Financial Statements of

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Year ended March 31, 2001

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Financial Statements and Supplementary Schedules

Year ended March 31, 2001

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KPMG LLP
CHARTERED ACCOUNTANTS
Suite 1000
45 O'Connor St.
Ottawa, ON K1P 1A4
Canada

Telephone (613) 560-0011
Telefax (613) 560-2896
www.kpmg.ca

AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

We have audited the statement of financial position of The Algonquin College of Applied Arts and Technology as at March 31, 2001 and the statements of operations, 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.

As set out in notes 2(b) and 2(c), the College has not accrued vacation entitlements and post-employment benefits obligations in the accounts. To this extent, the statements are not in accordance with Canadian generally accepted accounting principles. The effect of this departure from Canadian generally accepted accounting principles is set out in notes 2(b) and 2(c).

In our opinion, except for the failure to record accrued vacation entitlements and post-employment benefits obligations as set out above and in notes 2(b) and 2(c), these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The supplementary information included in Schedules "A" to "H" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP (signed)

Chartered Accountants

Ottawa, Canada

June 1, 2001

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2001, with comparative figures for 2000 and 1999

	2001	2000	1999
Assets			
Current assets:			
Cash and short-term investments	$ 26,247,130	$ 10,051,066	$ 3,235,468
Accounts receivable	7,642,990	7,348,818	9,142,248
Inventory (note 3)	1,465,312	1,153,475	1,107,095
Prepaid expenses	277,620	269,382	306,705
	35,633,052	18,822,741	13,791,516
Loan receivable (note 4)	903,352	1,196,950	1,368,520
Investments (note 5)	1,329,656	1,183,302	884,002
Capital assets (note 6)	80,844,865	61,420,437	50,522,978
	$ 118,710,925	$ 82,623,430	$ 66,567,016
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	$ 6,300,486	$ 8,413,715	$ 8,856,451
Accrued salaries and employee deductions payable	1,084,069	1,079,111	3,731,649
Deferred revenue (note 7(a))	12,254,555	8,601,965	6,111,140
Current portion of long-term debt (note 8)	944,111	570,000	1,270,000
	20,583,221	18,664,791	19,969,240
Long-term debt (note 8)	28,148,412	8,778,681	1,960,000
Long-term deferred revenue (note 7(b))	18,622,618	5,922,883	1,316,103
Deferred capital contributions (note 9)	30,511,922	33,003,631	31,524,485
Net assets:			
Unrestricted	(3,952,732)	(5,896,290)	(6,026,129)
Investment in capital assets (note 10(a))	21,240,420	19,068,125	15,768,493
Internally restricted (note 11)	2,227,408	1,848,307	1,098,372
Endowments (note 12)	1,329,656	1,233,302	956,452
	20,844,752	16,253,444	11,797,188
Commitments (note 15)			
Contingencies (note 16)			
	$ 118,710,925	$ 82,623,430	$ 66,567,016

See accompanying notes to financial statements.

On behalf of the Board of Governors:

_____Chairman

_____Member

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	2001	2000	1999
Revenue (schedule A):			
Grants and reimbursements	$ 59,662,711	$ 58,305,757	$ 56,528,234
Student tuition fees	43,673,541	40,327,073	33,476,861
Contract educational services	12,100,528	12,568,746	12,585,194
Ancillary operations (schedule H)	19,615,879	16,951,996	14,883,989
Other	10,449,937	11,671,515	8,414,172
	145,502,596	139,825,087	125,888,450
Expenditures:			
Operating:			
Academic (schedule B)	71,799,023	70,792,069	64,576,411
Educational resources (schedule C)	1,763,423	1,727,878	1,706,901
Student services (schedule D)	15,060,773	14,042,219	11,787,032
Administrative (schedule E)	11,522,162	10,548,850	9,758,972
Plant (schedule F)	12,884,597	11,937,346	10,075,595
Special projects (schedule G)	2,060,178	4,469,023	1,717,403
Ancillary operations (schedule H)	16,807,943	14,561,015	12,944,434
	131,898,099	128,078,400	112,566,748
Voluntary separation	392,633	689,089	679,724
Amortization and write-off of capital assets	8,765,660	6,878,192	6,268,694
Total expenditures	141,056,392	135,645,681	119,515,166
Excess of revenue over expenditures	$ 4,446,204	$ 4,179,406	$ 6,373,284

See accompanying notes to financial statements.

