

*Financial Statements of*

**NOVA SCOTIA COMMUNITY COLLEGE**

*March 31, 2011*

## Independent Auditor's Report

To the Board of Governors of the  
Nova Scotia Community College

We have audited the accompanying financial statements of the Nova Scotia Community College, which comprise the statement of financial position as at March 31, 2011, and the statements of revenue and expenditures, cash flows and changes in net assets for the year then ended, and 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.

### *Auditor's 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 the auditor's 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, the auditor considers 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 the Nova Scotia Community College as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
Halifax, Nova Scotia  
June 17, 2011

# NOVA SCOTIA COMMUNITY COLLEGE

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**NOVA SCOTIA COMMUNITY COLLEGE**  
**Statement of Financial Position**  
**March 31, 2011**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Current		
Cash	\$ 27,935,979	\$ 26,044,702
Restricted cash (Note 16)	14,876,199	9,983,436
Accounts receivable (Note 4)	14,207,509	25,197,229
Inventory	1,019,478	840,383
Prepays	587,074	1,157,358
	<b>58,626,239</b>	63,223,108
Capital assets (Note 5)	9,314,501	8,394,378
Foundation assets (Note 6)	5,846,728	5,482,930
Provincial receivable - future health benefits (Note 16)	24,569,220	22,303,684
	<b>\$ 98,356,688</b>	<b>\$ 99,404,100</b>

**LIABILITIES**

Current		
Accounts payable and accrued liabilities	\$ 25,654,480	\$ 32,455,338
Deferred revenue (Note 7)	5,609,653	8,640,825
	<b>31,264,133</b>	41,096,163
Deferred revenue related to capital assets (Note 8)	4,234,634	3,342,202
Employee future benefit obligation (Note 16)	46,102,419	38,875,120
	<b>81,601,186</b>	83,313,485

Commitments (Note 14)

**NET ASSETS**

Invested in Capital Assets (Note 9)	5,079,867	5,052,176
Unrestricted	1,105,984	832,586
Restricted for Foundation Purposes (Note 6)	5,846,728	5,482,930
Restricted for College Development (Note 13)	4,722,923	4,722,923
	<b>16,755,502</b>	16,090,615
	<b>\$ 98,356,688</b>	<b>\$ 99,404,100</b>

ON BEHALF OF THE BOARD

..... Director

..... Director

# NOVA SCOTIA COMMUNITY COLLEGE

## Statement of Revenue and Expenditures

Year ended March 31, 2011

	<u>2011</u>	<u>2010</u>
Revenue		
Department of Education (Note 10)	\$ 128,127,127	\$ 122,119,787
Labour and Workforce Development	16,627,186	17,336,768
Tuition and fees	30,192,795	30,222,478
Contract training and service contracts	7,312,793	7,265,290
Amortization of deferred revenue related to capital assets (Note 8)	2,009,553	1,877,171
Other revenue (Note 11)	21,477,368	20,762,388
	<u>\$ 205,746,822</u>	<u>\$ 199,583,882</u>
Expenditures		
Salaries and benefits	141,655,828	133,478,884
Operating supplies and services	36,358,719	35,098,748
Equipment, rentals and other administration	13,146,409	15,464,835
Utilities and maintenance	10,811,445	11,968,541
Amortization	3,473,332	3,398,340
	<u>205,445,733</u>	<u>199,409,348</u>
Excess of revenue over expenditures	<u>\$ 301,089</u>	<u>\$ 174,534</u>

# NOVA SCOTIA COMMUNITY COLLEGE

## Statement of Cash Flows

Year ended March 31, 2011

	<u>2011</u>	<u>2010</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
Operating		
Excess of revenue over expenditures	\$ 301,089	\$ 174,534
Items not affecting cash:		
Amortization of deferred revenue related to capital assets	(2,009,553)	(1,877,171)
Amortization	3,473,332	3,398,340
Loss on disposal of capital assets	18,244	-
Employee future benefit obligation	7,227,299	3,860,917
Provincial receivable - future health benefits	(2,265,536)	(1,975,613)
Changes in non-cash working capital items (Note 12)	1,548,879	4,108,512
	<u>8,293,754</u>	<u>7,689,519</u>
Investing		
Increase in restricted cash	(4,892,763)	(1,545,304)
Purchase of capital assets	(4,411,699)	(6,107,272)
	<u>(9,304,462)</u>	<u>(7,652,576)</u>
Financing		
Contributions related to capital assets	2,901,985	2,798,660
	<u>1,891,277</u>	<u>2,835,603</u>
<b>NET CASH INFLOW</b>	<b>1,891,277</b>	<b>2,835,603</b>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>26,044,702</b>	<b>23,209,099</b>
	<u>27,935,979</u>	<u>26,044,702</u>
<b>CASH POSITION, END OF YEAR</b>	<b>\$ 27,935,979</b>	<b>\$ 26,044,702</b>

