Presentation to:	Board of Governors
Subject:	2011/12 Draft Audited Financial Statements and 4th Quarter Financial Report
Date:	June 11, 2012
Presenter(s):	Duane McNair, Vice-President, Administration Cathy Dempsey, Director, Finance and Administrative Services

Purpose:

To present the:

1. The Draft 2011-12 Audited Financial Statements to the Audit Committee. The notes to the financial statements are an integral part of the financial statements and are provided to explain the details of the financial statement schedules.
2. The 2011/12 4th Quarter Financial Report.

Background:

1. 2011/12 Draft Audited Financial Statements:

   The Draft audited financial statements are prepared in a format required by the Ministry that complies with financial reporting standards set by the Canadian Institute of Chartered Accountants.

   The College's audit firm, KPMG, has substantially completed the audit of Algonquin College's financial statements for the fiscal year ending March 31, 2012. The enrolment audit is still in process, however, KPMG has indicated that they do not expect there to be any material revisions to the draft statements.

2. 2011/12 4th Quarter Financial Report (Year-ended March 31, 2012):

   In April 2011, the Board approved the College's annual budget for 2011/12 with a positive net contribution before Internally Restricted Fund Expenditures of $10.9 million.

   In June 2011, the Board approved the College's 2010/11 audited financial statements and the College's planned Expenditures from Internally Restricted Funds of $10.7 million. These expenditures are intended to fund:

   - projects budgeted and started, but not completed, in the previous fiscal year
   - initiatives to support the strategic plan and 2011/12 business plan

In February 2012, the 3rd Quarter Financial Report was presented with a positive projected net contribution before Internally Restricted Fund Expenditures of $14.0 million.

Discussion/Considerations:

1. 2011/12 Audited Financial Statement highlights are presented below:

Statement of Financial Position

Total Assets are up from $338.2 million to $381.7 million, $43.5 million primarily due to an increase in Capital Assets related to the Pembroke and Student Commons capital projects.

Current assets have decreased from $86.6 million at March 31, 2011 to $76.1 million at March 31, 2012 primarily due to a decrease in cash used to pay for the costs associated with the Pembroke and Student Commons that are currently under construction.

Current liabilities have increased by $11.6 million, from $57.5 million to $69.1 million primarily due to the short term financing with the Ontario Financing Authority for the two capital projects described above.

Statement of Changes in Net Assets

The Statement of Changes in Net Assets provides a summary of activities processed through the College's various accounts. Note 19 to the Financial Statements provide a detailed listing of the Board's internally restricted net assets. It is important to note that on March 12, 2012 the Board approved the use of up to $23.0 million of capital reserves for the Pembroke Campus project.

At year end $149,722 was added to the Internally Restricted net assets. In order to allocate these funds to the projects listed on Appendix A, staff will require a Board approval, which has been listed as the third recommendation in this report.

Statement of Operations

The College has realized a positive net contribution of $11.7 million for the year ending March 31, 2012 which is higher than previously forecasted. Page 3 of the Statement of Operations provides further details.

2. 2011/12 4th Quarter Financial Report – (Year-ended March 31, 2012)

   The 2011/12 Q4 Year-End Actuals have several variances from the Approved Budget, among several areas of the College. Please refer to the report for explanations of variances.

A presentation will be provided at the Board of Governors meeting explaining variances from the 2011/12 Approved Budget.

A summary of Appropriations and Specific Reserves within the internally restricted net assets can be found in Appendix A of this report.

Note: While both the audited financial statements and the 4th Quarter Financial Report disclose a $11.7 million net contribution, there are differences in the revenue and expenditure line items between these two reports that will be explained at the Board of Governors meeting. The audited financial statements are prepared in a format required by the Ministry that complies with financial reporting standards set by the Canadian Institute of Chartered Accountants, whereas, the 4th Quarter Financial Report is prepared in a format that reflects the College's approach to budget management.

Recommendation:

1. That the Board of Governors approve the 2011/12 Audited Financial Statements.

2. That the Board of Governors receive the 2011/12 4th Quarter Financial Report.

3. That the Board of Governors approve of the transfer of operational funds to internally restricted funds in the amount of $149,722.

STRATEGIC INVESTMENTS SUMMARY 2012-13
Appendix A

	Planned Expenditures 2012/13		
	Approved Budget 2012/13 *	Appropriations & Specific Reserves	Total Expenditures
Strategic Plan Projects:			
Applied Education and Training	$ 2,409,000	$ 1,344,193	$ 3,753,193
Students and Client Success	5,123,700	2,083,318	7,207,018
Empowered People	1,301,329	938,627	2,239,956
Financial Sustainability	3,726,971	2,692,002	6,418,973
	12,561,000	**7,058,140**	**19,619,140**
Other:			
Digital College	3,200,000	-	3,200,000
Pembroke Campus	19,224,000		19,224,000
Student Commons	25,786,000		25,786,000
Algonquin Centre for Construction Excellence - Capital Campaign - Pledges to be converted to Cash	-	337,000	337,000
Pembroke - Capital Campaign - Pledges to be converted to Cash	-	1,038,885	1,038,885
	48,210,000	**1,375,884**	**49,585,884**
ANCILLARY RESERVES	**-**	**705,000**	**705,000**
GRAND TOTAL	**$ 60,771,000**	**$ 9,139,024**	**$ 69,910,024**

* Includes Expenditures for Strategic Investment Priorities reported in Annual Budget 2012/13 approved by Board of Governors on April 9, 2012

Financial Statements of

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2012

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THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Financial Statements and Supplementary Schedules

Year ended March 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of the Algonquin College of Applied Arts and Technology

We have audited the accompanying financial statements of the Algonquin College of Applied Arts and Technology, which comprise the statement of financial position as at March 31, 2012, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Algonquin College of Applied Arts and Technology as at March 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

(Date)

Ottawa, Canada

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Current assets:		
Cash	$ 11,325,802	$ 25,530,161
Short-term investments (note 4)	32,693,822	36,619,278
Accounts receivable	28,060,415	21,442,403
Inventory (note 3)	1,610,211	2,094,369
Prepaid expenses	2,392,522	872,192
	76,082,772	86,558,403
Investments (note 4)	35,732,362	36,606,082
Endowment assets (note 5)	16,455,965	15,004,261
Capital assets (note 6)	253,468,445	200,033,002
	$ 381,739,544	$ 338,201,748
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (note 8)	$ 15,131,580	$ –
Accounts payable and accrued liabilities	28,916,658	25,734,667
Accrued salaries and employee deductions payable	5,205,502	9,791,279
Deferred revenue (note 7)	17,988,093	20,268,829
Current portion of long-term debt (note 8)	1,861,774	1,745,192
	69,103,607	57,539,967
Long-term debt (note 8)	43,563,318	45,425,093
Vacation, sick leave and post-employment benefits (note 12(c))	14,442,977	15,541,410
Deferred capital contributions (note 9)	156,075,513	134,331,273
Interest rate swaps (note 8(b))	14,148,233	10,357,273
Net assets (deficiency):		
Unrestricted	1,000,000	1,000,000
Investment in capital assets (note 10(a))	38,033,918	27,543,653
Vacation, sick leave and post-employment benefits (note 12(c))	(14,442,977)	(15,541,410)
Interest rate swaps (note 8(b))	(14,148,233)	(10,357,273)
Internally restricted (note 19(b))	57,507,223	57,357,501
Endowment fund (note 11)	16,455,965	15,004,261
	84,405,896	75,006,732
Commitments and guarantee (note 15)		
Contingencies (note 16)		
	$ 381,739,544	$ 338,201,748

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Revenue (schedule A):		
Grants and reimbursements	$ 101,838,843	$ 99,991,201
Student tuition fees	78,009,874	71,179,436
Contract educational services	25,445,838	24,475,789
Ancillary services (schedule B)	39,565,313	38,867,968
Other	15,942,708	11,685,524
Amortization and write-off of deferred capital contributions (note 9)	6,306,002	4,900,219
	267,108,578	251,100,137
Expenditures:		
Salaries and benefits	143,616,983	138,682,349
Building maintenance and utilities	10,756,444	9,281,739
Instructional supplies and equipment	5,865,728	3,751,853
Bursaries and other student aid	7,111,578	7,316,672
Interest	656,242	557,394
Amortization and write-off of capital assets (note 10)	12,719,526	11,182,215
Ancillary services (schedule B)	33,941,074	32,107,904
Other	41,801,016	40,790,343
	256,468,591	243,670,469
Change in vacation, sick leave and post employment benefits liabilities (note 12(c))	(1,098,433)	123,772
	255,370,158	243,794,241
Excess of revenue over expenditures	$ 11,738,420	$ 7,305,896

