HUMBER

Consolidated Financial Statements

The Humber College Institute of Technology and Advanced Learning

March 31, 2010

The Humber College Institute of Technology and Advanced Learning

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Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Humber College Institute of Technology and Advanced Learning (the "College") are the responsibility of management and have been approved by the Board of Governors.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The College maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the College's assets are appropriately accounted for and adequately safeguarded.

The College's insurance liabilities have been reviewed by management in consultation with its broker. There are no material liabilities in either fact or contingency as at the date of this report.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee.

The Audit and Finance Committee is appointed by the Board of Governors, and includes within its ranks two members who, notwithstanding this appointment, operates at arm's length with both the Board and management. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. BDO Canada LLP has full and free access to the Audit and Finance Committee.

College President

May 31, 2010

Vice President, Finance & Administrative Services

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Auditors' Report

To the Board of Governors of

The Humber College Institute of Technology and Advanced Learning

We have audited the consolidated balance sheet of The Humber College Institute of Technology and Advanced Learning as at March 31, 2010 and the consolidated statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2010 and the results of its operations and the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants
Mississauga, Ontario
May 7, 2010

CONSOLIDATED BALANCE SHEET

As at March 31

	2010 $	2009 $
ASSETS		
Current		
Cash	**12,115,126**	7,341,189
Unrestricted short-term investments (note 4)	**48,697,793**	79,364,653
Grants receivable (note 5(a))	**8,214,206**	14,718,290
Accounts receivable (note 6(b))	**5,160,323**	5,070,508
Prepaid expenses	**1,588,031**	1,481,025
Total current assets	**75,775,479**	107,975,665
Long-term accounts receivable (note 6(a))	**5,119,810**	-
Investment in University of Guelph-Humber (note 7(a))	**6,757,006**	5,267,840
Long-term grants receivable (note 5(b))	**11,450,000**	13,740,000
Unrestricted long-term investments (note 4)	**58,456,762**	5,161,909
Restricted investments (note 4)	**25,717,766**	23,083,669
Capital assets, net (note 8(a))	**266,700,421**	239,909,101
	449,977,244	395,138,184
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	**11,917,235**	7,064,867
Accrued payroll and employee benefits	**6,801,066**	5,678,550
Accrued vacation pay	**10,889,794**	10,495,004
Deferred revenue	**27,813,653**	22,505,326
Deferred contributions (note 9)	**5,653,859**	4,632,263
Due to University of Guelph-Humber (note 7(c))	**2,979,353**	7,483,328
Due to Humber Students' Federation (note 12)	**4,326,097**	2,697,085
Demand loan payable (note 13)	**39,120,026**	40,251,994
Total current liabilities	**109,501,083**	100,808,417
Accrued vested sick-leave benefits (note 16)	**4,886,097**	5,148,534
Employee future benefits (note 15)	**1,397,000**	1,387,000
Deferred capital contributions (note 11)	**132,027,061**	117,395,190
Interest rate swap (note 13(b))	**5,709,519**	10,273,224
Total liabilities	**253,520,760**	235,012,365
Commitments (note 17)		
Net assets		
Unrestricted	**2,326,401**	4,463,885
Internally restricted (note 14)	**86,000,000**	64,900,000
Unrealized gains (losses) on investments (note 2)	**(689,278)**	125,553
Interest rate swap (note 13(b))	**(5,709,519)**	(10,273,224)
Invested in capital assets (note 8(b))	**103,784,142**	91,485,487
Endowments (note 10)	**10,744,738**	9,424,118
Total net assets	**196,456,484**	160,125,819
	449,977,244	395,138,184

See accompanying notes

On behalf of the Board of Governors:

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	2010 $	2009 $
REVENUE		
Grants and reimbursements	**122,593,354**	126,758,794
Tuition fees	**91,706,547**	72,165,053
Ancillary operations (note 19)	**33,475,421**	32,430,054
Amortization of deferred capital contributions (note 11)	**5,551,361**	4,572,168
Interest income	**2,612,547**	3,337,086
Other (note 7(a) and (b))	**35,287,565**	28,872,546
	291,226,795	268,135,701
EXPENSES		
Academic	**132,806,939**	123,958,504
Special projects	**3,874,911**	4,816,656
Student services	**24,730,884**	22,951,714
Administrative	**28,816,265**	27,238,031
Property and plant	**22,639,211**	26,900,362
Ancillary operations (notes 13 and 19)	**33,317,205**	30,986,918
Awards, scholarships, bursaries and other	**797,016**	738,812
Amortization of capital assets - operating	**12,983,193**	11,701,253
	259,965,624	249,292,250
Excess of revenue over expenses for the year	**31,261,171**	18,843,451

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

				2010			
	Unrestricted	**Internally restricted**	**Unrealized gains (losses) on investments**	**Interest rate swap**	**Invested in capital assets**	**Endowments**	**Total**
	$	$	$	$	$	$	$
		(note 14)	(note 2)	(note 13)	(note 8)	(note 10)	
Balance, beginning of year							
As previously reported	**1,273,207**	**64,900,000**	**125,553**	**(10,273,224)**	**91,485,487**	**9,424,118**	**156,935,141**
Prior year restatement (note 3)	**3,190,678**	**-**	**-**	**-**	**-**	**-**	**3,190,678**
As restated	**4,463,885**	**64,900,000**	**125,553**	**(10,273,224)**	**91,485,487**	**9,424,118**	**160,125,819**
Excess of revenue over expenses for the year	**31,261,171**	**-**	**-**	**-**	**-**	**-**	**31,261,171**
Change in internally restricted net assets	**(21,100,000)**	**21,100,000**	**-**	**-**	**-**	**-**	**-**
Net change in invested in capital assets (note 8)	**(12,298,655)**	**-**	**-**	**-**	**12,298,655**	**-**	**-**
Endowment contributions	**-**	**-**	**-**	**-**	**-**	**1,320,620**	**1,320,620**
Change in fair value of interest rate swap	**-**	**-**	**-**	**4,563,705**	**-**	**-**	**4,563,705**
Change in fair value on investments	**-**	**-**	**(814,831)**	**-**	**-**	**-**	**(814,831)**
Balance, end of year	**2,326,401**	**86,000,000**	**(689,278)**	**(5,709,519)**	**103,784,142**	**10,744,738**	**196,456,484**

				2009			
	Unrestricted	**Internally restricted**	**Unrealized gains (losses) on investments**	**Interest rate swap**	**Invested in capital assets**	**Endowments**	**Total**
	$	$	$	$	$	$	$
		(note 14)		(note 13)	(note 8)	(note 10)	
Balance, beginning of year							
As previously reported	6,989,880	49,330,405	-	(4,457,489)	82,494,958	6,882,084	141,239,838
Prior year restatement (note 3)	3,190,678	-	-	-	-	-	3,190,678
As restated	10,180,558	49,330,405	-	(4,457,489)	82,494,958	6,882,084	144,430,516
Excess of revenue over expenses for the year	18,843,451	-	-	-	-	-	18,843,451
Change in internally restricted net assets	(15,569,595)	15,569,595	-	-	-	-	-
Net change in invested in capital assets (note 8)	(8,990,529)	-	-	-	8,990,529	-	-
Endowment contributions	-	-	-	-	-	2,542,034	2,542,034
Change in fair value of interest rate swap	-	-	-	(5,815,735)	-	-	(5,815,735)
Change in fair value on investments	-	-	125,553	-	-	-	125,553
Balance, end of year	4,463,885	64,900,000	125,553	(10,273,224)	91,485,487	9,424,118	160,125,819