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Changes in Net Assets

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	Unrestricted	Investment in capital assets (note 10(a))	Internally restricted (note 11)	Endowments (note 12)	2001 Total	2000 Total	1999 Total
Net assets, beginning of year	$ (5,896,290)	$ 19,068,125	$ 1,848,307	$ 1,233,302	$ 16,253,444	$ 11,797,188	$ 5,255,495
Excess of revenue over expenditures	4,446,204	–	–	–	4,446,204	4,179,406	6,373,284
Internally imposed restrictions	(379,101)	–	379,101	–	–	–	–
Net change in investment in capital assets (note 10(b))	(2,123,545)	2,123,545	–	–	–	–	–
Endowment contributions and investment income	–	–	–	96,354	96,354	276,850	168,409
Donation of land received	–	48,750	–	–	48,750	–	–
Net assets, end of year	$ (3,952,732)	$ 21,240,420	$ 2,227,408	$ 1,329,656	$ 20,844,752	$ 16,253,444	$ 11,797,188

See accompanying notes to financial statements.

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	2001	2000	1999
Cash provided by (used for):			
Operations:			
Excess of revenue over expenditures	$ 4,446,204	$ 4,179,406	$ 6,373,284
Items which do not involve cash:			
Amortization of capital assets	8,268,911	6,744,151	5,980,676
Gain on sale of building	(669,558)	–	–
Write-off of capital assets	496,749	134,041	288,018
Amortization of deferred capital contributions	(2,830,386)	(2,858,003)	(2,867,440)
Change in non-cash working capital (note 17)	930,073	1,179,924	(3,463,719)
	10,641,993	9,379,519	6,310,819
Financing:			
Increase (decrease) in long-term debt	19,743,842	6,118,681	(895,000)
Change in long-term deferred revenue	12,699,735	4,606,780	1,316,103
	32,443,577	10,725,461	421,103
Investments:			
Proceeds on sale of building	759,076	–	–
Decrease in loan receivable	293,597	171,570	237,012
Increase in investments	(146,354)	(299,300)	(193,111)
Capital asset additions (note 10)	(28,230,856)	(17,775,651)	(5,950,323)
Capital contributions received (note 9)	338,677	4,337,149	588,078
Endowment contributions and investment income (note 12)	96,354	276,850	168,409
	(26,889,506)	(13,289,382)	(5,149,935)
Increase in cash and short-term investments	16,196,064	6,815,598	1,581,987
Cash and short-term investments, beginning of year	10,051,066	3,235,468	1,653,481
Cash and short-term investments, end of year	$ 26,247,130	$ 10,051,066	$ 3,235,468

See accompanying notes to financial statements.

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2001

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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, expenses 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.

The College has an economic interest in the Algonquin College Foundation. The Foundation was incorporated without share capital on December 4, 1995 under the Ontario Corporations Act. The results and operations of the Foundation are not included in these financial statements. The objectives of the Foundation are to solicit, receive, manage and distribute money and other property to support education at the College. The Foundation had no activity in fiscal 2000/2001.

2. Significant accounting policies:

(a) General:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the exception of vacation entitlements and post-employment benefits obligations described below.

(b) Vacation entitlements:

Vacation entitlements are recorded as salary expense upon payment rather than in accordance with the accrual basis as recommended by the Canadian Institute of Chartered Accountants. Most vacation is earned by the employees of the College by March 31, the year end of the College, and is taken in the June to August time frame. As a result, the unrecorded liability for vacation pay at March 31 is close to the maximum.

If vacation entitlements had been recorded in accordance with accrual accounting standards, liabilities would have increased and unrestricted net assets would have decreased by $6,485,176 (2000 - $6,354,768; 1999 - $6,059,000) in the statement of financial position. Expenditures for the year would have been increased by $130,408 (2000 - $295,322 decrease; 1999 - $145,000 decrease) in the statement of operations.

