

Financial Statements of

**SIR SANDFORD FLEMING
COLLEGE OF APPLIED ARTS
AND TECHNOLOGY**

Year ended March 31, 2004



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AUDITORS' REPORT

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

We have audited the balance sheet of Sir Sandford Fleming College of Applied Arts and Technology as at March 31, 2004 and the statements of revenue and expenditures, 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, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Accountants

Toronto, Canada

May 28, 2004

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Balance Sheet

March 31, 2004, with comparative figures for 2003

	2004	2003 (Restated - note 1(f))
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 16,131,325	\$ 25,429,231
Short-term investments (note 2)	1,840,705	1,548,831
Grants and reimbursements receivable (note 3)	2,947,952	2,679,540
Accounts receivable	1,623,447	1,692,193
Other	353,249	263,359
Notes receivable (note 4)	223,500	59,118
	<u>23,120,178</u>	<u>31,672,272</u>
Notes receivable (note 4)	1,132,013	997,218
Grant receivable (note 3)	640,000	960,000
Capital assets (note 5)	80,146,303	66,000,705
	<u>\$ 105,038,494</u>	<u>\$ 99,630,195</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,004,675	\$ 5,108,532
Accrued payroll and employee benefits	10,004,390	7,074,399
Grants received in excess of entitlements	758,071	1,099,889
Deferred revenue	3,285,960	2,785,166
Friends of Fleming College Foundation (note 16)	2,789,062	1,433,538
Current portion of long-term debt (note 10)	579,568	543,499
	<u>22,421,726</u>	<u>18,045,023</u>
Long-term debt (note 10)	21,496,885	22,076,424
Employee future benefits (note 8)	2,045,000	1,991,000
Deferred contributions:		
Expense of future periods	1,472,410	1,615,545
Deferred capital contributions (note 7)	53,499,838	50,568,549
	<u>54,972,248</u>	<u>52,184,094</u>
Net assets:		
Invested in capital assets (note 11)	6,583,251	5,903,073
Internally restricted (note 12)	1,788,686	1,682,456
Unrestricted net assets:		
Operating	2,079,094	2,195,207
Employee future benefits	(2,045,000)	(1,991,000)
Vacation pay accrual	(4,534,654)	(4,129,812)
Sick leave gratuity	(1,737,302)	-
Restricted for endowment	1,968,560	1,673,730
	<u>4,102,635</u>	<u>5,333,654</u>
Commitments (note 17)		
	<u>\$ 105,038,494</u>	<u>\$ 99,630,195</u>

See accompanying notes to financial statements.

On behalf of the Board of Governors:

_____ Chair of the Board of Governors

_____ President

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Revenue and Expenditures

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Revenue:		
Grants and reimbursements	\$ 37,726,818	\$ 34,741,035
Student tuition	14,549,414	13,870,631
Other	5,983,465	5,701,260
Ancillary operations	3,381,425	3,382,309
Amortization of deferred capital contributions (note 7)	5,380,950	1,895,009
Contract training and special projects	2,163,175	1,879,348
	69,185,247	61,469,592
Expenditures:		
Academic	36,707,571	34,278,536
Student services	8,151,146	7,544,427
Plant and property	5,747,711	5,359,750
Administrative	5,341,739	4,955,397
Amortization of capital assets (note 11)	6,559,469	3,771,229
Ancillary operations	2,901,645	2,853,783
Supplementary	1,831,034	1,842,503
Other	756,566	713,849
Write-down of land and building	1,304,656	-
	69,301,537	61,319,474
Excess (deficiency) of revenue over expenditures	\$ (116,290)	\$ 150,118

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

Year ended March 31, 2004, with comparative figures for 2003

					2004	2003
	Invested in capital assets (note 11)	Internally restricted (note 12)	Restricted for endowment	Unrestricted	Total	Total
Net assets, beginning of year:						
As previously stated	\$ 5,903,073	\$ 1,682,456	\$ 1,673,730	\$ (3,925,605)	\$ 5,333,654	\$ 5,182,447
Sick leave gratuity (note 1(f))	–	–	–	(1,909,559)	(1,909,559)	–
As restated	5,903,073	1,682,456	1,673,730	(5,835,164)	3,424,095	5,182,447
Excess (deficiency) of revenue over expenditures	(2,537,869)	–	–	2,421,579	(116,290)	150,118
Endowment contributions	–	–	294,830	–	294,830	1,089
Net change in investment in capital assets (note 11(b))	2,718,047	–	–	(2,718,047)	–	–
Land contribution	500,000	–	–	–	500,000	–
Internally imposed restrictions (note 12)	–	106,230	–	(106,230)	–	–
Net assets, end of year	\$ 6,583,251	\$ 1,788,686	\$ 1,968,560	\$ (6,237,862)	\$ 4,102,635	\$ 5,333,654