See accompanying notes to financial statements

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

Year ended March 31, 2012, with comparative figures for 2011

	Unrestricted	Investment in capital assets	Vacation, sick leave and post employment benefits	Interest rate swaps	Internally restricted	Endowment fund	2012 Total	2011 Total
		(note 10(a))	(note 12(c))	(note 8(b))	(note 19(b))	(note 11)		
Net assets (deficiency), beginning of year	$ 1,000,000	$ 27,543,653	$ (15,541,410)	$ (10,357,273)	$ 57,357,501	$ 15,004,261	$ 75,006,732	$ 65,019,556
Excess of revenue over expenditures	11,738,420	–	–	–	–	–	11,738,420	7,305,896
Change in vacation, sick leave and post-employment benefits liabilities (note 12(c))	(1,098,433)	–	1,098,433	–	–	–	–	–
Internally imposed restrictions	(149,722)	–	–	–	149,722	–	–	–
Net change in investment in capital assets (note 10(b))	(10,490,265)	10,490,265	–	–	–	–	–	–
Donation of land (note 13)	–	–	–	–	–	–	–	280,000
Endowment contributions and investment income (note 11)	–	–	–	–	–	1,451,704	1,451,704	1,917,109
Change in fair value of interest rate swaps (note 8(b))	–	–	–	(3,790,960)	–	–	(3,790,960)	484,171
Net assets (deficiency), end of year	$ 1,000,000	$ 38,033,918	$ (14,442,977)	$ (14,148,233)	$ 57,507,223	$ 16,455,965	$ 84,405,896	$ 75,006,732

See accompanying notes to financial statements.

THE ALGONQUIN COLLEGE OF APLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used for):		
Operations:		
Excess of revenue over expenditures	$ 11,738,420	$ 7,305,896
Items, which do not involve cash:		
Amortization of capital assets	12,574,458	11,145,031
Write-off of capital assets	145,068	37,184
Amortization and write-off of deferred capital contributions	(6,306,002)	(4,900,219)
Change in vacation, sick leave and post-employment benefits liabilities (note 12(b))	(1,098,433)	123,772
Change in non-cash working capital (note 17)	(11,338,706)	4,745,075
	5,714,805	18,456,739
Financing:		
Principal repayments of long-term debt	(1,745,193)	(1,635,932)
Net withdrawals from investments	4,799,176	–
Increase in bank indebtedness	15,131,580	–
Contributions to endowment fund (note 11)	1,451,704	1,917,109
Donation of land (note 13)	–	280,000
	19,637,267	561,177
Investments:		
Additions to investments	–	(22,423,769)
Capital asset additions (note 10(b))	(66,154,969)	(63,790,841)
Capital contributions received (note 9)	28,050,242	60,941,247
Additions to endowment assets	(1,451,704)	(1,917,109)
	(39,556,431)	(27,190,472)
Decrease in cash and cash equivalents	(14,204,359)	(8,172,556)
Cash, beginning of year	25,530,161	33,702,717
Cash, end of year	$ 11,325,802	$ 25,530,161
Interest paid in the year	$ 2,992,543	$ 3,101,804

See accompanying notes to financial statements.

1. Description:

The Algonquin College of Applied Arts and Technology was incorporated as a College in 1966 under the laws of the Province of Ontario. The College is dedicated to providing post-secondary education.

The College is a registered charity and therefore is, under Section 149 of the Income Tax Act, exempt from payment of income tax.

The financial statements reflect the assets, liabilities, net assets, revenue, expenditures and other transactions of all of the operations and organizations controlled by the College. Accordingly, these financial statements include the academic, administrative and other operating expenditures funded by fees, grants and other general revenue; restricted purpose endowment funds, and the ancillary operations of the College.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies:

(a) Basis of presentation:

The College uses the deferral method of accounting for contributions for not-for-profit organizations.

These financial statements do not reflect the assets, liabilities and results of operations of the various student organizations at the College.

(b) Revenue:

(i) Unrestricted contributions are recognized as revenue when received or receivable. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the period in which the related expenditures are recognized. Contributions to endowment funds are recognized as direct increases in net assets in the period received.

Operating grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued.

(ii) Contributions received for capital assets are deferred and amortized into revenue over the same term and on the same basis as the related capital asset. Contributions of land are recognized as direct increases in investment in capital assets in the period received.

2. Significant accounting policies (continued):

(b) Revenue (continued):

(iii) Student tuition fees are recorded in the accounts based on the academic period of the specific courses. Tuition fees are deferred to the extent that the courses extend beyond the fiscal year of the College.

(iv) Contract educational services are recorded in the accounts based on the services provided in the College's fiscal year on a percentage of completion basis.

(v) Restricted investment income is recognized as revenue in the year that the related expenditures are incurred. Unrestricted investment income is recognized as revenue when earned.

(c) Employee benefit plans:

The College accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

The College is an employer member of the Colleges of Applied Arts and Technology Pension Plan, which is a multi-employer, defined benefit pension plan. The College has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

(d) Financial instruments:

(i) Investments:

Investments are designated as held to maturity and are measured at amortized cost using the effective interest method. Purchases of investments are recorded on the settlement date. Transaction costs related to the acquisition of investments are expensed. Short-term investments are fixed-term investments maturing in the next fiscal year.

(ii) Endowed investments:

Endowed investments are designated as available for sale and are recorded at fair value. Realized investment income and unrealized gains or losses from the change in fair value are recorded in the statement of changes in net assets. Fair value is determined at quoted market prices. Sales and purchases of endowed investments are recorded on the settlement date. Transaction costs related to the acquisition of endowed investments are recorded against the realized investment income of the endowment fund.

2. Significant accounting policies (continued):

(d) Financial instruments (continued):

(iii) Interest rate swaps:

The College is party to interest rate swap agreements used to manage the exposure to market risks from changing interest rates. The College's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The College formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions. This process includes linking the interest rate swaps to specific long-term debt on the statement of financial position. The College also formally assesses, both at the hedge's inception and on an on-going basis, whether the interest rate swaps that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items.

For the interest rate swap agreements, the difference between the swap interest rate and the actual interest rate on the long-term debt is recognized as an adjustment to interest expense on long-term debt.

(iv) Other financial instruments:

The College has classified accounts receivable as loans and receivables and accounts payable and accrued liabilities, accrued salaries and employee deductions payable, long-term debt and bank indebtedness as other liabilities.

Upon initial recognition, these financial assets and liabilities are measured at fair value. Subsequent to initial recognition, these financial assets and liabilities are measured at amortized cost using the effective interest method of amortization.

(v) Disclosure:

The College continues to disclose financial instruments under CICA Handbook Section 3861.

(e) Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

2. Significant accounting policies (continued):

(f) Capital assets:

Capital assets in excess of $1,000 are recorded at cost with the following exceptions:

(i) Furniture and library holdings are charged to expenditures in the year of acquisition.

(ii) Computer software is charged to expenditures in the year of acquisition.

(iii) Land originally acquired at the Woodroffe campus is recorded at a nominal value of $1 with subsequent additions recorded at cost.

Donated capital assets are recorded at the value of the receipt issued to the donor, which reflects estimated fair value of the capital asset at the time of the donation.

Construction in progress is not amortized until the project is complete and the facilities are available for use.

Amortization is provided on a straight-line basis over the estimated useful lives as follows:

Asset	Useful life
Buildings	40 years
Site improvements	10 years
Parking lots	10 years
Equipment	5 years
Computers	48 months
Automotive equipment	5 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimate undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

2. Significant accounting policies (continued):

(g) Expenditures:

In the statement of operations, the College presents its expenditures by object, except for Ancillary services which are presented by function.

Expenditures are recognized in the year incurred and are recorded in the applicable function to which they are directly related. The College does not allocate expenditures among functions after initial recognition.

(h) Contributed services:

Volunteers contribute an indeterminable number of hours per year to assist the College in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(i) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

Significant management estimates include assumptions used in determining the fair value of endowment assets and interest rate swaps.

3. Inventory:

	2012	2011
Bookstore	$ 1,342,318	$ 1,849,107
Food services	241,172	220,436
Publishing centre	15,187	16,984
Stationery and supplies	11,534	7,842
	$ 1,610,211	$ 2,094,369

4. Investments:

Investments consist of the following:

	2012	2011
Fixed income securities	$ 66,789,167	$ 71,605,009
Bond funds	1,162,282	1,150,449
Equity	474,735	469,902
	$ 68,426,184	$ 73,225,360

The College's fixed income notes have effective interest rates ranging from 3.10% to 5.45% and maturity dates ranging from April 2012 to November 2018.