2. Significant accounting policies (continued):

(c) Post-employment benefits obligations:

Post-employment benefits obligations have not been recorded in accordance with Canadian generally accepted accounting principles. The College currently subsidizes premiums for the group benefits available for early retirees. The premiums are paid by the early retiree, however their claims experience is included with the active employees. This practice increases the premium rates for active employees, for which the College pays 100%. In a similar fashion, a subsidy is provided for the continuation of benefits for employees on long-term disability leave. If the post-employment benefits obligations had been recorded, liabilities would have increased and the unrestricted net assets would have decreased by $4,120,000. The excess of revenue over expenditures would also have decreased by $139,000.

(d) Accumulated sick leave:

Cost of employee absences are recorded as salary expenditures in the year in which they occur. The College is liable to pay 50% of an academic employee's accumulated sick leave credit up to a maximum of six months salary. Sick leave credit relating to administrative and support staff, which does not accumulate, is drawn down in accordance with the payout provisions noted above. The Ministry of Training, Colleges and Universities provides a grant to fund such expenditures as they are required which amounted to $836,637 in 2001 (2000 - $800,765; 1999 - $571,129). Because these amounts are fully funded by the Ministry, the total estimated amount of vested sick leave benefits payable to employees of $5,896,733 (2000 - $6,139,270; 1999 - $6,061,547) and the corresponding receivable amount from the Ministry are not recorded in these financial statements.

(e) Inventory:

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

(f) Investments:

Investments are recorded at cost except for investments donated to the College which are recorded at fair market value at the date of acquisition. Gains or losses on the sale of investments are recognized in the year of disposal. Should the market value of investments become lower than cost and this decline in value is considered to be other than temporary, the investments are written-down to market value.

(g) Capital assets:

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

(i) Academic furniture and library holdings are charged to expenditure in the year of acquisition.

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

2. Significant accounting policies (continued):

(g) Capital assets (continued):

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

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

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

Asset	Useful life
Buildings	25 years
Site improvements	10 years
Parking lots	10 years
Equipment	5 years
Laptop/desktop computers	22/48 months
Automotive equipment	5 years
ITS infrastructure	5 years
Residence furniture and appliances	5 years
Leasehold improvements	Over term of lease

(h) Deferred capital contributions:

Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital asset.

(i) Revenue:

(i) Grants and donations are recorded using the deferral method of accounting for contributions. 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 expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

(ii) 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.

(iii) Contract education and other revenues are recorded in the accounts based on the services provided or goods sold in the College's fiscal year.

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

2. Significant accounting policies (continued):

(j) Student organizations:

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

(k) Contributed services:

Volunteers, as well as members of the staff and faculty of the College, 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.

(l) 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 revenues and expenses during the period. Actual results could differ from those estimates.

3. Inventory:

	2001	2000	1999
Bookstore	$ 1,300,335	$ 985,265	$ 753,218
Food services	123,291	125,006	131,122
Stationery and supplies	25,000	25,000	197,731
Publishing centre	16,686	18,204	25,024
	$ 1,465,312	$ 1,153,475	$ 1,107,095

4. Loan receivable:

The loan receivable is with the Algonquin Student Association Inc. and bears interest at 6.13% calculated daily. Principal and interest payments equal to the amount generated from a student building fee will be made to the College each academic semester until the loan is paid off, which is anticipated to occur in 2002.

5. Investments:

Investments held by the College represent funds which have been permanently endowed. The carrying values and market values of the investments are as follows:

Carrying value	2001	2000	1999
GICs	$ 119,742	$ 184,140	$ –
Stocks	1,209,914	999,162	636,944
Mutual funds	–	–	247,058
	$ 1,329,656	$ 1,183,302	$ 884,002

Market value	2001	2000	1999
GICs	$ 119,742	$ 184,140	$ –
Stocks	1,293,638	977,486	678,352
Mutual funds	–	–	247,058
	$ 1,413,380	$ 1,161,626	$ 925,410

6. Capital assets:

			2001	2000	1999
	Cost	Accumulated amortization	Net book value	Net book value	Net book value
Land	$ 1,051,044	$ –	$ 1,051,044	$ 1,002,294	$ 1,002,294
Buildings	110,616,970	53,487,482	57,129,488	32,853,704	35,236,400
Site improvements	1,787,780	616,928	1,170,852	1,349,630	1,528,408
Buildings work-in-progress	5,675,652	–	5,675,652	12,526,413	486,535
Parking lots	3,232,222	1,195,425	2,036,797	2,242,606	2,132,649
Computers and equipment	35,263,254	23,148,702	12,114,552	11,034,570	9,969,560
Automotive equipment	327,689	296,394	31,295	48,322	45,072
ITS infrastructure	770,323	89,871	680,452	–	–
Residence furniture and appliances	765,190	89,272	675,918	–	–
Leasehold improvements	447,476	168,661	278,815	362,898	122,060
	$ 159,937,600	$ 79,092,735	$ 80,844,865	$ 61,420,437	$ 50,522,978

