

Financial Statements of

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

Year ended March 31, 2016

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Financial Statements

Year ended March 31, 2016

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Independent Auditor's Report

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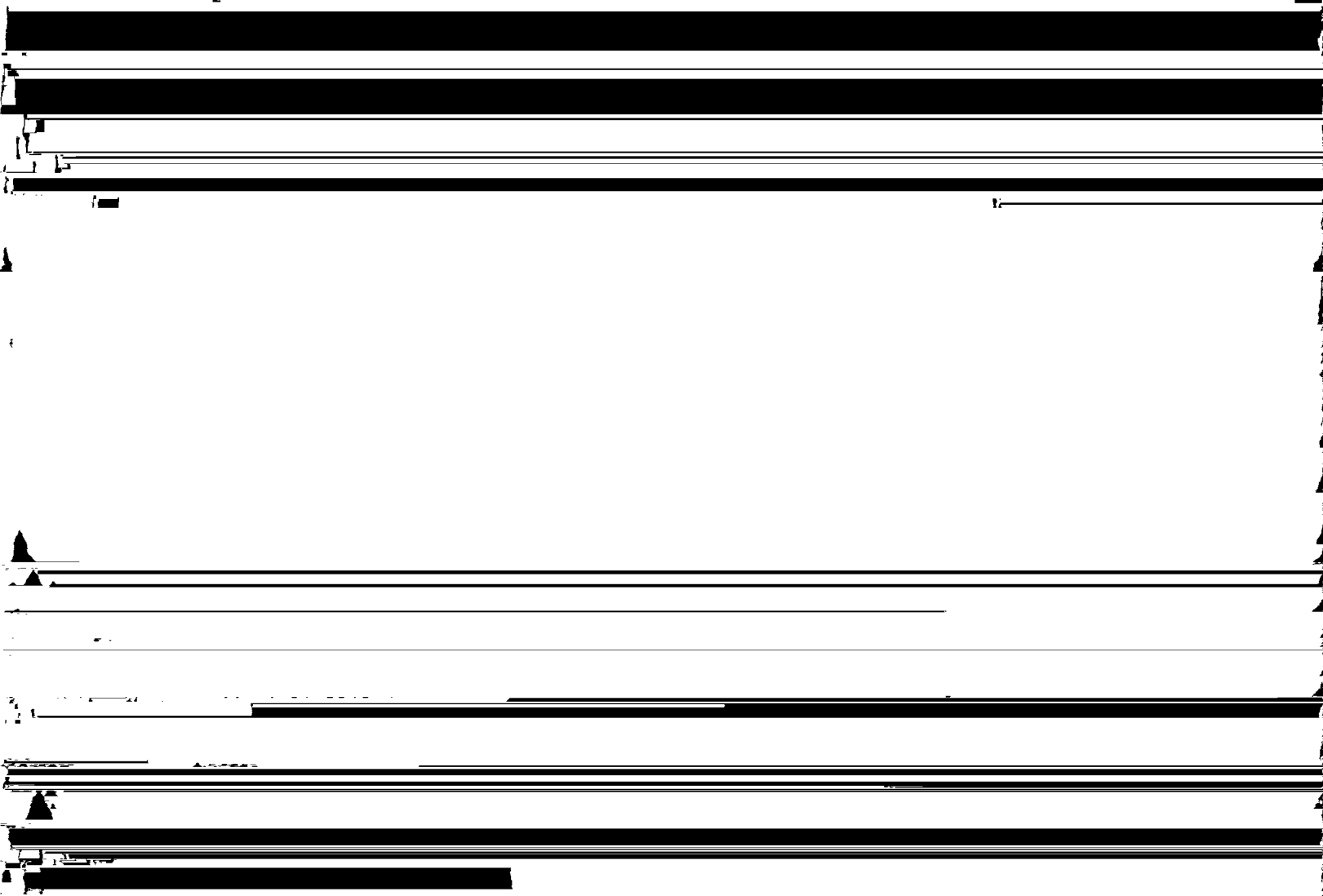