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003 (Restated - note 1(f))
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditures	\$ (116,290)	\$ 150,118
Items not involving cash:		
Amortization of capital assets	6,559,469	3,771,229
Loss (gain) on sale of capital assets	54,694	(63,812)
Write-down of land and building	1,304,656	-
Donation of land	500,000	-
Amortization of deferred capital contributions	(5,380,950)	(1,895,009)
Sick leave	(172,257)	-
Employee future benefits	54,000	52,000
	2,803,322	2,014,526
Change in non-cash operating working capital:		
Grants and reimbursements receivable	51,588	(1,169,258)
Accounts receivable	68,746	(271,709)
Other	(89,890)	(76,074)
Accounts payable and accrued liabilities	(103,857)	140,249
Accrued payroll and employee benefits	1,192,689	337,595
Grants received in excess of entitlements	(341,818)	471,462
Deferred revenue	500,794	1,147,403
	4,081,574	2,594,194
Financing activities:		
Deferred capital contributions	8,312,239	2,617,157
Deferred contributions expense of future periods	(143,135)	(143,178)
Endowment contributions	294,830	1,089
Principal payments on long-term debt	(543,470)	(402,555)
Friends of Fleming College Foundation, net	1,355,524	774,187
	9,275,988	2,846,700
Investing activities:		
Invested in short-term investments, net	(291,874)	10,293,545
Purchase of capital assets	(17,125,053)	(16,212,988)
Donation of capital assets	(4,973,095)	-
Proceeds on disposal of capital assets	33,731	1,542,143
Notes receivable	(299,177)	(1,056,336)
	(22,655,468)	(5,433,636)
Increase (decrease) in cash and cash equivalents	(9,297,906)	7,258
Cash and cash equivalents, beginning of year	25,429,231	25,421,973
Cash and cash equivalents, end of year	\$ 16,131,325	\$ 25,429,231
Cash and cash equivalents are comprised of:		
Cash	\$ 1,686,814	\$ 2,535,225
Short-term investments (note 2)	14,444,511	22,894,006
	\$ 16,131,325	\$ 25,429,231
Supplemental cash flow information:		
Interest paid	\$ 1,557,492	\$ 1,589,019

See accompanying notes to financial statements.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2004

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 will govern 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, the College is considered a registered charity and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. 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) 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.

(c) Short-term investments:

Short-term investments are recorded at the lower of cost and market value.

(d) Library books:

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

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

1. Significant accounting policies (continued):

(e) 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 expense. 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%
Leasehold improvements	Over term of lease
Donated software	25% - 50%

Donated software was received from various partners as part of their contribution to the Geomatics Institute at Fleming project. The project is also funded by The Ministry of Economic Development and Trade's Strategic Skills Investment Program, which requires industry contributions. The donated software includes licenses for a specific term, which are amortized over the term. The remaining software is amortized at the rate of 33% on a straight-line basis.

(f) Accumulated sick leave credits:

The College is liable to pay 50% of an employee's accumulated sick leave credits on termination or retirement after ten years' service. This program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The Ministry of Training, Colleges and Universities has historically undertaken the annual funding of these expenditures as they are incurred. During the year, the College paid sick leave amounts of \$263,353 (2003 - \$374,780) and received funding in the same amount from the Ministry.

In the past, the accumulated sick leave credits were not provided for in the financial statements. Effective April 1, 2003, the College began recording this liability.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

1. Significant accounting policies (continued):

Accrued payroll and employee benefits include an amount of \$1,737,302 for sick leave accruals. The opening net assets were adjusted by \$1,909,559, to retroactively adjust for sick leave.

(g) 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 best estimate assumptions.

(h) Use of estimates:

The preparation of 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. Actual results could differ from those estimates.