5. Endowment assets:

Endowment assets represent funds held or receivable by the College which have been permanently endowed. The carrying value of endowed investments is recorded at fair value.

The endowment assets consist of the following:

Fair value	2012	2011
Receivable from Government of Ontario for Ontario Trust for Student Support matching funds (note 21(c))	$ 684,167	$ 383,012
Endowed investments:		
Cash equivalents	1,626,721	1,232,541
Bonds	4,509,659	4,169,647
Equities	9,635,418	9,219,061
	$ 16,455,965	$ 15,004,261

Cost	2012	2011
Receivable from Government of Ontario for Ontario Trust for Student Support matching funds (note 21(c))	$ 684,167	$ 383,012
Endowed investments:		
Cash equivalents	1,626,728	1,232,583
Bonds	4,257,952	4,059,893
Equities	8,649,283	7,853,026
	$ 15,218,130	$ 13,528,514

5. Endowment assets (continued):

Endowed investments are managed by investment managers under an investment policy approved by the Board of Governors. The investment policy limits investments to Canadian and foreign equities traded on a public market, Canadian and the United States government and corporate bonds with a minimum rating of A-, and cash equivalents.

The bonds have interest rates of 3.1% to 7.8% and maturity dates ranging from May 2012 to February 2022.

The College regularly reviews endowed investments to determine whether unrealized losses represent temporary changes in fair value or are a result of other than temporary impairments. The consideration of whether an investment is other than temporarily impaired is based on a number of factors which include, but are not limited to, the financial condition of the issuer and the length and magnitude of the unrealized loss and specific credit events.

The College also considers its intent and ability to hold an investment for a sufficient period of time for the value of the unrealized loss to recover. Based on the evaluation as of March 31, 2012, no unrealized losses are considered to be other than temporary.

6. Capital assets:

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Land	$ 7,336,878	$ –	$ 7,336,878	$ 7,336,878
Buildings	237,939,142	64,005,303	173,933,839	94,504,498
Site improvements	24,158,743	13,052,525	11,106,218	11,843,591
Parking lots	4,391,024	3,343,886	1,047,138	1,027,420
Computers and equipment	63,514,487	49,806,667	13,707,820	11,857,109
Automotive equipment	334,505	250,828	83,677	127,497
Construction-in-progress	46,252,875	–	46,252,875	73,336,009
	$ 383,927,654	$ 130,459,209	$ 253,468,445	$ 200,033,002

Cost and accumulated amortization at March 31, 2011 amounted to $322,580,454 and $122,547,452 respectively.

7. Deferred revenue:

Details of the year-end balance are as follows:

	2012	2011
Student tuition fees	$ 13,228,518	$ 13,079,220
Grants and reimbursements	93,561	537,668
Contract education services	1,984,796	2,512,805
Student aid	481,744	651,684
Miscellaneous projects	2,199,474	3,487,452
	$ 17,988,093	$ 20,268,829

Student tuition fees are for academic courses which extend beyond the fiscal year of the College.

Grants and reimbursements are unexpended externally restricted grants to be spent on future specific projects, including improvements and investments in the College's campus facilities, information systems, equipment and programs.

Contract education services represent prepayments for courses to be held in subsequent years.

Student aid represents the unexpended donations and interest to be spent on student scholarships and bursaries in future years.

Miscellaneous projects include contributions, deposits and prepayments related to small, miscellaneous activities of the College.

8. Long-term debt, interest rate swaps, and bank indebtedness:

(a) Long-term debt:

The College has entered into the following long-term debt agreements to finance the construction of student residences and the Police and Public Safety Institute.

	2012	2011
Residence I building loan, bearing interest at prime plus 1.00%, maturing in 2025 (note 8(b))	$ 9,651,491	$ 10,062,651
Residence II building loan, bearing interest at prime plus 0.25%, maturing in 2027 (note 8(b))	13,720,892	14,239,922
Residence III building loan, bearing interest at prime plus 0.25%, maturing in 2029 (note 8(b))	14,714,705	15,207,876
Police and Public Safety Institute loan, bearing interest at prime plus 1.00%, maturing in 2025 (note 8(b))	7,338,004	7,659,836
	45,425,092	47,170,285
Less current portion	1,861,774	1,745,192
	$ 43,563,318	$ 45,425,093

Interest is payable on a monthly basis. The principal of the loans is payable as follows:

2013	$ 1,861,774
2014	1,986,167
2015	2,118,896
2016	2,260,523
2017	2,411,644
Thereafter	34,786,088
	$ 45,425,092

8. Long-term debt, interest rate swaps, and bank indebtedness (continued):

(b) Interest rate swaps:

The College has entered into interest rate swap agreements to manage the volatility of interest rates. The College converted a net notional $59.0 million of floating rate long-term debt relating to the three phases of the Residence and the Police & Public Safety Institute (see note 8(a)). The fixed rates received under the interest rate swaps range from 5.97% to 6.95%. The maturity dates of the interest rate swaps are the same as the maturity dates of the associated long-term debt, ranging from 2025 to 2029.

These interest rate swaps qualify, and have been designated by the College, as cash flow hedging items against the floating rate long-term debt. The College has assessed the hedging relationship as effective. The fair value of the interest rate swaps of $14,148,233 (2011 - $10,357,273) is recorded on the statement of financial position. Because the hedging relationship is effective, the change in fair value of the interest rate swaps is recorded in the statement of changes in net assets, with no impact on the College's excess of revenue over expenditures.

(c) Bank indebtedness:

Bank indebtedness represents short-term financing by the Ontario Financing Authority (OFA) for the expansion of the Pembroke Campus and the building of the Student Commons. The loan can be repaid at any time up until July 31, 2012, after which it can be converted to a long-term loan. The loan bears an interest rate equal to the ninety-day Ontario Treasury Rate as of each Facility 1 Date, as determined by the Lender, plus 0.38%.

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase and construction of capital assets. Investment income earned on government contributions received is also included in deferred capital contributions. The amortization of the deferred capital contributions is recorded as revenue in the statement of operations.

In 2005, the Algonquin College Foundation launched a building campaign to raise $2 million for the construction of the Automotive Technology Trades Centre. Construction of the Automotive Technology Trades Centre was completed in 2007; however, pledges continue to be received. Total contributions received between April 1, 2011 to March 31, 2012 amount to $618,661.

In 2008, the Foundation launched building campaigns to raise $7 million for the construction of the Algonquin Centre for Construction Excellence, $2.5 million for the expansion of the Pembroke campus, and $1 million for the expansion of the Perth campus. The unused portion of contributions received will be used as construction continues on these projects. Total cumulative contributions received up to March 31, 2012 amount to $4,901,443.

9. Deferred capital contributions (continued):

The changes in the deferred capital contributions balance are as follows:

	2012	2011
Balance, beginning of year	$ 134,331,273	$ 78,290,245
Less amortization of deferred capital contributions	(6,279,287)	(4,900,219)
Less deferred capital contributions relating to disposal of building	(26,715)	–
Add capital contributions received:		
Industry and individual contributions:		
Automotive Technology Trades Centre	31,042	47,917
Algonquin Centre for Construction Excellence	–	1,580,613
Pembroke campus expansion	316,196	308,667
Perth campus expansion	732	79,387
Other capital projects	16,294	65,425
Government contributions:		
Algonquin Centre for Construction Excellence	6,091,797	44,364,933
Perth campus expansion	700,999	7,297,916
Other capital projects	2,846,614	2,191,988
Enabling Accessibility Fund	2,023,000	–
Contributions from the Students' Association:		
Pembroke campus expansion	1,304,334	1,433,333
Perth campus expansion	266,667	533,333
Student Commons building	14,452,567	3,029,927
Add investment income related to contributed funds	–	7,808
	28,050,242	60,941,247
Balance, end of year	$ 156,075,513	134,331,273

The portion of deferred capital contributions that were unused at the end of the year are as follows:

	2012	2011
Algonquin Centre for Construction Excellence	$ –	$ 6,364,473
Pembroke campus expansion	1,197,658	881,562
Perth campus expansion	–	1,766,174
Balance, end of year	$ 1,197,658	$ 9,012,209

The used portion of deferred capital contributions was $154,877,855 (2011 - $125,319,064).