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INDEPENDENT AUDITORS' REPORT

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





Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Sault College of Applied Arts and Technology as at March 31, 2016, its results of operations, ~~and its cash flows and measurement gains and losses for the year then ended in~~

KPMG LLP

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

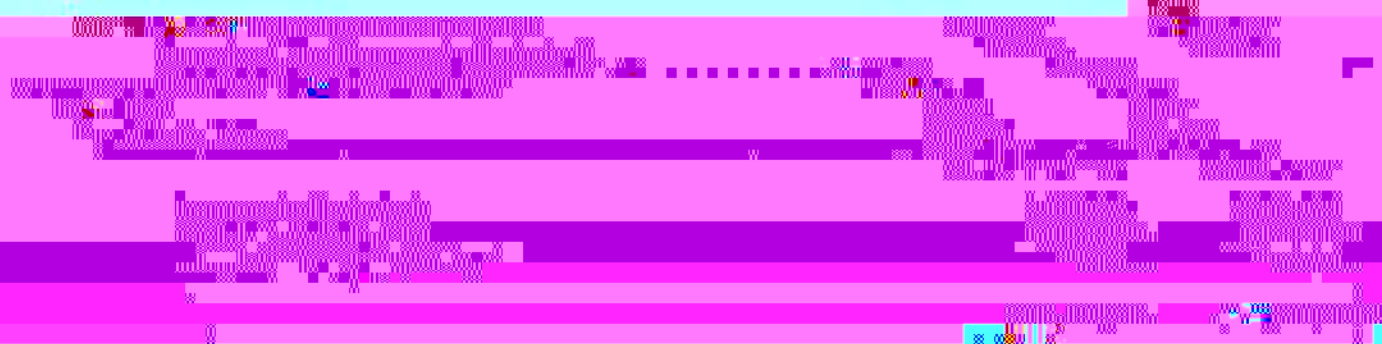
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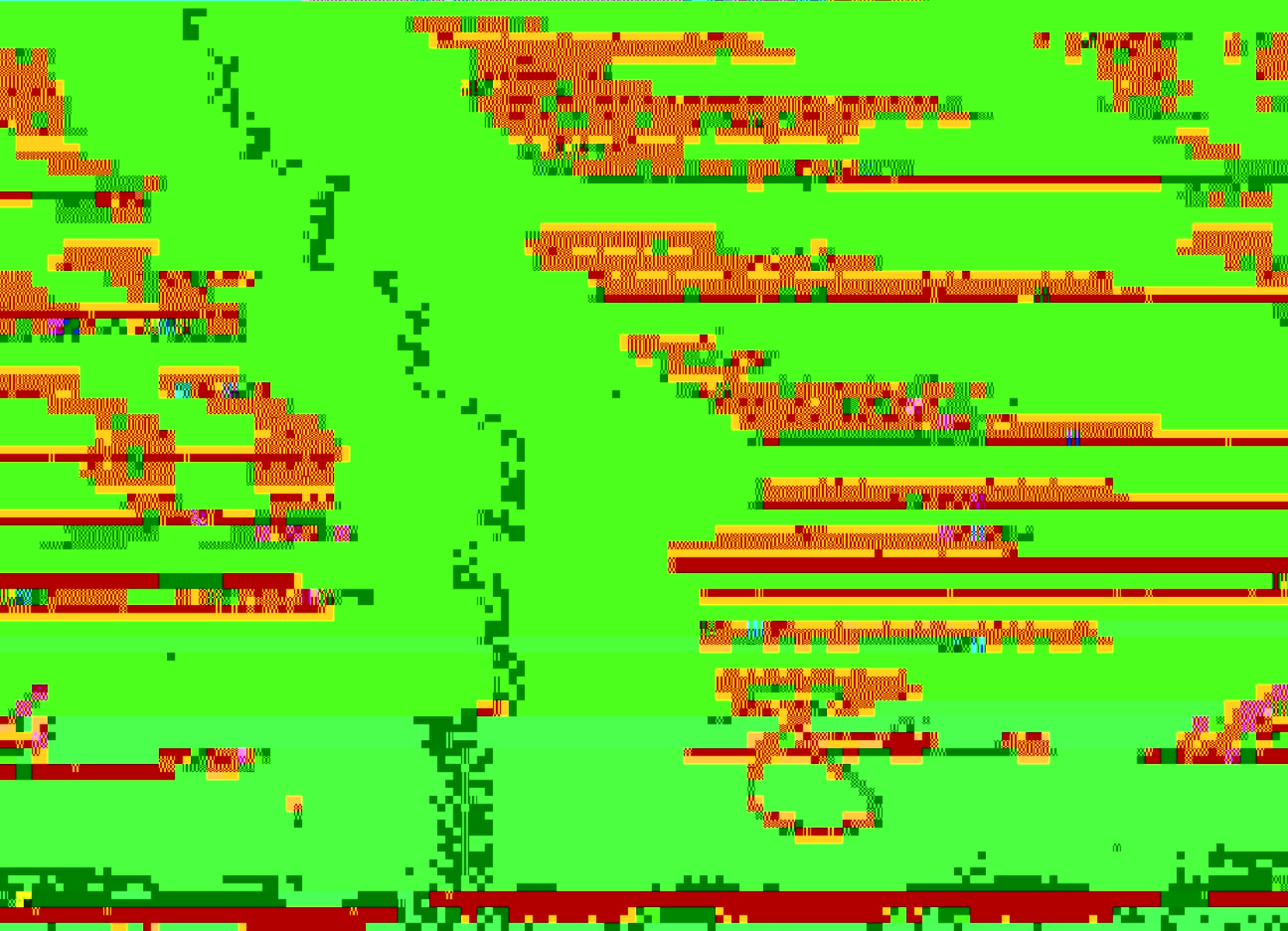
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1000 Avenue 63, Sault Ste. Marie, Ontario



THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

Year ended March 31, 2016, with comparative information for 2015

2016	Capital assets	Invested in internally restricted	Restricted for student purposes and endowments	Unrestricted	Total
Balance, beginning of year	\$ 7,684,233	\$ 156,667	\$ 4,322,746	\$ 4,239,885	\$ 16,403,531
Excess (deficiency) of revenue over expenses	(1,191,471)	2,280	200,700	50,155	(838,236)
Invested in capital assets (note 12)	1,606,316	-	(164,829)	(1,441,487)	-
Balance end of year	\$ 8,099,078	\$ 158,947	\$ 4,358,617	\$ 4,290,033	\$ 17,006,675
2015					
	Capital assets	Invested in internally restricted	Restricted for student purposes and		

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Statement of Remeasurement Gains and Losses

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Accumulated remeasurement gains (losses), beginning of the year	\$ 174,218	\$ (73,327)
Unrealized gains (losses) attributable to:		
Temporary investments	(174,218)	73,327
Designated fair value	(182,472)	247,545
Net remeasurement gains (losses) for the year	(182,472)	247,545
Accumulated remeasurement gains (losses), end of the year	\$ (8,254)	\$ 174,218

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

Year ended March 31, 2016

1. Significant accounting policies (continued):

(d) 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.

Construction in progress is recorded as a capital asset but not amortized until construction is

put into service.

Construction in progress is recorded as a capital asset but not amortized until construction is

useful lives, which has been estimated to be as follows:

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Notes to the Financial Statements

Year ended March 31, 2016

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

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

Year ended March 31, 2016

1. Significant accounting policies (continued):

(g) 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

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

Year ended March 31, 2016

4. Loan receivable:

	2016	2015
Health and Wellness building – Sault College Student Union receivable	\$ 2,842,979	\$ 3,000,000
Current portion of long-term receivable	162,306	157,021
	<u>\$ 2,680,673</u>	<u>\$ 2,842,979</u>

Aggregate maturities of long-term receivables for each of the five years subsequent to March 31, 2016, are as follows: 2017 - \$162,306; 2018 - \$167,769; 2019 - \$173,416, 2020 - \$179,253 and 2021 - \$185,286

The Sault College Student Union committed to a contribution totalling \$3,927,000 towards the construction of the College's Health and Wellness building. The College has loaned the remaining \$3,000,000 relating to this commitment. The loan has been guaranteed through the collections of

rate of 3.338%.