# NOVA SCOTIA COMMUNITY COLLEGE

## Statement of Changes in Net Assets

Year ended March 31, 2011

	Invested in Capital Assets (Note 9)	Unrestricted	Restricted for Foundation Purposes (Note 6)	Restricted for College Development (Note 13)	2011 Total	2010 Total
Balance, beginning of year	\$ 5,052,176	\$ 832,586	\$ 5,482,930	\$ 4,722,923	\$ 16,090,615	\$ 14,634,739
Excess (deficiency) of revenue over expenditures	(1,463,779)	1,764,868	-	-	301,089	174,534
Investment in capital assets	1,491,470	(1,491,470)	-	-	-	-
Endowment contributions and interest	-	-	1,432,940	-	1,432,940	2,163,411
Endowment disbursements	-	-	(1,069,142)	-	(1,069,142)	(882,069)
Balance, end of year	\$ 5,079,867	\$ 1,105,984	\$ 5,846,728	\$ 4,722,923	\$ 16,755,502	\$ 16,090,615

# NOVA SCOTIA COMMUNITY COLLEGE

## Notes to the Financial Statements

March 31, 2011

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### 1. OVERVIEW OF OPERATIONS

The Nova Scotia Community College (the “College”) was established as a post-secondary public education corporation under the authority of the *Community College Act* of Nova Scotia effective April 1, 1996.

The College, with thirteen campuses across the Province of Nova Scotia (the “Province”), is responsible for enhancing the economic and social well being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

The College has entered into consent agreements with the Province that allows the College to construct facilities on land owned by the Province pursuant to the infrastructure investment by the Province. Costs associated with these projects will be managed by the College and flow through a liability account, which is subsequently reimbursed by the Province. The expenditures are netted against the funds receivable from the Province and have no effect on the statement of revenue and expenditures. Ownership of the construction projects related to the consent agreements remain with the Province and do not transfer to the College.

The College is a government not-for-profit organization and, as such, is exempt from income taxes under the *Income Tax Act (Canada)*.

### 2. FUTURE ACCOUNTING POLICIES

#### *New accounting framework*

Effective January 1, 2012, Canadian government not-for-profit organizations will have a new financial reporting framework. These organizations have a choice of applying Public Sector Accounting Standards for Government Not-for-profit Organizations or Public Sector Accounting Standards. The College is working with the Province of Nova Scotia to determine which accounting framework it will adopt.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

#### *Cash*

Cash consists of cash on hand and amounts held by financial institutions, upon which interest is paid at commercial rates.

#### *Financial instruments*

Not-for-profit organizations may elect not to adopt the requirements of Sections 3862, *Financial Instruments – Disclosures* and 3863, *Financial Instruments – Presentation* and instead may apply the guidance in Section 3861, *Financial Instruments – Disclosure and Presentation*. The College has elected to use this exemption.

# NOVA SCOTIA COMMUNITY COLLEGE

## Notes to the Financial Statements

March 31, 2011

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Financial instruments (continued)*

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the College's designation of such instruments. Settlement date accounting is used.

<u>Assets and liabilities</u>	<u>Classification</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Restricted cash	Held for trading	Fair value
Provincial receivable - future health benefits	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

Transaction costs are expensed as incurred.

#### *Capital assets*

Capital assets are recorded at cost. Capital assets are amortized on a straight-line basis over the following estimated useful life:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	2 to 10 years

Land and buildings that are owned by the Province are not reflected in the assets of the College. Improvements made to these buildings are therefore expensed in the year. Improvements made to buildings with leases in place are capitalized and amortized over their useful life or the term of the lease, whichever is less.

#### *Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

#### *Inventory*

Inventory consists of merchandise and supplies held for resale and are valued at the lower of weighted average cost and net realizable value. Administrative and program supplies and library periodicals are not inventoried.

# NOVA SCOTIA COMMUNITY COLLEGE

## Notes to the Financial Statements

March 31, 2011

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Revenue recognition*

The College follows the deferral method of accounting for revenue. Tuition and fees, contract training and service contracts, and other revenue are recognized when the services are provided or the goods are sold. Funding for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Funding received for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

#### *Employee future benefits*

The cost of post-retirement benefits earned by employees is actuarially determined using the projected unit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

#### *Use of estimates*

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as revenue and expenditures during the year. The accounts most subject to estimation and judgment include the allowance for doubtful accounts, amortization periods for capital assets and deferred revenue, employee future benefits, and certain accrued liabilities. Actual results may differ from those estimates.