10. Investment in capital assets:

(a) The investment in capital assets consists of the following:

	2012	2011
Capital assets	$ 253,468,445	$ 200,033,002
Less amounts financed by:		
Deferred capital contributions – used (note 9)	(154,877,855)	(125,319,064)
Long-term debt	(45,425,092)	(47,170,285)
Bank indebtedness	(15,131,580)	–
	$ 38,033,918	$ 27,543,653

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

	2012	2011
Capital asset additions:		
Total additions	$ 66,154,969	$ 63,790,841
Less:		
Donated equipment	(16,294)	(65,425)
Building/construction in progress financed with donations	(1,963,608)	(82,992)
Building/construction in progress financed with contributions from the Students' Association	(16,556,902)	(4,463,260)
Donated land	–	(280,000)
Other capital assets financed with capital contributions	(17,327,992)	(50,371,985)
Capital asset purchases with College funds	30,290,173	8,527,179
External financing:		
Decrease in long-term debt	1,745,196	1,635,932
Increase in Ontario Financing Authority	(15,131,580)	–
Amortization of deferred capital contributions	6,279,287	4,900,219
Amortization of capital assets	(12,574,458)	(11,145,031)
Write-off of capital assets	(109,225)	(37,184)
Amounts relating to disposal of buildings		
Write-off of buildings	(35,843)	–
Write-off of deferred capital contributions	26,715	–
Net change in investment in capital assets	$ 10,490,265	$ 3,881,115

11. Endowment fund:

Endowed funds consist of external contributions that either the donor or the College has designated as a permanent endowment. The endowed funds cannot be expended by the College. The annual income earned on the endowed funds may be expended only for the externally restricted purpose specified by the donor or the College. Total endowments include $15,622,595 (2011 - $14,132,109) in endowed funds relating to the Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support (note 21). Included in the student aid portion of the deferred revenue (note 7) is $191,693 (2011 - $209,046) of investment income available for distribution relating to the Ontario Student Opportunity Trust Fund.

The endowment fund generated $189,026 (2011 - $548,566) of realized investment revenue and an unrealized loss of $237,912 (2011- $660,041 unrealized gain).

The College's endowment policy is to annually distribute investment income equal to 4% of the endowment fund book value at the end of the preceding fiscal year. In the year, $556,978 (2011 - $508,115) was distributed from the endowment fund to deferred revenue-student aid for use in the year.

The purpose of this policy is to allow the College to distribute a consistent amount of income from the endowed funds on an annual basis regardless of the investment income actually earned in the fiscal year.

The endowment fund balance consists of:

	2012	2011
Permanently endowed contributions	$ 16,016,481	$ 13,958,913
Cumulative amount distributed in excess of realized investment income	(798,352)	(430,400)
	15,218,129	13,528,513
Unrealized gains due to changes in fair value of endowment assets	1,237,836	1,475,748
Endowment fund balance	$ 16,455,965	$ 15,004,261

12. Employee benefits plans:

(a) Pension plan:

Substantially all of the employees of the College are members of the Colleges of Applied Arts and Technology ("CAAT") Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the CAAT. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the highest five consecutive years prior to retirement, termination or death. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governors to ensure the long term viability of the Plan.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2012 indicated an actuarial surplus of $154 million.

Contributions to the Plan made during the year by the College on behalf of its employees amounted to $11,121,208 (2011 - $10,275,361) and are included in salaries and benefits on the Statement of Operations.

(b) Post-employment benefits:

The College provides extended health care, dental insurance and life insurance benefits to certain of its employees under a multi-employer plan under CAAT. This coverage may be extended to the post-employment period. The most recent actuarial valuation of employee future benefits was completed by the Plan's Actuary as at March 1, 2011, and was extrapolated for accounting purposes to March 31, 2012.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The College recognizes as expense for current services the amount of its required contribution in a given year and the change in the accrued benefit liability in the year.

12. Employee benefits plans (continued):

(b) Post-employment benefits (continued):

The significant actuarial assumptions adopted in estimating the College's accrued benefit liability are as follows:

		2012	2011
Discount rate		4.2%	4.75%
Dental benefits cost and premium escalation		4.5%	4.5%
Medical benefits cost escalation	- hospital and other medical	4.5%	4.5%
	- vision/hearing	4.5%	4.5%
	- drugs	10.5% in 2011 decreasing to 4.5% by 2026	10.5% in 2011 decreasing to 4.5% by 2026
Medical premium escalation		8.0% in 2011 decreasing to 4.5% by 2026	8.0% in 2011 decreasing to 4.5% by 2026
Expected return on assets		3.3%	3.3%

(c) Net asset deficiency – vacation, sick leave and post-employment benefits:

The composition of the vacation, sick leave and post-employment net asset deficiency is as follows:

	2012	2011
Post-employment benefits	$ 3,131,401	$ 3,142,401
Vacation	8,896,363	9,450,437
Sick leave	2,415,213	2,948,572
	$ 14,442,977	$ 15,541,410

13. Donation of land:

The City of Pembroke transferred 5.629 hectares of land to the College in December 2010 for the new site of the Pembroke campus. The land has been recorded at its estimated value of $280,000 at the date of transfer.

14. Financial instruments:

(a) Concentrations of credit risk:

The College is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as government agencies and public companies. The College also enforces approved collection policies for student accounts.

The largest credit exposure to a single institution at March 31, 2012 was $860,276 (2011 - $1,220,310) with the Algonquin Students' Association Inc. related to a guarantee of borrowings for the Student Fitness Centre.

In addition, the College has committed, upon receiving appropriate notification, to apply fees collected on behalf of the Algonquin Students' Association to ensure that the bank loan to the Students' Association related to the construction of the Sportsfield remains current.

(b) Fair values:

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, accrued salaries and employee deductions payable, approximate their fair value due to the relatively short periods to maturity of the instruments.

The carrying value of long-term debt approximates fair value as interest is charged at a variable market rate.

The fair value of investments is disclosed in note 4.

Endowment assets and interest rate swaps are presented at their fair value on the statement of financial position.

(c) Interest rate risk:

The College is exposed to interest rate risk with respect to its interest-bearing investments, long-term debt and interest rate swaps, as disclosed in notes 4, 5, and 8.

(d) Currency risk:

The College believes that it is not exposed to significant currency risks arising from its financial instruments.

15. Commitments and guarantee:

(a) The College has committed to make the following future minimum payments under various vehicle, premises rental and equipment leases:

2013	$ 876,156
2014	628,651
2015	405,182
	$ 1,909,989

(b) At March 31, 2012, commitments for the construction of the Student Common building and the Pembroke campus expansion amounted to approximately $ 38,638,000 (2011 - $21,030,000).

(c) Letters of credit:

The College is contingently liable under letters of credit amounting to $1,414,091 (2011 - $595,258) which have been issued in the normal course of business.

(d) Guarantee:

In the normal course of business, the College has entered into lease agreements for premises and equipment. It is common in such commercial lease transactions for the College, as the lessee, to agree to indemnify the lessor liabilities that may arise from the use of the leased assets. The maximum amount potentially payable under the foregoing indemnities cannot be reasonably estimated. The College has liability insurance that relates to the indemnifications described above.

16. Contingencies:

The College is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the College. Losses, if any, arising from these matters will be accounted for in the year in which they are resolved.

17. Change in non-cash working capital:

	2012	2011
Increase in accounts receivable	$ (6,618,012)	$ (690,212)
Decrease (increase) in inventory	484,158	(13,266)
Increase in prepaid expenses	(1,520,330)	(476,315)
Increase in accounts payable and accrued liabilities	3,181,991	2,490,289
Increase (decrease) in accrued salaries and employee deductions payable	(4,585,777)	2,787,708
Increase (decrease) in deferred revenue	(2,280,736)	646,871
	$(11,338,706)	$ 4,745,075

18. Related parties:

The College is related to the Algonquin College Foundation by virtue of its economic interest in the Foundation. The objectives of the Foundation are to solicit, receive, manage and distribute money and other property to support education at the College. The Foundation was incorporated without share capital on December 4, 1995 under the Ontario Corporations Act.

During the year, the College received $4,114,827 (2011 - $4,606,451) from the Foundation consisting of:

	2012	2011
Endowed contributions	$ 1,736,227	$ 1,776,077
Deferred capital contributions	1,899,122	1,976,095
Other restricted contributions	479,478	854,279
	$ 4,114,827	$ 4,606,451

The College provides the Foundation with office premises without charge and pays the salaries of all employees involved with the Foundation.

19. Capital disclosures:

(a) Capital:

The College considers its operating capital to consist of long-term debt, net assets invested in capital assets, internally restricted net assets and unrestricted net assets. The College's overall objective for its capital is to fund capital assets, future projects and ongoing operations. The College manages its capital by appropriating amounts to internally restricted net assets for anticipated future projects, contingencies and other capital requirements. These allocations are disclosed in note 19(b).

