $496,319 (2009 - $464,742), of which $465,596 (2009 - $432,239) is restricted.

The net assets and results from operations of the Foundation are not included in the financial statements of the College. Separate financial statements of the Foundation are available upon request.

Related party transactions during the year not separately disclosed in the financial statements include the College’s contribution of $399,500 (2009 - $384,000) toward the Foundation’s administrative expenses.

The College received $119,701 in donations from the Foundation during the year (2009 - $1,384,915) and transfers of $95,274 for OTSS (2009 - $124,843).

The balance due to the Foundation of $191,829 (2009 - $178,441) bears interest at the College rates earned on their short-term investments (Note 2). Interest paid during the year amounted to $5,106 (2009 - $30,128). This related party balance arose as the College holds funds for investments on behalf of the Foundation.

16. Commitments and contingencies

The College entered into an agreement during the year to supply and install a hydro feed at the Brealey campus. The project is expected to be completed by July 2010, at a total cost of $1,016,023. During the year, the College has spent $725,508, resulting in a commitment at March 31, 2010 of $290,515.

The College entered into an agreement during the year to install sanitary and water services at the Brealey campus. The project is expected to be completed by July 2010, at a total cost of $469,877. During the year, the College has spent $368,277, resulting in a commitment at March 31, 2010 of $101,650.

The College entered into an agreement during the year to construct a storage shed at the Frost campus. The project is expected to be completed by September 2010, at a total cost of $116,389. The construction of the shed has not commenced as of the fiscal year end.

16. Commitments and contingencies (continued)

The College is committed to the following operating lease payments in each of the following years:

2011	$ 577,221
2012	286,449
2013	282,253
2014	210,734
Thereafter	144

17. Internally restricted net assets

	2010	2009
Residence and other direct student services	**$ 655,500**	$ 215,000
Other	**148,500**	-
	$ 804,000	$ 215,000

Internally restricted net assets represent funds restricted by Board motion. Board approval is required for expenditures. On June 2, 2010, the Board approved a transfer of $440,500 from unrestricted to internally restricted net assets for the purpose of residence and other direct student services and $148,500 for other items.

18. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

19. Subsequent event

Subsequent to March 31, 2010 the College entered into an agreement to renovate space at the Frost Campus to create a new Pathology Lab. The project is expected to be completed by September 2010 at a total cost of $908,751. Funding for this project will be provided by the Strategic Capital Infrastructure Program.

20. Change in accounting policies

a) Financial statement presentation by not-for-profit organizations

Effective April 1, 2009, the College adopted the amendments to CICA Handbook Section 4400 "Financial Statement Presentation by Not-for-Profit Organizations". This standard has been amended to permit a not-for-profit organization to present net assets invested in capital assets as a category of internally restricted net assets and clarification of presentation of revenue and expenses on a gross basis when the entity is acting as the principal in a transaction. The adoption of this standard has not resulted in any changes in the presentation of revenue and expenses or additional disclosures regarding internally restricted net assets.

b) Capital assets held by not-for-profit organizations

Effective April 1, 2009, the College adopted the amendments to CICA Handbook Section 4430 "Capital Assets Held by Not-for-Profit Organizations". This standard has been amended to reflect the changes in Section 4400. The adoption of the amended standard has not resulted in any additional disclosures.

c) Disclosure of related party transactions by not-for-profit organizations

Effective April 1, 2009, the College adopted the amendments to CICA Handbook Section 4460 "Disclosure of Related Party Transactions by Not-for-Profit Organizations". This standard has been amended to align the definition of related parties to CICA Handbook Section 3840 "Related Party Transactions". The adoption of the amended standard has not resulted in any additional disclosures.

d) Disclosure of allocated expenses by not-for-profit organizations

Effective April 1, 2009, the College adopted CICA Handbook Section CICA 4470 "Disclosure of Allocated Expenses by Not-for-Profit Organizations". This new standard establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. The adoption of this Section has not resulted in any additional disclosures.

e) Cash flow statements

Effective April I, 2009, the College adopted the amendments to CICA Handbook Section 1540 "Cash Flow Statements". This standard has been amended to include not-for-profit organizations within the scope of the standard. The adoption of the amended standard has not resulted in any additional disclosures.

20. Change in accounting policies (continued)

f) Amendments to financial instruments – recognition and measurement

Effective April 1, 2009, the College adopted the amendments to CICA Handbook Section 3855 "Financial instruments — Recognition and Measurement". This standard was amended to clarify the accounting for a reclassification of a financial asset that contains an embedded derivative out of the held-for-trading category. This amendment is effective for reclassifications made on or after July 1, 2009. Since the College has not reclassified any of its financial assets, the adoption of the amended standard has not impacted the College.

21. Future accounting pronouncements

The CICA amended Section 3855 "Financial instruments — Recognition and Measurement" to clarify the application of the effective interest method after a debt instrument has been impaired. These amendments are effective for annual and interim financial statements relating to fiscal years beginning on or after July 1, 2009. The College does not expect the amended standard to have any impact on its future financial statements.