6. Capital assets (continued):

Cost and accumulated amortization at March 31, 2000 amounted to $137,803,675 and $76,383,238 respectively. Cost and accumulated amortization at March 31, 1999 amounted to $123,920,330 and $73,397,352 respectively.

Included in the cost of buildings is $433,282 of interest that was capitalized during construction.

7. Deferred revenue:

(a) Details of the year-end balance are as follows:

	2001	2000	1999
Student tuition fees	$ 6,326,250	$ 6,456,020	$ 5,082,489
Grants and reimbursements	4,026,120	844,337	233,819
Contract education services	1,173,037	430,127	397,052
Miscellaneous projects	513,272	686,544	252,227
Student aid	140,673	112,924	107,757
Ancillary operations	75,203	72,013	37,796
	$ 12,254,555	$ 8,601,965	$ 6,111,140

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

Grants and reimbursements are the unexpended restricted grants to be spent on specific items in future years.

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

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

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

Ancillary operations represent amounts received by the ancillary operations of the College for services to be provided in subsequent years.

(b) Long-term deferred revenue represents funds received from the Ministry of Training, Colleges and Universities for capital projects under the Access to Opportunities Program and the Super Build Program. Management expects to use these funds to finance the construction of a new advanced technology centre.

8. Long-term debt:

(a) In prior years, the College entered into long-term debt agreements to finance the construction of the student centre and the renovations to the parking facilities. The remaining amount on these loans is $750,000 and $640,000 respectively.

(b) The College has also entered into long-term debt agreements totalling $27,702,523 relating to the construction of the new student residence and justice facility.

	2001	2000	1999
Term loan, bearing interest at 6.13%	$ 750,000	$ 1,000,000	$ 1,250,000
Term loan, bearing interest at 5.58%	640,000	960,000	1,280,000
Justice building loan, bearing interest at prime plus 0.40%, maturing in 2025 (note 14(c))	9,946,564	7,388,681	700,000
Residence building loan, bearing interest at prime plus 0.40%, maturing in 2025 (note 14(c))	12,934,219	–	–
Residence bankers acceptance, bearing interest at 4.89%	4,821,740	–	–
	29,092,523	9,348,681	3,230,000
Less current portion	944,111	570,000	1,270,000
	$ 28,148,412	$ 8,778,681	$ 1,960,000

Interest is payable on a monthly basis. The principal of the loans is payable in lump-sum amounts as follows:

2002	$ 944,111
2003	971,108
2004	682,007
2005	458,849
2006	505,222
Thereafter	25,531,226
	$ 29,092,523

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of the deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2001	2000	1999
Balance, beginning of year	$ 33,003,631	$ 31,524,485	$ 33,803,847
Less amortization of deferred capital contributions	(2,830,386)	(2,858,003)	(2,867,440)
Add capital contributions received:			
Donated equipment	50,258	263,152	193,895
Government grants	288,419	4,073,997	394,183
Balance, end of year	$ 30,511,922	$ 33,003,631	$ 31,524,485

10. Investment in capital assets:

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

	2001	2000	1999
Capital assets	$ 80,844,865	$ 61,420,437	$ 50,522,978
Less amounts financed by:			
Deferred capital contributions	(30,511,922)	(33,003,631)	(31,524,485)
Long-term debt	(29,092,523)	(9,348,681)	(3,230,000)
	$ 21,240,420	$ 19,068,125	$ 15,768,493