The College also considers its endowments, as disclosed in notes 5 and 11, as part of its capital. The College's objective with regard to endowments is to grow the endowment principal and maximize investment income to increase funding for student aid.

The College may not incur a deficit without the approval of the Minister of Training, Colleges and Universities of Ontario. The College would be required to eliminate any accumulated deficit within a prescribed period of time.

The College is not subject to any other externally imposed capital requirements and its approach to capital management remains unchanged from the prior year.

(b) Internally restricted net assets:

Internally restricted net assets are funds restricted by the College for future projects to improve and invest in the College's campus facilities, information systems, equipment, programs, student aid and employee retraining.

Internally restricted assets consist of the following:

	2012	2011
Appropriations	$ 1,076,746	$ 450,743
Specific reserves:		
Other projects and initiatives	7,357,278	10,051,599
Ancillary services reserve fund	5,391,324	4,751,239
Contingency reserve fund	1,750,000	–
Employment stabilization funds	451,751	410,069
Other student aid	21,570	6,167
Reserve funds:		
Future capital expansion - sale of Rideau Campus	6,561,890	6,395,604
Future capital expansion	32,728,965	33,179,313
Rural campus reserve fund	2,167,699	2,112,767
Balance, end of year	$ 57,507,223	$ 57,357,501

19. Capital disclosures (continued):

(b) Internally restricted net assets (continued):

On March 12, 2012, the Board of Governors approved the draw-down of $23 million from Reserve Funds to finance construction of the new Pembroke Campus, subject to approval from the Ministry of Training Colleges and Universities of Ontario.

20. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2012.

21. Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support:

The College's endowments disclosed in note 5 include monies provided by the Government of Ontario through matching programs to award student aid as a result of raising an equal amount of endowed donations. The College has recorded the following amounts under these programs:

(a) Ontario Student Opportunity Trust Fund PHASE I

Schedule of Changes in Endowment Fund Balance
For the year ended March 31, 2012

Fund balance at beginning of year	$ 994,793	
Cash donations received		
Fund balance at end of year	$ 994,793	(A)

Schedule of Changes in Expendable Funds Available
for Awards for the year ended March 31, 2012

Balance, beginning of year	$ 39,232	
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	36,366	
Bursaries awarded (total number: 74)	(47,609)	
Balance, end of year	$ 27,989	(B)
Endowment total based on book value (=A+B)	$ 1,022,782	

The fair value of this endowment as at March 31, 2012 is $1,014,156 (2011 - $1,061,352).

21. Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support (continued):

(b) Ontario Student Opportunity Trust Fund PHASE II

Schedule of Changes in Endowment Fund Balance for the Period of April 1, 2011 to March 31, 2012

Fund balance at beginning of year	$	2,002,396	
Cash donations received			
Fund balance at end of year	$	2,002,396	(A)

Schedule of Changes in Expendable Funds Available for Awards for the Period April 1, 2011 to March 31, 2012

Balance, beginning of year	$	5,364	
Realized investment income, net of direct investment-related expenses and preservation of capital contributions		78,074	
Bursaries awarded (total number: 120)		(77,248)	
Balance, end of year	$	6,190	(B)
Endowment total based on book value (=A+B)	$	2,008,586	

The fair value of this endowment as at March 31, 2012 is $2,062,099 (2011 - $2,158,064).

21. Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support (continued):

(c) ONTARIO TRUST FOR STUDENT SUPPORT

Schedule of Changes in Endowment Fund Balance
For the Period April 1, 2011 to March 31, 2012

Balance, beginning of year	$ 10,115,526
Eligible cash donations received between April 1, 2011 and March 31, 2012 in compliance with the November 2005 Program Guidelines and Reporting Requirements	1,076,897
Matching funds received from MTCU in 2011-12	296,604
Matching funds receivable from MTCU in 2011-12	684,167
Fund balance at end of year	$ 12,173,194(A)

Schedule of Changes in Expendable Funds Available for Awards
For the Period April 1, 2011 to March 31, 2012

Balance, beginning of year	$ 209,046
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	415,320
Bursaries awarded (total number: 559)	(432,673)
Balance, end of year	$ 191,693 (B)
Endowment total based on book value (=A+B)	$ 12,364,887

The fair value of this endowment as at March 31, 2012 is $12,546,340 (2011 - $10,912,693).

Awards Issued for the Period of April 1, 2011 to March 31, 2012

OSAP Recipients		Non-OSAP Recipients		Total	
Number	Amount	Number	Amount	Number	Amount
299	$215,619	260	$217,054	599	$432,673

All recipients were full-time students.

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Revenue **Schedule A**

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Grants and reimbursements:		
Post secondary activity	$ 93,836,316	$ 91,707,366
Apprentice programs	5,287,903	5,374,263
Special bursaries	2,714,624	2,909,572
	101,838,843	99,991,201
Student tuition fees:		
Full-time post secondary	60,170,029	53,903,395
Full-time non-funded	1,858,886	1,821,816
Part-time	11,091,231	10,747,244
Adult training	1,560,978	1,797,433
Student information technology and mobile computing fee	3,328,750	2,909,548
	78,009,874	71,179,436
Contract educational services:		
Provincially funded programs	8,465,894	10,447,387
International programs	328,464	270,033
Corporate and other programs	16,651,480	13,758,369
	25,445,838	24,475,789
Ancillary operations (schedule B)	39,565,313	38,867,968
Other:		
Early Learning Centre	889,088	942,095
Student ancillary fees	5,863,789	3,852,909
Investment income	2,386,861	1,133,865
Miscellaneous	6,802,970	5,756,655
	15,942,708	11,685,524
Amortization of deferred capital contributions (note 9)	6,306,002	4,900,219
Total revenue	$ 267,108,578	$ 251,100,137

THE ALGONQUIN COLLEGE OF APPLED ARTS AND TECHNOLOGY

Ancillary Services Summary **Schedule B**

Year ended March 31, 2012, with comparative figures for 2011

	Revenue	Expenditures	2012 Contribution	2011 Contribution
Food services	$ 8,812,412	$ 8,202,191	$ 610,221	$ 1,076,225
Bookstore	16,471,199	15,232,166	1,239,033	1,463,600
Parking and lockers	4,186,510	1,653,280	2,533,230	2,664,386
Publishing centre	1,887,616	1,464,058	423,558	463,525
Residence	8,070,118	6,774,186	1,295,932	1,511,925
Other	137,458	615,193	(477,735)	(419,597)
Totals	$ 39,565,313	$ 33,941,074	$ 5,624,239	$ 6,760,064

The Residence contribution is used to fund the principal payments of the residence building loans (note 8(a)). Residence expenditures include $2,662,422 (2011 - $2,589,282) paid in interest on the residence building loans in the year.

4th QUARTER FINANCIAL REPORT | 2011 - 2012

A Presentation to the Board of Governors

June 11, 2012

ALGONQUIN COLLEGE

2011/2012 4th Quarter Financial Report

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2011/2012 4th Quarter Financial Report
SUMMARY
(all figures in $ 000's)

	Approved Annual Budget	Q2 Year-End Projection	Q3 Year-End Projection	Year-End Actual (Unaudited)	Year-End vs. Approved Variance F/(U)
Revenue					
Grants	$ 102,519	$ 111,360	$ 114,349	**$ 115,003**	$ 12,483
Tuition Fees	69,076	66,761	66,867	**65,676**	(3,400)
Contract Educational Services	30,810	30,803	30,732	**27,919**	(2,892)
College Ancillary Services Sales	40,245	39,710	39,362	**39,383**	(862)
International Education Centre	12,641	12,641	12,283	**14,793**	2,152
Other	71,500	68,943	57,477	**54,535**	(16,965)
TOTAL REVENUE	326,791	330,218	321,070	**317,308**	(9,483)
Expenditures					
Salaries & Benefits	131,096	127,712	127,477	**127,146**	3,950
Funding for Strategic Investment Priorities	74,721	78,205	66,908	**65,906**	8,815
Contract Activity	24,211	24,381	24,212	**21,900**	2,311
College Ancillary Services	35,937	35,707	35,446	**35,584**	353
International Education Centre	5,080	4,967	4,788	**5,069**	11
Other	54,746	55,479	55,386	**54,208**	538
TOTAL EXPENDITURES	325,791	326,451	314,217	**309,813**	15,978
NET CASH FLOW*	1,000	3,767	6,853	**7,495**	6,495
Adjustments to Comply with Generally Accepted Accounting Principles (GAAP) [1]	9,913	7,849	7,147	**15,659**	5,746
NET CONTRIBUTION before Expenditures from Internally Restricted Funds	$ 10,913	$ 11,616	$ 14,001	**$ 23,154**	$ 12,241
Expenditures from Internally Restricted Funds	9,202	15,849	12,475	**11,415**	(2,213)
NET CONTRIBUTION as per GAAP	$ 1,711	$ (4,233)	$ 1,526	**$ 11,739**	$ 10,028

*** Net Cash Flow Breakdown**					
College Operations	(17,468)	(14,332)	(11,078)	**(12,046)**	5,422
Contract Activity	6,599	6,422	6,520	**6,019**	(581)
College Ancillary Services	4,308	4,003	3,916	**3,799**	(509)
International Education Centre	7,561	7,674	7,495	**9,724**	2,163
Total Net Cash Flow	1,000	3,767	6,853	**7,495**	6,495

[1] See Schedule of Adjustments for GAAP on Page 2 for details.