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31

	2010 $	2009 $
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	**31,261,171**	18,843,451
Add (deduct) non-cash items		
Amortization of capital assets - operating	**12,983,193**	11,701,253
Amortization of capital assets - ancillary	**2,402,590**	2,392,918
Amortization of deferred capital contributions	**(5,551,361)**	(4,572,168)
Loss on disposal of capital assets	**24,301**	37,875
Fair market adjustment on investments	**(814,831)**	125,553
Share of excess of revenue over expenses for the year from University of Guelph-Humber	**(5,609,865)**	(4,495,821)
	34,695,198	24,033,061
Net change in non-cash working capital balances related to operations (note 18)	**15,879,461**	5,374,341
Cash provided by operating activities	**50,574,659**	29,407,402
INVESTING ACTIVITIES		
Net purchase of short-term investments	**30,666,860**	(7,911,290)
Net purchase of long-term investments	**(53,294,853)**	(5,161,909)
Net purchase of restricted investments	**(2,634,097)**	8,912,968
Purchase of capital assets	**(42,201,404)**	(27,059,625)
Cash used in investing activities	**(67,463,494)**	(31,219,856)
FINANCING ACTIVITIES		
Distribution from Guelph-Humber Joint Venture (note 7(d))	**4,120,698**	4,400,000
Repayment of long-term debt	**(1,131,968)**	(1,071,738)
Net increase (decrease) in deferred capital contributions	**17,353,422**	(52,111)
Endowment contributions	**1,320,620**	2,542,034
Cash provided by financing activities	**21,662,772**	5,818,185
Net increase in cash during the year	**4,773,937**	4,005,731
Cash, beginning of year	**7,341,189**	3,335,458
Cash, end of year	**12,115,126**	7,341,189

See accompanying notes

1. DESCRIPTION OF THE ORGANIZATION

The College system was created by an Act of the Ontario Legislature on December 30, 1966. Regulation 771 empowered the then Ministry of Education to establish individual colleges. On February 23, 1967, Humber College of Applied Arts and Technology became a reality. By Ontario Regulation 34/03 filed on February 11, 2003, the name of the College was changed to The Humber College Institute of Technology and Advanced Learning (the "College").

The College's mission statement is as follows:

"Humber develops broadly educated, highly skilled and adaptable citizens who significantly contribute to the educational, economic and social development of their communities. We accomplish this by:

- Preparing learners for careers through a comprehensive choice of educational credentials in a broad range of programming;
- Developing informed and engaged citizens through an applied and liberal education;
- Enabling organizations to enhance their effectiveness through customized training and lifelong learning opportunities; and
- Supporting our local communities through outreach activities.

The College's consolidated financial statements include the accounts of the Humber College Educational Foundation, which is controlled by the College, and the College's 50% equity interest in the University of Guelph-Humber joint venture (the "Joint Venture"). These consolidated financial statements do not reflect the assets, liabilities and results of operations of the Humber Students' Federation or the various other student organizations of the College.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the College have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The significant accounting policies are as follows:

Investments

Unrestricted and restricted investments consist of Canadian Banker's Acceptances, Bank Bonds and Redeemable Short-Term Investment Certificates. These investments are classified as available for sale and are recorded at fair value on a settlement date basis. Fair value is determined based on quoted market prices. Unrealized gains or losses from the change in fair value are recorded in the statement of changes in net assets. Transaction costs related to the investments are expensed.

Capital assets

Purchased capital assets are recorded at cost while contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis using the following annual rates:

	%
Buildings	2.5
Site improvements	10.0
Leasehold improvements	2.5-5.0
Furniture and equipment	10.0-33.3
Automotive equipment	20.0

Construction in progress costs are capitalized as incurred and are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are placed in service.

Revenue recognition

The College follows the deferral method of accounting for contributions, which include donations and government grants. Contributions externally restricted for purposes other than endowment are recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Endowment contributions are recognized as direct increases in net assets in the period in which they are received. The College actively fundraises and unrestricted contributions are recorded when received since pledges are not legally enforceable.

Tuition fees and contract training revenues are recorded as revenue rateably over the term to which the tuition fees revenue applies to the extent that the related courses and services are provided to the student or client.

Ancillary revenues, including retail operations, food services, student residence, parking and other sundry revenues are recognized when products are delivered or services are provided to the student or client, where the sales price is fixed and determinable, and collection is reasonably assured.

Derivative financial instruments

The College is party to an interest rate swap agreement that manages 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 the relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking the interest rate swap to the demand loan on the consolidated balance sheet. The College also formally assesses, both at the hedge's inception and on an ongoing basis, whether the interest rate swap that is used in the hedging transaction is highly effective in offsetting changes in cash flows of the hedged items.