10. Investment in capital assets (continued):

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

	2001	2000	1999
Capital asset additions:			
Total additions	$ 28,230,856	$ 17,775,651	$ 5,950,323
Less:			
Net book value of building sold	(89,518)	–	–
Donated equipment	(50,258)	(263,152)	(193,895)
Capital asset purchases financed with grants	(288,419)	(4,073,997)	(394,183)
Capital asset purchases financed with College funds	27,802,661	13,438,502	5,362,245
External financing:			
Decrease (increase) in long-term debt	(19,743,842)	(6,118,681)	895,000
Amortization of deferred capital contributions	2,830,386	2,858,003	2,867,440
Amortization of capital assets	(8,268,911)	(6,744,151)	(5,980,676)
Write-off of capital assets	(496,749)	(134,041)	(288,018)
Net change in investment in capital assets	$ 2,123,545	$ 3,299,632	$ 2,855,991

11. Internally restricted net assets:

	Balance March 31, 1999	Balance, March 31, 2000	Change in year	Balance, March 31, 2001
Employment Stabilization Funds	$ 375,886	$ 419,140	$ 26,412	$ 445,552
Student Institutional Aid	319,363	291,102	(185,049)	106,053
Other Student Aid	1,995	2,065	554	2,619
Appropriations	401,128	1,136,000	537,184	1,673,184
	$ 1,098,372	$ 1,848,307	$ 379,101	$ 2,227,408

Internally restricted net assets are funds committed for specific purposes which reflect the application of College policy as follows:

(a) Employment Stabilization Funds represent funds committed by the College for retraining and counselling for employees upon separation from the College. The College's annual commitment is based on a formula prescribed by the collective agreements. Expenditures from this fund are approved by the respective employee union and College management.

11. Internally restricted net assets (continued):

(b) Student Institutional Aid consists of funds available for student assistance. Each fiscal year, the College appropriates 30% of the additional fee revenue resulting from any tuition fee increase for student financial assistance.

(c) Other Student Aid represents the unspent portion of unrestricted endowment fund income and other unrestricted contributions which have been designated for scholarships and bursaries by the College.

(d) Appropriations represent current year budget allocations primarily relating to capital projects which were unable to be completed during the 2000/2001 fiscal year.

12. Endowments:

Contributions restricted for endowment consist of monies received primarily as benefactions and which either the donor or the Board of Governors has designated as endowment. The annual income earned from funds designated as endowment by the donor may be expended only for the purpose designated. If no purpose is designated by the donor then the income is expended at the direction of the Board.

	Externally endowed	Board - designated	2001 Total	2000 Total	1999 Total
Investment income	$ 50,856	$ 1,088	$ 51,944	$ 2,036	$ 42,199
Less: Investment income distributed from endowment	50,856	1,088	51,944	2,036	42,199
	–	–	–	–	–
Withdrawal	–	–	–	–	(4,000)
Donations and bequests	88,028	8,326	96,354	276,850	172,409
Net change in year	88,028	8,326	96,354	276,850	168,409
Fund balance, beginning of year	1,085,596	147,706	1,233,302	956,452	788,043
Fund balance, end of year	$1,173,624	$ 156,032	$1,329,656	$1,233,302	$ 956,452

13. Pension plans:

Full-time employees of the College are participants in The College of Applied Arts and Technology Pension Plan. The College's contributions to this plan are based on the participant contributions and are calculated according to matching formulae. Charges to expenditure for these plans amount to $3,283,245 in 2001, $3,300,745 in 2000 and $3,243,000 in 1999.

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, 2001 was $903,352 (2000 - $1,196,950; 1999 - $1,368,520) with the Algonquin Students Association Inc. This amount will be received by the College through the collection of the student building fee levied by the Association.

(b) Fair values:

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

The carrying values of the term loans approximate their fair value because the interest rate approximates the market rate for these instruments.

It is not practicable to determine the fair value of the loan receivable because the repayment terms are based on future events.

(c) The College has entered into interest rate derivative agreements to manage the volatility of interest rates. The College converted a net notional $23 million of floating rate debt for fixed debt between 6.55% and 6.95%. The derivative agreements are in place until the maturity of the debt in 2025. In addition, the College has booked net notional $17 million of interest rate derivative agreements related to the second phase of the residence.

15. Commitments:

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

2002	$ 685,938
2003	648,724
2004	604,521
2005	285,152
	$ 2,224,335

(b) Construction commitments:

The College has entered into an agreement for the construction of the second phase of the residence due to be completed in fiscal year 2001/2002. The total construction cost of the second phase of the residence is expected to be approximately $17,650,000, of which $5,483,000 has been incurred in the year.