2011/2012 4th Quarter Financial Report
ADJUSTMENTS FOR GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
(all figures in $ 000's)

	Approved Annual Budget	Q2 Year-End Projection	Q3 Year-End Projection	Year-End Actual (Unaudited)	Year-End vs. Approved Variance F/(U)
Adjustments to Comply with Generally Accepted Accounting Principles (GAAP)					
Less: Capital Grants and Donations to be recorded as Deferred Capital Contributions	$ (33,800)	$ (40,265)	$ (33,684)	**$ (35,817)**	$ (2,017)
Add: Expenditures to be Capitalized - Equipment & Construction Projects	78,158	81,962	66,430	**66,137**	(12,021) [1]
Add: Principal Portion of Debt Payments Recorded as Expenditures	1,745	1,745	1,745	**1,745**	-
Less: Loan Proceeds Recorded as Revenue	(33,319)	(32,139)	(26,150)	**(15,089)**	18,230 [2]
Add: Contributions to Internally Restricted Funds Recorded as Expenditures	3,998	3,998	4,367	**3,998**	-
Add: Amortization of Deferred Capital Contributions	5,446	5,240	5,337	**6,306**	860
Less: Amortization of Capital Assets	(11,959)	(12,229)	(12,039)	**(12,720)**	(761)
Change in Accrued Vacation, Sick Leave & Post-Employment Benefits	(356)	(463)	1,141	**1,098**	1,454
TOTAL ADJUSTMENTS TO COMPLY WITH GAAP	$ 9,913	$ 7,849	$ 7,147	**$ 15,659**	$ 5,746

Note: The College manages and reports its Annual Budget on a cash flow basis with a targeted $1 million Net Cash Flow. Capital expenditures (new buildings, equipment costing more than $1,000, etc.), the principal portion of debt servicing payments and budgeted contributions to Internally Restricted Funds are treated as cash flow expenditures. Capital grants, donations for capital buildings and equipment, and loan proceeds are treated as revenue. Amortization of capital assets and deferred capital contributions (i.e. capital grants and donations) and the change in accrued vacation, sick leave and post-employment benefits are not recorded in the Net Cash Flow budget.

The adjustments shown in the above table are required to convert the College's reported net contribution from a Net Cash Flow basis to a GAAP basis.

[1] Variance is due to timing of progress of construction.

[2] Variance is due to timing of progress of construction and timing of drawdowns on loan.

2011/2012 4th Quarter Financial Report
STATEMENT OF FINANCIAL POSITION
(all figures in $ 000's)

	March 31, 2012 Approved Annual Budget	March 31, 2012 Q2 Projected	March 31, 2012 Q3 Projected	Year-End Actual (Unaudited)	Year-End vs. Approved Variance F/(U)
ASSETS					
Current Assets					
Cash & Short Term Investments	$ 47,147	$ 37,122	$ 42,816	**$ 44,020**	$ (3,127)
Accounts Receivable	21,555	21,555	21,555	**28,060**	6,505
Inventory	2,112	2,112	2,112	**1,610**	(502)
Prepaid Expenses	402	889	889	**2,393**	1,991
	71,216	61,678	67,372	**76,083**	4,867
Investments	35,493	46,475	47,704	**35,732**	239
Endowment Assets	15,271	15,271	15,271	**16,456**	1,185
Capital Assets	268,618	269,767	254,423	**253,468**	(15,150)
TOTAL ASSETS	$ 390,598	$ 393,191	$ 384,770	**$ 381,740**	$ (8,858)
LIABILITIES & NET ASSETS					
Current Liabilities					
Bank indebtedness	$ -	$ -	$ -	**$ 15,132**	$ (15,132)
Accounts Payable & Accrued Liabilities	23,593	26,285	26,285	**28,917**	(5,324)
Accrued Salaries & Employee Deductions Payable	7,704	10,049	10,049	**5,206**	2,498
Deferred Revenue	21,635	21,635	21,635	**17,988**	3,647
Current Portion of Long Term Debt	1,862	1,862	1,862	**1,862**	-
	54,794	59,831	59,831	**69,104**	(14,310)
Long Term Debt	79,100	75,702	69,713	**43,563**	35,537
Vacation, Sick Leave & Post-Employment Benefits	16,144	16,004	14,400	**14,443**	1,701
Deferred Capital Contributions	156,652	160,345	153,666	**156,076**	576
Interest Rate Swaps	9,369	9,369	9,369	**14,148**	(4,779)
Net Assets					
Unrestricted	1,000	1,000	1,000	**1,000**	-
Investment in Capital Assets	31,541	31,859	29,183	**38,034**	6,493
Vacation, Sick Leave & Post-Employment Benefits	(16,144)	(16,004)	(14,400)	**(14,443)**	1,701
Internally Restricted	52,240	49,183	56,106	**57,507**	5,267
Interest Rate Swaps	(9,369)	(9,369)	(9,369)	**(14,148)**	(4,779)
Endowment Fund	15,271	15,271	15,271	**16,456**	1,185
	74,539	71,940	77,791	**84,406**	9,867
TOTAL LIABILITIES & NET ASSETS	$ 390,598	$ 393,191	$ 384,770	**$ 381,740**	$ 8,858

2011/2012 4th Quarter Financial Report
REVENUE SCHEDULE
(all figures in $ 000's)

	Approved Annual Budget	Q2 Year-End Projection	Q3 Year-End Projection	Year-End Actual (Unaudited)	Year-End vs. Approved Variance F/(U)	Variance as % of Budget
Grants						
Post Secondary Activity	$ 87,212	$ 88,162	$ 88,505	**$ 88,510**	$ 1,298	1%
Capital & Equipment	8,585	16,179	18,828	**18,665**	10,080	117%
Apprentice	4,910	5,207	5,204	**5,288**	378	8%
Flow-Through Student Aid	1,812	1,812	1,812	**2,540**	728	40%
TOTAL GRANTS	102,519	111,360	114,349	**115,003**	12,484	12%
Tuition Fees						
Full-Time Post Secondary	49,973	48,505	48,646	**48,837**	(1,136)	-2%
Full-Time Non-Funded	1,785	1,723	1,723	**1,724**	(61)	-3%
Part-Time	12,082	11,485	11,308	**10,225**	(1,857)	-15%
Adult Training	2,003	1,811	1,781	**1,561**	(442)	-22%
Student IT & Mobile Computing Fees	3,233	3,237	3,409	**3,329**	96	3%
TOTAL TUITION FEES	69,076	66,761	66,867	**65,676**	(3,400)	-5%
Contract Educational Services						
Provincially Funded Programs	8,279	8,223	8,435	**8,425**	145	2%
Corporate & Other Programs	18,005	17,964	17,669	**13,625**	(4,380)	-24%
Grants, Fees and Other Income Associated with Contract Activity	4,526	4,616	4,628	**5,869**	1,343	30%
TOTAL CONTRACT EDUCATIONAL SERVICES	30,810	30,803	30,732	**27,919**	(2,892)	-9%
Other						
Ontario Financing Authority Loan Proceeds (Student Commons & Pembroke Campus)	33,319	30,269	24,265	**15,089**	(18,230)	-55%
Students' Association Contribution	21,844	20,909	15,333	**16,557**	(5,287)	-24%
Capital Campaign	3,200	3,400	3,257	**3,495**	295	9%
Early Learning Centre	955	913	913	**915**	(40)	-4%
Student Ancillary Fees	4,016	3,918	4,027	**5,838**	1,822	45%
Student Services Grant	100	100	100	**95**	(5)	-5%
Investment Income	1,387	2,887	2,575	**2,365**	978	71%
Miscellaneous	6,679	6,547	7,007	**10,181**	3,502	52%
TOTAL OTHER	71,500	68,943	57,477	**54,535**	(16,965)	-24%
COLLEGE ANCILLARY SERVICES SALES	40,245	39,710	39,362	**39,383**	(862)	-2%
INTERNATIONAL EDUCATION CENTRE	12,641	12,641	12,283	**14,793**	2,152	17%
TOTAL OPERATING REVENUE	$ 326,791	$ 330,218	$ 321,070	**$ 317,308**	$ (9,483)	-3%