Employee future benefits

Defined contribution plan accounting is applied to multi-employer defined benefit pension plans. Contributions are expensed as incurred.

The College offers other retirement benefits such as extended health and dental.

The accounting policies applied to these benefits are as follows:

- The cost of these retirement benefits earned by employees is actuarially determined using the projected benefit method based on services rendered and management's best estimates regarding assumptions about a number of future conditions including expected plan investment performance, salary escalation, retirement ages of employees, mortality rates and expected health care costs.
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.
- The excess of the net actuarial gain (loss) over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized on a straight-line basis over the average remaining service life of active employees.
- Liabilities are discounted using current interest rates on long-term bonds.

Capital Management

The College's capital consists of its unrestricted net assets, internally restricted net assets and funds invested in capital assets. The College's primary objective of capital management is to ensure that it has sufficient resources to continue to provide services to its students. The College is not subject to any externally imposed capital requirements. Annual budgets are developed and regularly monitored to ensure the College's capital is maintained at an appropriate level.

Investment in University of Guelph-Humber

The investment in Joint Venture is accounted for using the equity method.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the year. Due to inherent uncertainty involved in making such estimates, actual results could differ from those estimates.

3. RESTATEMENT OF PRIOR PERIOD

During the year, management determined that the College's methodology for accounting for its Workplace Safety Insurance did not appropriately reflect the College's cost and obligations under that program. As a result, the College has restated its prior year financial statements as follows:

	$
Opening unrestricted net assets, increase	3,190,678
Deferred contributions, decrease	(3,690,678)
Accounts payable and accrued liabilities, increase	500,000

4. INVESTMENTS

Short-term

Unrestricted investments consist of Redeemable Short-Term Investment Certificates, Non-Redeemable Short-term Investment Certificates, Daily Interest Deposits and Bank Bonds with costs ranging from $351,619 to $15,095,758 (2009 - $1,600,000 to $10,000,000), interest rates/yields ranging from 0.55% to 1.16% (2009 - 0.65% to 4.25% and maturity dates ranging from April 1, 2010 to February 22, 2011 (2009 - May 27, 2009 to March 5, 2010).

Long-term

Unrestricted and restricted investments consist of Non-Redeemable Investment Certificates and Bank Bonds with costs ranging from $1,181,153 to $11,159,300 (2009 - $1,181,153 to $2,400,000), interest rates/yields ranging from 1.26% to 4.20% (2009 - 4.00% to 4.20%) and maturity dates ranging from May 27, 2011 to October 3, 2018 (2009 - June 24, 2010 to February 6, 2013).

	2010 **$**	**2009** **$**
Unrestricted investments:		
Short-term	**48,697,793**	79,364,653
Long-term	**58,456,762**	5,161,909
	107,154,555	84,526,562
Restricted investments:		
Unspent deferred capital contributions (note 11)	**8,230,808**	9,223,570
Endowments and other restricted projects	**17,486,958**	13,860,099
	25,717,766	23,083,669
Total	**132,872,321**	107,610,231

5. GRANTS RECEIVABLE

(a) Current grants receivable

Other grants receivable represent amounts receivable from the Ministry to fund programs delivered by the College.

	2010 $	2009 $
Other grants receivable	**5,924,206**	12,428,290
Current portion of long-term grant receivable	**2,290,000**	2,290,000
Total current grants receivable	**8,214,206**	14,718,290

(b) The Ministry of Training, Colleges and Universities (the "MTCU") is providing funding of $22,900,000 to finance a building, which was completed in 2007. The non-interest bearing funding is being provided in equal instalments of $2,290,000 over a ten-year period commencing with the fiscal year ending March 31, 2007.