16. Contingencies:

The College is involved with pending litigation and claims which arose 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:

	2001	2000	1999
Decrease (increase) in accounts receivable	$ (294,172)	$ 1,793,430	$ (5,211,665)
Increase in inventory	(311,837)	(46,380)	(128,781)
Decrease (increase) in prepaid expenses	(8,237)	37,323	106,707
Increase (decrease) in accounts payable and accrued liabilities	(2,113,229)	(442,736)	320,924
Increase (decrease) in accrued salaries and employee deductions payable	4,958	(2,652,538)	667,919
Increase in deferred revenue	3,652,590	2,490,825	781,177
	$ 930,073	$ 1,179,924	$ (3,463,719)

18. Public Sector Salary Disclosure:

Under the Public Sector Salary Disclosure Act, 1996, the College is required to disclose the name, position, salary and taxable benefits of each employee with an annual salary of $100,000 or more.

For the calendar year ending December 31, 2000, the individuals who met the requirements for disclosure were:

Employee	Position	Salary	Taxable benefits
R. Gillett	President	$ 166,098	$ 10,827
J. Hamilton	VP Finance & Administration	118,978	5,433
R. Hanson	VP Academic	119,338	5,441
C. Warburton	VP Student Life & Human Resources	103,811	5,370
F. Morash	Sales Training Consultant	114,069	–
J. Paterson	Director Business Sector	104,739	158
A. Teh	Technical Support Specialist	100,606	147

19. Ontario Student Opportunity Trust Fund:

The externally restricted endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program to award student aid as a result of raising an equal amount of endowed donations.

The College has recorded the following amounts under the program:

	2001	2000	1999
Opening balance	$ 984,794	$ 708,794	$ 563,894
Donations received	–	138,000	72,450
Matching funds:			
Received from Government of Ontario	–	108,000	–
Receivable from Government of Ontario	–	30,000	72,450
	$ 984,794	$ 984,794	$ 708,794

19. Ontario Student Opportunity Trust Fund (continued):

	2001	2000	1999
Expendable funds available for awards, beginning of year	$ 25,553	$ 26,905	$ 11,629
Investment income	37,827	827	16,108
Awards issued	(8,289)	(2,179)	(832)
Expendable funds available for awards in future years	$ 55,091	$ 25,553	$ 26,905

20. Subsequent events:

At year end, the College held an option to purchase land for $1,480,000 minus the $92,000 cost of the option. The Board has authorized the exercise of the option prior to June 30th.

21. Comparative figures:

Certain of the 1999 and 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2001.

THE ALGONQUIN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Revenue **Schedule A**

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	2001	2000	1999
Grants and reimbursements:			
Provincially financed programs:			
Plant and activity grants	$ 55,504,087	$ 53,673,499	$ 51,493,398
Special bursaries	908,944	1,141,244	1,241,469
Premise rental	–	199,942	96,216
	56,413,031	55,014,685	52,831,083
Flat-rate funding programs:			
Apprentice	3,249,680	3,291,072	3,697,151
	59,662,711	58,305,757	56,528,234
Student tuition fees:			
Post secondary:			
Full-time	22,248,665	20,024,820	17,802,085
Full-time Fast Track	7,391,311	7,007,311	4,238,485
Part-time	11,466,971	10,715,480	9,280,051
Adult training	872,631	975,047	1,045,536
Student IT fee	1,693,963	1,604,415	1,110,704
	43,673,541	40,327,073	33,476,861
Contract educational services:			
Provincially funded programs	5,915,263	6,973,235	6,515,823
International programs	204,707	460,157	195,238
Other	5,980,558	5,135,354	5,874,133
	12,100,528	12,568,746	12,585,194
Ancillary operations (schedule H)	19,615,879	16,951,996	14,883,989
Other:			
Software donation	662,261	3,430,424	902,478
Amortization of deferred capital contributions (note 9)	2,830,386	2,858,003	2,867,440
Gain on sale of building	669,558	–	–
Miscellaneous	6,287,732	5,383,088	4,644,254
	10,449,937	11,671,515	8,414,172
Total operating revenue	$ 145,502,596	$ 139,825,087	$ 125,888,450

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Academic Expenditures **Schedule B**