2. Short-term investments:

Included in cash and cash equivalents are short-term investments of \$14,444,511 (2003 - \$22,894,006) in UBS Global Asset Management Cash in Action Fund which invests in vehicles, such as bankers' acceptances, term deposits, guaranteed investment certificates and commercial paper with a maturity date of less than one year. Short-term investments are comprised of bonds \$1,433,884 (2003 - \$1,233,454), earning a weighted average interest rate of 5.4% (2003 - 5.5%), money market funds \$22,704 (2003 - \$26,565) and equities \$384,117 (2003 - \$288,812).

3. Grant receivable:

The provincial government has agreed to pay the College a capital grant of \$320,000 each year for ten years. There are three years remaining and the current portion of the grant receivable is included in grants and reimbursements receivable.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

4. Notes receivable:

The notes receivable balance includes \$1,013,369 and \$342,144 due from the Student Association, Frost Campus, Sir Sandford Fleming College ("SA") and from the Sir Sandford Fleming College Student Administrative Council, Peterborough Campus ("SAC"), respectively.

The SA utilized the funds to construct a Student Centre at the Frost Campus.

The notes receivable bear interest at the average interest rate earned on the College bank account of 2.8%. 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 portions of the notes receivable are estimated by using the net principal repayments received during the year as the basis of determination.

Total interest earned during the year is \$31,485 and principal repayments received during the year totalled \$330,786.

5. Capital assets:

			2004	2003
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,384,936	\$ –	\$ 2,384,936	\$ 2,450,083
Buildings	73,053,593	16,588,156	56,465,437	47,646,552
Site improvements	1,515,892	908,507	607,385	403,571
Furniture and equipment	15,782,945	11,287,255	4,495,690	3,930,048
Computer equipment	11,927,073	8,068,523	3,858,550	3,397,069
Residence furniture	1,086,301	184,988	901,313	973,733
Fiber optic system	1,070,109	49,047	1,021,062	1,019,356
Leasehold improvements	99,361	57,391	41,970	52,429
Donated software	4,473,095	1,713,029	2,760,066	–
Construction in progress	7,609,894	–	7,609,894	6,127,864
	\$ 119,003,199	\$ 38,856,896	\$ 80,146,303	\$ 66,000,705

The total capital asset additions purchased and donated during the year was \$22,098,148. The Ministry of Training, Colleges and Universities contributed \$13,130,830, other governments, \$1,839,517, private companies, \$4,692,541, fundraising, \$226,953, and internal funds, \$2,208,307.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

5. Capital assets (continued):

The College received SuperBuild funding in the amount of \$27,450,000 in March 2000, to assist in the construction of academic wings at both the Brealey and Frost Campuses, as well as a new campus in Haliburton.

The construction in progress consists of the following significant projects:

- (a) The Peterborough Sports and Wellness Centre is currently under construction and is expected to be substantially complete in the spring of 2005 at a total cost to the College of \$2,400,000. To date, \$629,963 has been spent on this project.
- (b) The Haliburton campus is currently under construction and is expected to be substantially complete in the fall of 2004 at a total cost of \$10,000,000. To date, \$6,662,378 has been spent.
- (c) The remaining construction in progress of \$317,553 consists of a number of small projects.

6. Prepaid Leave Plan:

Deferred salary payments in the amount of \$43,223 (2003 - \$29,447) included in accrued payroll and employee benefits result from the participation of certain employees in the Prepaid Leave Plan, as defined under various agreements with the College Compensation and Appointment Council.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

7. 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 revenue and expenditures. The changes in the deferred capital contributions balance are as follows:

	2004	2003
Balance, beginning of year	\$ 50,568,549	\$ 49,846,401
Less amounts amortized to revenue	5,380,950	1,895,009
	45,187,599	47,951,392
Interest earned on SuperBuild funds	263,137	630,859
Contributions received for capital purposes	8,049,102	1,986,298
Balance, end of year	\$ 53,499,838	\$ 50,568,549

As at March 31, 2004, there was \$2,013,239 (2003 - \$13,090,840) of deferred capital contributions received which were not spent. Of the unspent balance, \$2,004,584 (2003 - \$13,085,500) represents SuperBuild funds.