	2010 $	2009 $
Grants receivable	**13,740,000**	16,030,000
Less current portion included in grants receivable	**2,290,000**	2,290,000
Long-term grants receivable	**11,450,000**	13,740,000

6. ACCOUNTS RECEIVABLE

	2010 $	2009 $
a) Long-term accounts receivable		
The College, in concert with the Humber Students' Federation, agreed to direct the building levy assessed upon students to fund a number of improvements to facilities at both campuses including partial support for Building K at the Lakeshore Campus and the Student Centre renovation at the North Campus. The levy generates approximately $2,000,000 per annum.	**7,319,810**	-
Less current portion of accounts receivable	**2,200,000**	-
Total long-term accounts receivable	**5,119,810**	-

	2010 $	2009 $
b) Current accounts receivable		
Investment interest receivable	**964,507**	1,486,960
Accounts receivable - third party	**433,471**	926,089
Other	**1,562,345**	1,105,922
Current portion of long-term accounts receivable	**2,200,000**	1,641,537
Total current accounts receivable	**5,160,323**	5,070,508

7. INVESTMENT IN UNIVERSITY OF GUELPH-HUMBER

In 1999, the College entered into a Memorandum of Understanding with the University of Guelph, known as the University of Guelph-Humber Joint Venture. The purpose of the Joint Venture is to provide students with a four-year collaborative learning opportunity which results in the conferment of both a university degree and a college diploma.

(a) The following is the College's combined 50% share of the components of the financial statements of the Joint Venture:

	2010 $	2009 $
Current assets	**9,004,850**	6,872,355
Capital assets	**947,141**	1,147,140
Total liabilities	**3,194,985**	2,751,655
Net assets	**6,757,006**	5,267,840
Revenue	**18,497,407**	16,364,653
Expenses	**12,887,542**	11,868,832
Excess of revenue over expenses for the year	**5,609,865**	4,495,821
Cash provided by operating activities	**3,922,355**	3,359,318
Cash used in investing activities	**(101,275)**	(906,751)
Cash used in financing activities	**(3,821,080)**	(2,452,567)
Net cash flows	**-**	-

Excess of revenue over expenses for the year has been included in other revenue.

(b) During the year, the College earned $12,550,320 (2009 - $11,961,208) of fees from the Joint Venture for services provided which has been included in other revenue.

(c) The amount due to the Joint Venture is unsecured, non-interest bearing and due on demand.

(d) During the year, the Joint Venture distributed $4,120,698 (2009 - $4,400,000) to the College which was applied against the investment.

8. CAPITAL ASSETS

(a) Capital assets consist of the following:

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	$	$	$	$
Land	**7,684,358**	**-**	7,684,358	-
Buildings	**242,203,113**	**76,034,700**	222,475,613	70,452,053
Site improvements	**14,422,998**	**12,832,762**	14,141,027	12,278,053
Leasehold improvements	**83,188,609**	**13,396,626**	61,010,677	11,440,369
Furniture and equipment	**68,147,884**	**47,746,463**	61,549,655	41,416,236
Automotive equipment	**1,842,014**	**1,396,643**	1,689,828	1,155,271
Construction in progress	**618,639**	**-**	8,099,925	-
	418,107,615	**151,407,194**	376,651,083	136,741,982
Less accumulated amortization	**(151,407,194)**		(136,741,982)	
Net book value	**266,700,421**		239,909,101	

The change in net book value of capital assets is due to the following:

	2010	2009
	$	$
Balance, beginning of year	**239,909,101**	226,981,522
Purchase of capital assets internally funded	**21,025,410**	17,478,671
Purchase of capital assets funded from deferred capital contributions	**21,175,994**	9,580,954
Loss on disposal of capital assets	**(24,301)**	(37,875)
Amortization of capital assets - operating	**(12,983,193)**	(11,701,253)
Amortization of capital assets - ancillary	**(2,402,590)**	(2,392,918)
Balance, end of year	**266,700,421**	239,909,101

(b) Invested in capital assets consists of the following:

	2010	2009
	$	$
Capital assets, net	**266,700,421**	239,909,101
Less amounts financed by:		
Long-term debt (note 13)	**39,120,026**	40,251,994
Deferred capital contributions (note 11)	**123,796,253**	108,171,620
Balance, end of year	**103,784,142**	91,485,487

The change in invested in capital assets is as follows:

	2010 $	2009 $
Repayment of long-term debt	**1,131,968**	1,071,738
Purchase of capital assets internally funded	**21,025,410**	17,478,669
Increase in invested in capital assets	**22,157,378**	18,550,407
Amortization expense - operating	**12,983,193**	11,701,253
Amortization expense - ancillary	**2,402,590**	2,392,918
Less amortization of deferred capital contributions	**(5,551,361)**	(4,572,168)
Loss on disposal of capital assets	**24,301**	37,875
Decrease in invested in capital assets	**9,858,723**	9,559,878
	12,298,655	8,990,529