5. Capital assets:

Year ended March 31, 2016

5. Capital assets (continued):

2015	Cost	Accumulated amortization	Net book value
Land	\$ 1,020,817	\$ -	\$ 1,020,817
Buildings	83,656,994	29,583,859	54,073,135
Site improvements	5,239,513	2,316,536	2,922,977
Equipment	13,036,917	10,542,510	2,494,407
	<u>102,954,241</u>	<u>42,442,905</u>	<u>60,511,336</u>
Furniture and fixtures	1,251,167	1,040,794	210,373
Computer equipment	13,330,954	12,635,140	695,814
	<u>14,582,121</u>	<u>2,085,934</u>	<u>12,496,187</u>

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2016

8. Long-term debt:

	2016	2015
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3.338% term loan to Ontario Financing Authority,
secured, amount \$167,000

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

Year ended March 31, 2016

Deferred capital contributions:

The balance of unamortized and unspent capital contributions related to capital assets consists of

Unamortized capital contributions used		
to purchase assets	\$ 51,118,862	\$ 52,197,796
Unspent contributions	152,404	406,697
Allowance for doubtful accounts capital pledges	(650,000)	-
	<u>\$ 50,621,266</u>	<u>\$ 52,604,493</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

recorded as revenue in the statement of operations.

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

Year ended March 31, 2016

10. Employee future benefits (continued):

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

	2016	2015
Accrued benefit obligation	\$ 2,180,000	\$ 2,287,000
Fair value of plan assets	(87,000)	(89,000)
Funded status – plan deficit	2,093,000	2,198,000
Unamortized actuarial gain (loss)	(73,000)	(81,000)
Employee future benefit liability	\$ 2,020,000	\$ 2,117,000

Current service cost	\$ 92,000	\$ 119,000
Interest on accrued benefit obligation	29,000	48,000
Amortization of actuarial gain (loss)	1,000	(2,000)

Amortization of actuarial loss	(3,000)	(15,000)
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Employee future benefit expense (recovery)	\$ (97,000)	\$ (96,000)
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The unamortized actuarial loss is amortized over the expected average remaining service life

Year ended March 31, 2016

12. Investment in capital assets:

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

	2016	2015
Capital assets	\$ 60,832,580	\$ 61,882,029

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

Year ended March 31, 2016

14. Externally restricted net assets:

Investment principal is required to be maintained intact. The investment income generated from

THE SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to the Financial Statements

Year ended March 31, 2016

(h) Liquidity risks

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 risks" disclosure from 2015.

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Year ended March 31, 2016

17. Endowment funds:

The following information outlines the activity of the Ontario Student Opportunity Trust Fund 1

(OSOTF) - 2016-17

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Schedule of Revenue

Year ended March 31, 2016 with comparative information for 2015

	2016	2015
Grants and reimbursements:		
Operating grants	\$ 14,212,957	\$ 14,210,088
Special purpose grants	15,628,034	15,598,939
Apprentice training	1,355,052	1,213,818
Ontario training strategies	4,618,457	4,338,058
Other	2,824,517	2,505,918
	<u>38,639,017</u>	<u>37,866,821</u>
Tuition fees:		
Full-time post-secondary	7,064,587	7,254,860
Other	2,570,304	2,207,719
	<u>9,634,891</u>	<u>9,462,579</u>
Ancillary operations	1,353,528	1,341,238
Miscellaneous:		
Contract educational services	470,571	542,883
Sale of course products and services	399,922	441,500
Other	2,615,661	2,511,918
	<u>3,486,154</u>	<u>3,496,301</u>
Restricted for student purposes	1,386,518	1,149,117
Amortization of deferred capital contributions	2,920,062	2,798,282
	<u>\$ 57,420,170</u>	<u>\$ 56,114,338</u>