8. Employee future benefits other than pension:

The College pays certain benefits on behalf of its retired employees in addition to pension (note 9). Information regarding the College's plan is as follows:

	2004	2003
Balance, beginning of year	\$ 1,991,000	\$ 1,939,000
Employee future benefits expense	54,000	52,000
Balance, end of year	\$ 2,045,000	\$ 1,991,000

The actuarial assumption used in the valuation is a discount rate of 5.5%.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

9. Pension plan:

The College has a defined benefit multi-employer pension plan for its employees which is jointly trustee. 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 \$1,927,995 (2003 - \$1,729,968). The pension plan is administered by a Board of Trustees and, based on the latest actuarial report, December 31, 2002, the plan has no unfunded liability on a smoothed basis. On an unsmoothed basis, the plan has a deficit in respect of both the funding and solvency valuations. To give the plan more flexibility and options in dealing with future valuation results as they emerge, rates have been increased as of January 1, 2003 by 1.5% of pensionable earnings for both employee and employer contributions. Any unfunded liability would be shared equally between the Colleges and their employees.

10. Long-term debt:

	2004	2003
Lindsay Student Residence:		
Loan repayable, \$31,005 monthly, including interest at 6.32%, due September 2004, secured by specific property	\$ 2,850,453	\$ 3,035,923
Less principal repayments due within one year	197,568	185,499
	<u>2,652,885</u>	<u>2,850,424</u>
Brealey Student Residence loan payable	19,266,000	19,584,000
Less principal repayment due within one year	382,000	358,000
	<u>18,844,000</u>	<u>19,226,000</u>
	<u>\$ 21,496,885</u>	<u>\$ 22,076,424</u>

The College has entered into an interest rate swap for the Brealey Student Residence loan. The swap 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.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

10. Long-term debt (continued):

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

2005	\$	579,568
2006		618,422
2007		663,113
2008		706,694
2009		755,222
Thereafter		18,753,434

The long-term debt interest amounted to \$1,557,492 (2003 - \$1,589,019) during the year.

11. Net assets invested in capital assets:

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

	2004	2003
Capital assets, at cost	\$ 119,003,199	\$ 99,361,537
Accumulated amortization	(38,856,896)	(33,360,832)
Long-term debt:		
Long-term portion	(21,496,885)	(22,076,424)
Current portion	(579,568)	(543,499)
Deferred contributions related to capital assets	(51,486,599)	(37,477,709)
Balance, end of year	\$ 6,583,251	\$ 5,903,073

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

11. Net assets invested in capital assets (continued):

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

	2004	2003
Deficiency of revenue over expenditures:		
Amortization of deferred capital contributions	\$ 5,380,950	\$ 1,895,009
Amortization of capital assets	(6,559,469)	(3,771,229)
Gain (loss) on disposal of capital assets	(54,694)	63,812
Write-down of land and building	(1,304,656)	-
	<u>\$ (2,537,869)</u>	<u>\$ (1,812,408)</u>
Net change in investment in capital assets:		
Donated and purchased capital assets	\$ 21,598,148	\$ 16,212,988
Proceeds on disposal of capital assets	(33,731)	(1,542,143)
Amounts funded by deferred contributions	(19,389,840)	(14,215,550)
Repayment of long-term debt	543,470	402,555
	<u>\$ 2,718,047</u>	<u>\$ 857,850</u>

12. Internally restricted net assets:

	2004	2003
Administrative student systems	\$ -	\$ 533,141
Residence	-	96,517
Academic development	-	83,352
Marketing and consulting	321,100	-
Capital campaigns	1,467,586	935,995
Other	-	33,451
	<u>\$ 1,788,686</u>	<u>\$ 1,682,456</u>

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

13. Investment income:

Investment income earned and recorded in the statement of revenue and expenditures is calculated as follows:

	2004	2003
Investment income:		
Unrestricted resources	\$ 243,058	\$ 393,785
SuperBuild funds	263,137	630,859
Endowment funds	89,615	72,428
	<u>595,810</u>	<u>1,097,072</u>
Amounts deferred and restricted for:		
SuperBuild Project	(263,137)	(630,859)
Endowment purposes	(89,615)	(72,428)
	<u>(352,752)</u>	<u>(703,287)</u>
	<u>\$ 243,058</u>	<u>\$ 393,785</u>

14. Fair values of financial instruments:

The carrying values of cash and cash equivalents, short-term investments, reimbursements receivable, accounts receivable, accounts payable and accrued liabilities and accrued payroll and employee benefits approximate their fair values due to the relatively short period to maturity of these instruments. The fair value of the grant receivable is approximately \$839,015. The fair value of the note receivable is not determinable as the repayment amounts fluctuate each year and the maturity date is not known. The fair value of long-term debt approximates its carrying value, as the interest rate is similar to that currently available to the College.