2011/2012 4th Quarter Financial Report
REVENUE SCHEDULE
Variance Analysis (all figures in $ 000's)

Description	Variance F/(U)	Comments
Post Secondary Activity Grants	$ 1,298	Enrolment Bridging Grant announced after the budget was approved. Higher than budgeted Key Performance Indicator and Nursing Transition grants.
Capital & Equipment Grants	$ 10,080	*See Funding for Strategic Priorities Schedule.*
Apprentice	$ 378	Additional funding from MTCU.
Flow-Through Student Aid	$ 728	Additional flow through bursary funding received for Aboriginal students as well as new bursary funds for First Generation students. Non-endowed bursaries received from the Foundation were not budgeted. (Offset by Flow-Through Student Aid expenditure.)
Full-Time Post Secondary Tuition Fees	$ (1,136)	Lower than expected enrolment in various programs across the college, including Design Studies, Construction Project Management and Global Studies. Offset by higher than expected enrolment in Distance Education programs and E-Business Supply.
Part-Time Tuition Fees	$ (1,857)	Lower than expected enrolment in several programs including Business and Community Studies and Language Training.
Adult Training Fees	$ (442)	Lower than expected revenue from new Workers Compensation program and Basic Training.
Corporate & Other Programs	$ (4,380)	School College Work Initiative program was expected to be a full year but was only funded for part of the year (offset by corresponding savings). Corporate Training revenue lower than targeted in budgeted.
Grants, Fees and Other Income Associated with Contract Activity	$ 1,343	Mainly due to internal revenue (offset by corresponding internal expenditures).
Ontario Financing Authority Loan Proceeds (Student Commons & Pembroke Campus)	$ (18,230)	*See Funding for Strategic Priorities Schedule.*
Students' Association Contribution	$ (5,287)	*See Funding for Strategic Priorities Schedule.*
Capital Campaign	$ 295	*See Funding for Strategic Priorities Schedule.*
Student Ancillary Fees	$ 1,822	Fees received for processing Ontario College Application Service (OCAS) fees under new arrangement to benefit from HST rebates (except for $113k administration fee, offset by fees paid to OCAS).
Investment Income	$ 978	Higher cash balance than anticipated as well as higher yields on longer term investments.

2011/2012 4th Quarter Financial Report
REVENUE SCHEDULE
Variance Analysis (all figures in $ 000's)

Description	Variance F/(U)	Comments
Miscellaneous	$ 3,502	$650k increase in Distance Education Hosting fees due to enrolment growth. Balance is due to Internal Revenues (offset by Internal Expenditures included under Contract Activity and Miscellaneous Expenditures).
College Ancillary Service Sales	$ (862)	Lower bookstore revenue due to reduced traffic as a result of construction and labour disruption; summer hotel revenue did not meet expectations; rooms out of service due to flood and mould issues; and lower parking revenue due to deferral of the construction of an additional parking lots as a result of City storm water policy.
International Education Centre	$ 2,152	Higher than expected contract activity offset by lower than expected enrolment growth.
Total Explained Variances	$ (9,617)	
Other Minor Variances	$ 134	
Total Variance	$ (9,483)	

2011/2012 4th Quarter Financial Report
EXPENDITURES SCHEDULE
(all figures in $ 000's)

	Approved Annual Budget	Q2 Year-End Projection	Q3 Year-End Projection	Year-End Actual (Unaudited)	Year-End vs. Approved Variance F/(U)	Variance as % of Budget
TOTAL SALARIES & BENEFITS	131,096	127,712	127,477	**127,146**	3,950	3%
Other Operating Costs						
Mandated Student Aid	5,017	4,959	4,747	**4,566**	451	9%
Contingencies	4,536	4,072	3,871	**3,307**	1,229	27%
Debt Servicing	968	968	968	**968**	-	0%
Contract Services	7,765	11,383	11,436	**9,326**	(1,561)	-20%
Instructional Supplies & Equipment	3,110	3,276	3,244	**3,113**	(3)	0%
Promotion	2,273	2,266	2,339	**2,096**	177	8%
Software	2,398	2,472	2,488	**2,298**	100	4%
Building Maintenance & Utilities	8,056	5,751	5,898	**8,252**	(196)	-2%
Flow-Through Student Aid	1,800	1,800	1,800	**2,540**	(740)	-41%
Other	18,823	18,532	18,595	**17,744**	1,079	6%
TOTAL OTHER OPERATING	54,746	55,479	55,386	**54,208**	538	1%
FUNDING FOR STRATEGIC INVESTMENT PRIORITIES	74,721	78,205	66,908	**65,906**	8,815	12%
CONTRACT ACTIVITY	24,211	24,381	24,212	**21,900**	2,311	10%
COLLEGE ANCILLARY SERVICES	35,937	35,707	35,446	**35,584**	353	1%
INTERNATIONAL EDUCATION CENTRE	5,080	4,967	4,788	**5,069**	11	0%
TOTAL EXPENDITURES	**$ 325,791**	**$ 326,451**	**$ 314,217**	**$ 309,813**	**$ 15,978**	**5%**

2011/2012 4th Quarter Financial Report
EXPENDITURES SCHEDULE
Variance Analysis (all figures in $ 000's)

Description	Variance F/(U)	Comments
Salaries & Benefits	$ 3,950	Savings due to vacancies, sick leave and labour disruption.
Mandated Student Aid	$ 451	Required amount lower than initial estimate.
Contingencies	$ 1,229	Some budget contingency provisions not required.
Contract Services	$ (1,561)	Services required to backfill short term vacancies in Information Technology Services and Marketing Services; increase in Distance Education activity.
Flow-Through Student Aid	$ (740)	Additional flow through bursary funding received for Aboriginal students, new bursary funds for First Generation students. Non-endowed bursaries from the Foundation were not budgeted.
Other	$ 1,079	Combination of positive and negative variances across many programs due to changing needs or timing of purchases.
Funding for Strategic Investment Priorities	$ 8,815	*See Funding for Strategic Priorities Schedule.*
Contract Activity	$ 2,311	School College Work Initiative programs received less funding than expected therefore corresponding expenses are also down from the original budget. Fewer Corporate Training contracts than targeted in the budget.
College Ancillary Services	$ 353	Lower cost of goods sold due to lower sales.
Total Explained Variances	$ 15,888	
Other Minor Variances	$ 90	
Total Variance	$ 15,978	

2011/2012 4th Quarter Financial Report
FUNDING FOR STRATEGIC INVESTMENT PRIORITIES SCHEDULE
(all figures in $ 000's)

	Approved Annual Budget	Q2 Year-End Projection	Q3 Year-End Projection	Year-End Actual (Unaudited)	Year-End vs. Approved Variance F/(U)	Variance as % of Budget
Revenue						
Facilities Renewal	$ 585	$ 585	$ 601	$ 601	$ 16	3%
College Equipment Renewal Fund	-	559	559	559	559	0%
Knowledge Infrastructure Program	8,000	12,592	12,592	12,593	4,593	57%
Apprenticeship Enhancement Fund	-	943	943	897	897	0%
Ontario Financing Authority (OFA) Loan Proceeds (Student Commons & Pembroke Campus)	33,319	30,269	24,265	15,089	(18,230)	-55%
Students' Association Contribution	21,844	20,909	15,333	16,557	(5,287)	-24%
Capital Campaign	3,200	3,400	3,257	3,495	295	9%
Enabling Accessibility Fund	-	1,500	2,000	2,023	2,023	0%
Digital College Grant	-	-	2,133	1,864	1,864	0%
Miscellaneous	-	-	-	127,862	128	0%
TOTAL REVENUE	66,948	70,757	61,683	**53,805**	(13,143)	-20%
Expenditures						
Campus Expansion						
Algonquin Centre for Construction Excellence	10,068	13,935	13,792	**14,080**	(4,012)	-40%
Perth Campus	1,932	2,857	2,857	**2,899**	(967)	-50%
Pembroke Campus	19,482	19,482	18,213	**15,002**	4,480	23%
Student Commons	34,881	32,395	22,585	**25,110**	9,771	28%
Total Campus Expansion	66,363	68,669	57,447	**57,091**	9,272	14%
Other						
College Technologies	2,000	1,894	1,835	**1,743**	257	13%
College Space & Infrastructure	2,585	2,978	2,961	**2,579**	6	0%
New Program Initiatives	250	200	250	**255**	(5)	-2%
Academic & Other Equipment	1,513	1,754	1,754	**1,669**	(156)	-10%
Business Plan Priorities	2,010	1,767	1,718	**1,638**	372	19%
Apprenticeship Enhancement Fund	-	943	943	**931**	(931)	0%
Total Other	8,358	9,536	9,461	**8,815**	(457)	-5%
TOTAL EXPENDITURES	74,721	78,205	66,908	**65,906**	8,815	12%
NET CONTRIBUTION	$ (7,773)	$ (7,448)	$ (5,225)	**$ (12,101)**	$ (4,328)	56%