#### *Contributed services*

The Province provides the College with buildings at thirteen campuses (in excess of two million square feet) and is responsible for the maintenance of the physical plant and building infrastructure, the benefit of which is not reflected in these financial statements because of the difficulty in determining the fair value.

### 4. ACCOUNTS RECEIVABLE

	<u>2011</u>	<u>2010</u>
Organizations	5,881,451	\$ 5,934,577
Student fees	503,037	636,525
Government funding	238,591	3,212,298
Development Project	-	2,027,678
Knowledge Infrastructure Project	-	11,122,999
Province - Capital Asset Project	6,913,157	-
Other	-	1,658,697
Harmonized Sales Tax	1,359,997	1,461,088
Allowance for doubtful accounts	(688,724)	(856,633)
	<u>\$ 14,207,509</u>	<u>\$ 25,197,229</u>

Included in accounts receivable is \$340,651 (2010 - \$409,109) due from the Nova Scotia Community College Foundation (the "Foundation").

# NOVA SCOTIA COMMUNITY COLLEGE

## Notes to the Financial Statements

March 31, 2011

### 5. CAPITAL ASSETS

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 544,165	\$ -	\$ 544,165	\$ 247,063
Computer equipment	7,960,653	7,430,133	530,520	850,872
Furniture and equipment	24,218,497	17,496,600	6,721,897	5,654,091
Leasehold improvements	3,914,804	2,396,885	1,517,919	1,642,352
	<b>\$ 36,638,119</b>	<b>\$ 27,323,618</b>	<b>\$ 9,314,501</b>	<b>\$ 8,394,378</b>

### 6. FOUNDATION NET ASSETS

The Foundation is a not-for-profit organization controlled by the College. The assets represent donations and related interest restricted for scholarships, awards and other specified purposes. The Foundation works collaboratively with the College and the community to enhance the student experience by developing and implementing a framework to nurture support for current and future needs of the College.

Financial statements of the Foundation are available upon request. Financial summaries as at March 31 and for the years then ended are as follows:

#### *Nova Scotia Community College Foundation*

	2011	2010
Results of operations		
Total revenue	\$ 1,432,940	\$ 2,163,411
Total expenditures	1,069,142	882,069
Excess of revenue over expenditures	<b>\$ 363,798</b>	<b>\$ 1,281,342</b>
Financial position		
Total assets	\$ 6,195,948	\$ 5,899,366
Less: Total liabilities	349,220	416,436
Total net assets	<b>\$ 5,846,728</b>	<b>\$ 5,482,930</b>

The Foundation uses fund accounting and follows the restricted fund method of accounting for contributions.

# NOVA SCOTIA COMMUNITY COLLEGE

## Notes to the Financial Statements

March 31, 2011

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### 7. DEFERRED REVENUE

Deferred revenue represents the unearned portion of amounts received for specific purposes and is summarized as follows:

	<u>2011</u>	<u>2010</u>
Apprenticeship	\$ 341,085	\$ 679,085
Skills development	-	667,578
Applied research	820,175	511,900
Customized training	491,064	829,643
Continuing education	98,223	97,925
Cost recovery programs	1,302,236	918,850
Disability resources	917,363	1,154,773
Links programs	57,158	197,179
Other	1,582,349	3,583,892
	<u>\$ 5,609,653</u>	<u>\$ 8,640,825</u>

### 8. DEFERRED REVENUE RELATED TO CAPITAL ASSETS

Deferred revenue related to capital assets represents the unamortized portion of funding received from the Province of Nova Scotia and other sources for capital asset additions. The deferred revenue is amortized into revenue at a rate corresponding with the amortization rate for the related capital asset. The changes in the deferred balance are as follows:

	<u>2011</u>	<u>2010</u>
Beginning balance	\$ 3,342,202	\$ 2,420,713
Contributions received	2,901,985	2,798,660
Amortization of deferred revenue related to capital assets	(2,009,553)	(1,877,171)
Ending balance	<u>\$ 4,234,634</u>	<u>\$ 3,342,202</u>

### 9. NET ASSETS INVESTED IN CAPITAL ASSETS

	<u>2011</u>	<u>2010</u>
Capital assets, net of accumulated amortization	\$ 9,314,501	\$ 8,394,378
Deferred revenue related to capital assets	(4,234,634)	(3,342,202)
	<u>\$ 5,079,867</u>	<u>\$ 5,052,176</u>