The College was exposed to interest rate risk on the financing of the student residence at the Brealey Campus. On May 15, 2000, the College entered into an interest rate swap with a highly rated counterparty to swap the floating interest payments on the student residence debt into three-month bankers' acceptance fixed rate payments, consistent with its interest rate risk management objectives. The swap had an initial notional amount of \$20,000,000 that reduces on a basis consistent with the principal value of the underlying debt and it matures on October 31, 2011.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

15. Ontario Student Opportunity Trust Fund:

Net assets restricted for endowments include monies provided by the Government of Ontario from the Student Opportunity Trust Fund ("OSOTF") matching program to award student aid as a result of raising an equal amount of endowed donations. During the year, a new OSOTF Phase 2 Program was launched by the Government. At March 31, 2004, the OSOTF Phase 2 balance included in the Restricted for Endowment was \$294,380 and the OSOTF Phase 1 was \$1,415,698.

The College has recorded the following amounts under the OSOTF Phase 1 program:

Schedule of changes in endowment balance:

	2004	2003
Fund balance, beginning of year	\$ 1,415,278	\$ 1,415,258
Preservation of capital	420	20
Fund balance, end of year	\$ 1,415,698	\$ 1,415,278

Schedule of changes in expendable funds available for awards:

	2004	2003
Balance, beginning of year	\$ 14,217	\$ -
Investment income and preservation of capital	73,469	59,267
Bursaries awarded (2004 - 63; 2003 - 58)	(40,895)	(45,050)
Balance, end of year	\$ 46,791	\$ 14,217

The market value of the endowment as at March 31, 2004 was \$1,591,007.

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

16. Friends of Fleming College Foundation:

The College exercises significant influence over 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. Net resources of the Foundation amount to \$3,600,299 (2003 - \$2,216,168), of which \$3,557,029 (2003 - \$2,193,926) is externally 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 \$330,787 (2003 - \$311,880) toward the Foundation's administrative expenses.

The College received \$239,645 in capital donations from the Foundation during the year (2003 - \$265,090) and transfers of \$95,891 in OSOTF.

The balance due to the Foundation bears interest at the College rates earned on their short-term investments (note 2). Interest paid during the year amounted to \$58,374 (2003 - \$33,625). This related party balance arose as the College holds funds for investment on behalf of the Foundation.

17. Commitments:

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

2005	\$ 146,959
2006	108,080
2007	98,385
2008	99,538
2009	25,039
Thereafter	154

SIR SANDFORD FLEMING COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2004

17. Commitments (continued):

- (a) The College is named as a partner in The City of Peterborough's SuperBuild proposal to develop a recreation centre to be located on College property. The total cost of the complex is expected to be \$14,000,000. The College has committed to contribute \$4,700,000, of which \$2,300,000 will come from a student levy and \$2,400,000 from fundraising. The College will have access to the facility for programming and recreation for students in exchange for its contribution. Both the federal and provincial governments have approved their portion of the funding commitments. As at March 31, 2004, the College has made \$1,259,926 of expenditures towards this project of which \$629,963 was paid or payable on behalf of the Student Administrative Council. Construction began in the fall of 2003 and is expected to be substantially complete in the spring of 2005.
- (b) The College is constructing a new Haliburton Campus and has entered into a construction contract with Monteith Enterprises Ltd. The total commitment is \$7,868,176. As at March 31, 2004, \$5,375,450 has been spent. The construction is expected to be substantially complete in the fall of 2004.
- (c) The College has committed up to \$411,113 in funding the Haliburton Connect Committee for six strands of unlit fibre from our Lindsay Campus to the Haliburton Campus. Haliburton Connect Committee is attempting to secure federal funding through Broadband for Rural and Northern Development Program and provincial funding through the Connect Ontario Broadband Regional Access to develop a high-speed Broadband telecommunication network within the County. The status of the funding requests are currently unknown.

18. Comparative figures:

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