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	2001	2000	1999
Salaries:			
Administration	$ 4,049,521	$ 3,899,537	$ 3,386,289
Faculty	41,768,209	39,832,680	35,978,673
Support staff	6,880,224	6,555,514	6,256,335
Fringe benefits	7,348,611	7,040,793	6,719,382
Job Connect stipends and fringe benefits	2,683,345	3,590,031	3,346,854
Travel and professional development	1,045,428	1,000,263	757,004
Instructional supplies and software	5,036,849	5,081,608	4,512,781
Equipment maintenance and rental	1,736,572	1,488,578	1,611,200
Contract services	1,250,264	2,303,065	2,007,893
	$ 71,799,023	$ 70,792,069	$ 64,576,411

Educational Resources Expenditures **Schedule C**

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	2001	2000	1999
Salaries	$ 1,155,695	$ 1,106,181	$ 1,099,724
Fringe benefits	222,043	197,603	204,773
Library resource material	308,707	296,056	313,725
Office expense, supplies and maintenance	76,978	128,038	88,679
	$ 1,763,423	$ 1,727,878	$ 1,706,901

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Student Services Expenditures

Schedule D

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	2001	2000	1999
Salaries	$ 5,953,805	$ 5,538,959	$ 5,127,280
Fringe benefits	1,000,524	908,865	864,902
Media advertising, public relations and calendar	2,897,711	2,779,379	1,963,815
Travel and conferences	115,246	143,468	111,608
Office expense and supplies	981,266	838,129	726,406
Contract services	505,468	620,450	470,781
Insurance – international students	140,788	106,821	73,150
Student aid	2,418,609	1,946,899	1,204,621
Student bursaries	1,047,356	1,159,249	1,244,469
	$ 15,060,773	$ 14,042,219	$ 11,787,032

Administrative Expenditures

Schedule E

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	2001	2000	1999
Salaries	$ 5,839,104	$ 5,409,882	$ 4,534,560
Fringe benefits	1,081,891	946,394	855,032
Travel and conferences	176,954	192,825	129,582
Office expense and supplies	1,371,922	1,266,153	639,227
Telephone	942,822	1,013,935	752,236
Professional fees	191,724	255,158	897,683
Equipment maintenance and rental	830,787	794,252	1,055,901
Contract services	810,015	543,037	849,954
Interest on long-term debt	276,944	127,214	44,797
	$ 11,522,163	$ 10,548,850	$ 9,758,972

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Plant Expenditures

Schedule F

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	2001	2000	1999
Salaries	$ 2,969,737	$ 2,899,949	$ 2,834,145
Fringe benefits	564,983	524,336	555,045
Cleaning, security and other services	1,582,612	1,693,559	1,033,383
Building and equipment - repairs and maintenance	3,365,678	3,109,755	2,320,807
Utilities and services	2,553,144	1,854,963	1,667,287
Municipal taxes	772,200	783,702	728,936
Insurance	231,929	139,955	154,621
Premise rental	679,752	654,125	513,117
Office expense and supplies	164,562	277,002	268,254
	$ 12,884,597	$ 11,937,346	$ 10,075,595

Special Projects Expenditures

Schedule G

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	2001	2000	1999
Salaries	$ 106,043	$ 54,653	$ 34,678
Fringe benefits	39,533	21,220	9,154
Software expense	662,261	3,430,424	902,478
Sick leave termination benefits (note 2(d))	836,637	800,766	571,129
Office expense and supplies	300,621	77,889	112,873
Contract services	115,083	84,071	87,091
	$ 2,060,178	$ 4,469,023	$ 1,717,403

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Ancillary Operations Summary

Schedule H

Year ended March 31, 2001, with comparative figures for 2000 and 1999

	Revenue	Expenditures	2001 Contribution	2000 Contribution	1999 Contribution
Food Services	$ 3,054,226	$ 2,527,603	$ 526,623	$ 395,690	$ 362,231
Bookstore	11,344,439	10,587,774	756,665	642,372	551,457
Parking and Lockers	2,035,791	918,244	1,117,547	1,099,886	747,615
Publishing Centre	1,943,689	1,684,780	258,909	278,297	278,252
Residence	1,234,436	960,895	273,541	–	–
Other	3,298	128,647	(125,349)	(25,264)	–
Totals	$19,615,879	$16,807,943	$ 2,807,936	$ 2,390,981	$ 1,939,555