# NOVA SCOTIA COMMUNITY COLLEGE

## Notes to the Financial Statements

March 31, 2011

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### 10. REVENUE – DEPARTMENT OF EDUCATION

	<u>2011</u>	<u>2010</u>
Funding received	\$ 129,127,127	\$ 123,119,787
Portion related to capital assets	(1,000,000)	(1,000,000)
	<u>\$ 128,127,127</u>	<u>\$ 122,119,787</u>

### 11. OTHER REVENUE

	<u>2011</u>	<u>2010</u>
Other revenue is summarized as follows:		
Bookstore revenue	\$ 4,995,130	\$ 5,112,776
Food sales	1,853,996	1,995,914
Shop revenue	254,799	258,515
Interest	420,761	145,579
Recoveries	2,667,062	4,853,469
Applied research	1,561,073	1,247,055
Lodging, rent and miscellaneous	9,724,547	7,149,080
	<u>\$ 21,477,368</u>	<u>\$ 20,762,388</u>

### 12. CHANGES IN NON-CASH WORKING CAPITAL

	<u>2011</u>	<u>2010</u>
Accounts receivable	\$ 10,989,720	\$ (3,434,518)
Inventory	(179,095)	74,032
Prepays	570,284	496,544
Accounts payable and accrued liabilities	(6,800,858)	7,095,126
Deferred revenue	(3,031,172)	(122,672)
	<u>\$ 1,548,879</u>	<u>\$ 4,108,512</u>

### 13. RESTRICTED FOR COLLEGE DEVELOPMENT

These funds have been internally restricted by the Board to ensure that the funds are used solely for College development projects.

# NOVA SCOTIA COMMUNITY COLLEGE

## Notes to the Financial Statements

March 31, 2011

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### 14. COMMITMENTS

The College is committed to the following lease and maintenance agreement payments over the next five years.

2012	\$ 1,628,252
2013	894,728
2014	593,939
2015	585,293
2016	582,754
	<hr/>
	\$ 4,284,966

### 15. PENSION PLANS

The Nova Scotia Community College contributes to two defined benefit pension plans administered by the Province of Nova Scotia. The College accounts for these pensions as defined contribution plans.

In the first plan, the Nova Scotia Public Service Superannuation Plan, the Province of Nova Scotia assumes the actuarial and investment risk. For this plan, the College matches employees' contributions calculated as follows: 8.4% (2010 - 8.4%) on the part of their salary that is equal to or less than the "Year's Maximum Pensionable Earnings" ("YMPE") under the Canada Pension Plan ("CPP") and 10.9% (2010 - 10.9%) on the part of their salary that is in excess of YMPE. Under this plan, the College has recognized contributions of \$7,832,113 (2010 - \$7,461,798) for the year.

In the second plan, the Nova Scotia Teachers' Union Pension Plan, the Province of Nova Scotia along with the Nova Scotia Teachers' Union ("NSTU") assumes the actuarial and investment risk. For this plan, the College matches employees' contributions calculated as follows: 8.3% (2010 - 8.3%) on the part of their salary that is equal to or less than the YMPE under the CPP and 9.9% (2010 - 9.9%) on the part of their salary that is in excess of YMPE. Under this plan, the College has recognized contributions of \$10,590,707 (2010 - \$10,630,616) for the year.

### 16. EMPLOYEE FUTURE BENEFIT OBLIGATION

#### *College Service Award*

An employee hired on or after August 1, 1998 who retires because of age or mental or physical incapacity shall be granted a College Service Award ("CSA") equal to 1% of the employee's annual salary for each year of continuous service to a maximum of 25 years. There are no employee contributions in respect of the plan. There is no distinct fund held in respect of the CSA benefits but sufficient cash is maintained to cover the obligation. The benefits are paid from unrestricted cash.

An actuarial valuation was completed as of March 31, 2011 and the College's obligation relating to these benefits was approximately \$6,657,000 (2010 - \$6,588,000). The benefit expense was \$1,003,087 (2010 - \$1,199,623). The benefits paid were \$49,494 (2010 - \$12,539). The next actuarial valuation is scheduled for March 31, 2012.

# NOVA SCOTIA COMMUNITY COLLEGE

## Notes to the Financial Statements

March 31, 2011

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### 16. EMPLOYEE FUTURE BENEFIT OBLIGATION (continued)

The significant actuarial assumptions adopted in estimating the College's obligation are as follows:

Future salary increase	4% per annum (prior 5% per annum)
Discount rate	0% per annum
Retirement age	20% upon attainment of age 55 and 80 points (age plus service); the remainder at 35 years of service or age 60, whichever is earlier.