2011/2012 4th Quarter Financial Report
FUNDING FOR STRATEGIC INVESTMENT PRIORITIES SCHEDULE
Variance Analysis (all figures in $000's)

Description	Variance F/(U)	Comments
College Equipment Renewal Fund	$ 559	College Equipment Renewal Fund (CERF) grant announced after the budget was approved.
Knowledge Infrastructure Program	$ 4,593	Revised cash flow projection for ACCE and Perth construction projects. Both projects are still on budget.
Apprenticeship Enhancement Fund	$ 897	Apprenticeship Enhancement Fund grant announced after the budget was approved.
Ontario Financing Authority (OFA) Loan Proceeds (Student Commons & Pembroke Campus)	$ (18,230)	Revised timing of cash flow for Student Commons and Pembroke campus construction projects.
Students' Association Contribution	$ (5,287)	Revised timing of cash flow for Student Commons construction project.
Capital Campaign	$ 295	Successful campaign for the Algonquin Centre for Construction Excellence exceeded target.
Enabling Accessibility Fund	$ 2,023	Enabling Accessibility funding awarded for Pembroke campus construction project.
Digital College Grant	$ 1,864	Digital college project approved after budget was approved.
Algonquin Centre for Construction Excellence	$ (4,012)	Apprenticeship Enhancement Fund expenditures (offset by matching grant).
Perth Campus	$ (967)	Higher than anticipated costs for some projects (offset by savings on projects paid for out of internally restricted funds).
Pembroke Campus	$ 4,480	Revised cash flow (offset by grant).
Student Commons	$ 9,771	Revised cash flow (offset by grant).
College Technologies	$ 257	Some projects not fully completed by year end.
Business Plan Priorities	$ 372	Some projects not fully completed by year end.
Apprenticeship Enhancement Fund	$ (931)	Spending on equipment mostly offset by unbudgeted grant.
Total Explained Variances	$ (4,316)	
Other Minor Variances	$ (11)	
Total Variance	$ (4,328)	

2011/2012 4th Quarter Financial Report
INTERNALLY RESTRICTED FUNDS SCHEDULE
(all figures in $ 000's)

	Approved Annual Budget	Approved June 2011 [1]	Total Approved Expenditures	Q2 Year-End Projection	Q3 Year-End Projection	Year-End Actual (Unaudited)	Year-End vs. Total Approved Variance F/(U)
Appropriations	$ 193	$ 258	**$ 451**	$ 445	$ 357	**$ 319**	$ 132
Specific Reserves							
Delivering High Quality Facilities	1,395	2,127	**3,522**	3,304	2,981	**2,718**	804
Employee Development	-	413	**413**	413	268	**178**	235
Financial Sustainability	108	383	**491**	536	487	**601**	(110)
Innovation	418	886	**1,304**	1,146	946	**898**	406
Mobile College/Online College	221	1,304	**1,525**	1,241	1,195	**1,086**	439
Recruitment/Enrolment	174	1,441	**1,615**	1,481	1,164	**698**	917
Retention/Graduation Rate	393	789	**1,182**	1,130	821	**518**	664
TOTAL SPECIFIC RESERVES	2,709	7,343	**10,052**	9,251	7,862	**6,697**	3,355
Capital Projects	6,300	-	**6,300**	5,953	4,097	**4,280**	2,020
College Ancillary Services Reserves	-	200	**200**	200	159	**120**	80
TOTAL INTERNALLY RESTRICTED FUNDS	$ 9,202	$ 7,801	**$ 17,003**	$ 15,849	$ 12,475	**$ 11,415**	$ 5,588

[1] At the time the budget was approved, final results for 2011/12 were not yet known; year-end net assets balances (i.e. internally restricted funds) were estimated to determine capacity to fund appropriations and specific reserves. Once the final net assets balances were determined, additional internally restricted funds totalling $7.801 million were approved. The final net assets balances were reported in the 2011/12 Financial Statements and approved by the Board of Governors on June 13, 2011.

2011/2012 4th Quarter Financial Report
SUMMARY OF FUNDED POSITIONS

	Full-Time Approved Budgeted Positions				Position Changes			Full-Time Funded Positions at Q4				Total Staffed at Mar. 31/12	Total Vacant at Mar. 31/12
	Admin	Support	Academic	Total	Positions Opened	Positions Closed	Positions Transferred	Admin	Support	Academic	Total		
President & Board of Governors													
President's Office	3	-	-	3				3	-	-	3	3	-
Total	3	-	-	3	-	-	-	3	-	-	3	3	-
Human Resources													
Human Resources	21	-	-	21			4	22	2	1	25	24	1
Total	21	-	-	21	-	-	4	22	2	1	25	24	1
Administration													
Vice-President's Office	2	-	-	2				2	-	-	2	2	-
College Ancillary Services	17	68	-	85	1	(1)		17	68	-	85	82	3
Finance & Administrative Services	7	28	-	35	1	(1)		7	28	-	35	35	-
Physical Resources	14	39	-	53				14	39	-	53	52	1
Total	40	135	-	175	2	(2)	-	40	135	-	175	171	4
Student Services													
Vice-President's Office	2	-	-	2				2	-	-	2	2	-
Student Support Services	7	22	16	45				7	22	16	45	43	2
Registrar	10	58	-	68				10	58	-	68	67	1
Total	19	80	16	115	-	-	-	19	80	16	115	112	3
Business Development													
Vice-President's Office	3	1	-	4				3	1	-	4	4	-
Applied Research & Development	2	-	-	2				2	-	-	2	1	1
Algonquin College Foundation	3	2	-	5				3	2	-	5	5	-
Information, Institutional Research and Technology Services [1]	9	66	-	75				9	66	-	75	68	7
International & Corporate Business Development	9	11	21	41				9	11	21	41	38	3
Workforce & Personal Development	2	3	-	5				2	3	-	5	5	-
Total	28	83	21	132	-	-	-	28	83	21	132	121	11
Academic Services													
Vice-President's Office	11	2	20	33	7		(20)	12	3	5	20	15	5
Faculty of Arts, Media & Design	6	28	100	134			8	7	28	107	142	139	3
School of Business	5	9	77	91			4	5	9	81	95	91	4
School of Hospitality & Tourism	3	9	34	46			3	3	9	37	49	45	4
Faculty of Technology & Trades	8	37	146	191	1	(2)	2	8	36	148	192	189	3
Faculty of Health, Public Safety & Community Studies	8	32	120	160	1	(1)	4	8	31	125	164	157	7
Centre for Continuing and Online Learning [2]	5	17	-	22			(1)	4	17	-	21	20	1
Algonquin College in the Ottawa Valley	5	27	25	57	1			6	27	25	58	57	1
Learning & Teaching Services	6	24	6	36		(1)	(4)	5	22	4	31	30	1
Total	57	185	528	770	10	(4)	(4)	58	182	532	772	743	29
Advancement													
Executive Director's Office [3]	3	6	-	9		(1)	(3)	3	2	-	5	4	1
Recruitment [3]	-	-	-			(1)	9	2	6	-	8	8	-
Marketing Services [3]	4	12	-	16			(6)	2	8	-	10	9	1
Total	7	18	-	25	-	(2)	-	7	16	-	23	21	2
COLLEGE TOTAL	175	501	565	1,241	12	(8)	-	177	498	570	1,245	1,195	50

[1] Information Technology Services was included under President & Board of Governors when the budget was approved.
It has since been renamed Information, Institutional Research and Technology Services and includes Institutional Research and Planning.
[2] School of Part-time Studies was renamed Centre for Continuing and Online Learning after budget was approved.
[3] Advancement has undergone a realignment since budget was approved - the new structure is shown here.

The complement report represents the total number of positions for each of the College's major areas.
Not all positions are 100% funded in the budget as some positions are vacant at the start of the year and other positions have a start date projected for other than April 1st.