#### *Non-pension Retirement Benefits - NSGEU*

In fiscal 2007/2008, the Province required the College to assume the future liability for non-pension retirement benefits for the College's non-teaching staff.

In 2008/2009, the College decided to create a separate account that would be held in respect of the non-pension retirement benefits. This account has sufficient cash to cover the obligations associated with this liability. The account has been classified as restricted cash on the Statement of Financial Position.

An actuarial valuation was completed as of March 31, 2011 and the College's obligation relating to these benefits was \$14,876,199 (2010 - \$9,983,436). The benefit expense was \$1,919,802 (2010 - \$1,390,621). The benefits paid were \$193,761 (2010 - \$127,725). The next actuarial valuation is scheduled for March 31, 2012.

The significant actuarial assumptions adopted in estimating the College's obligation are as follows:

Expected rate of return	0.55% per annum
Discount rate	2.0% per annum
Retirement age	20% upon attainment of age 55 and 80 points (age plus service); the remainder at 35 years of service or age 60, whichever is earlier.

#### *Non-pension Retirement Benefits - NSTU*

In 2007/2008, the Province decided to transfer to the College the future liability for the non-pension retirement benefits for the College's teaching and professional support staff. The Province also transferred a corresponding receivable that directly offsets the liability.

There is no impact on the excess of revenue over expenditures or net financial position of the College as a result of the transfers.

An actuarial valuation was completed as of March 31, 2011 and the College's obligation relating to these benefits was \$24,569,220 (2010 - \$22,303,684). The benefit expense was \$1,400,000 (2010 - \$1,286,000). The benefits paid were \$319,000 (2010 - \$287,000). The next actuarial valuation is scheduled for March 31, 2012.

# NOVA SCOTIA COMMUNITY COLLEGE

## Notes to the Financial Statements

March 31, 2011

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### 16. EMPLOYEE FUTURE BENEFIT OBLIGATION (continued)

The significant actuarial assumptions provided by the Province are as follows:

Expected rate of return	4.75% per annum
Discount rate	4.75% per annum
Retirement age	60% at earliest age eligible for unreduced pension, the remainder at earlier of age 60 with 10 years of service, 35 years of service and age 65

### 17. FINANCIAL INSTRUMENTS

#### *Fair value*

The College evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying values of cash, restricted cash, accounts receivable and accounts payable and accrued liabilities are considered to approximate fair values due to their short-term maturity. The carrying value of the Provincial receivable – future health benefits approximates fair value based on the actuarial valuation performed on non-pension retirement benefits – NSTU (Note 16).

#### *Credit risk*

Credit risk arises with the uncertainties of predicting the financial difficulties students and corporations may experience which could cause them to be unable to fulfill their commitments to the College. The College mitigates this risk by having a diversified mix of students and corporations thereby limiting the exposure to a single individual or corporation. The College's credit risk is limited to the recorded amount of accounts receivable. The College performs a continuous evaluation of its accounts receivable balance and records an allowance for doubtful accounts as required. The amount of accounts receivable disclosed on the balance sheet is net of allowances for bad debts, estimated by management based on prior experience and their assessment of the current economic environment. Management considers there is no significant credit risk as at March 31, 2011.

### 18. CAPITAL MANAGEMENT

The College considers its net assets less the Foundation net assets as its capital.

	<u>2011</u>	<u>2010</u>
Net assets	\$ 16,755,502	\$ 16,090,615
Foundation net assets	(5,846,728)	(5,482,930)
Capital	<u>\$ 10,908,774</u>	<u>\$ 10,607,685</u>

# NOVA SCOTIA COMMUNITY COLLEGE

## Notes to the Financial Statements

March 31, 2011

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### 18. CAPITAL MANAGEMENT (continued)

The College's objectives when managing capital are to maintain a capital structure that provides financial flexibility in order to preserve its ability to meet financial obligations. In managing its capital structure, the College monitors performance throughout the year to ensure working capital requirements and capital expenditures are funded from operations. The College will make adjustments to its capital structure to meet the objectives of the broader strategy or in response to changes in economic conditions and risk.

#### *Deferred revenue*

Funding is received for operating and capital purposes. This funding is received in advance of the expenditures they are intended to fund. At March 31, 2011, the College was in compliance with all restrictions applicable to these funding sources.

#### *Restricted cash*

As disclosed in Note 16, the College has restricted cash related to employee future benefits. At March 31, 2011, the College was in compliance with all restrictions applicable to these funds.

### 19. COMPARATIVE FIGURES

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