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations for awards, scholarships and bursaries, arboretum projects and other. The changes in the deferred contributions balance are as follows:

	2010 $	2009 $
Balance, beginning of year	**4,632,263**	3,012,306
Amounts received during the year	**23,399,747**	32,568,908
Amounts recognized as revenue during the year	**(22,378,151)**	(30,948,951)
Balance, end of year	**5,653,859**	4,632,263

Comprised of:

	2010 $	2009 $
Awards, Scholarships and bursaries, other restricted projects	**2,675,000**	2,254,391
Other grants	**2,429,211**	1,101,931
Facilities Renewal Grants	**549,648**	1,275,941
Balance, end of year	**5,653,859**	4,632,263

10. ENDOWMENTS

Endowments include restricted donations received by the College where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with various purposes established by the donors. The College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Realized investment income on endowments has been recorded in the consolidated statement of revenue and expenses since this income is available for spending as the donors' conditions have been met.

Endowments include grants provided by MTCU from the Ontario Student Opportunity Trust Fund 1 ("OSOTF 1") matching program, the Ontario Student Opportunity Trust Fund 2 ("OSOTF 2") matching program, and the Ontario Trust for Student Support Fund ("OTSS") matching program. Under these programs the government matches funds raised by the College. The purpose of these programs is to academically assist students who, for financial reasons, would not otherwise be able to attend College.

Other endowments represent various grants and donations received with externally restricted purposes.

Schedule of Changes in Endowment Fund Balances
For the Year Ended March 31

			2010			2009
	OSOTF I $	OSOTF II $	OTSS $	Other $	TOTAL $	TOTAL $
Fund balance at beginning of year	1,265,418	526,742	3,933,190	3,698,768	9,424,118	6,882,084
Cash Donations Received From Other Sources	-	-	306,469	512,391	818,860	1,406,134
OTSS Funds received From MTCU	-	-	341,875	-	341,875	700,524
OTSS Funds receivable From MTCU	-	-	159,885	-	159,885	435,376
Fund Balance at end of year	1,265,418	526,742	4,741,419	4,211,159	10,744,738	9,424,118

Schedule of Changes in Expendable Funds Available for Awards
For the Year Ended March 31

	OSOTF I $	OSOTF II $	OTSS $	2010 TOTAL $	2009 TOTAL $
Balance, beginning of year	55,860	24,579	104,907	185,346	134,862
Investment Income, net of direct investment related expenses	33,332	13,934	118,747	166,013	159,559
Bursaries awarded	(45,543)	(20,975)	(60,700)	(127,218)	(109,075)
Balance at end of year	43,649	17,538	162,954	224,141	185,346
Bursaries awarded (#)	83	19	52	154	129

The bursaries awarded under OTSS comprise 24 to OSAP recipients totaling $23,050 and 28 to non-OSAP recipients totaling $37,650.

11. DEFERRED CAPITAL CONTRIBUTIONS

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

	2010 $	2009 $
Balance, beginning of year	**117,395,190**	124,309,469
Add contributions received for capital purposes	**20,976,884**	8,190,724
Less amortization of deferred capital contributions	**(5,551,361)**	(4,572,168)
Less deferred capital contributions used for maintenance	**(793,652)**	(10,532,835)
Balance, end of year	**132,027,061**	117,395,190
Comprised of:		
Received but not spent (note 4)	**8,230,808**	9,223,570
Spent funds being amortized (note 8)	**123,796,253**	108,171,620
	132,027,061	117,395,190

12. DUE TO HUMBER STUDENTS' FEDERATION

The amount due to Humber Students' Federation is unsecured, bears interest at the bank's prime rate less 2¼% with an effective rate at March 31, 2010 of 0% (2009 - 0.25%) and is due on demand.

13. DEMAND LOAN AND DERIVATIVE FINANCIAL INSTRUMENTS

The College has demand loan facilities with the Bank of Montreal to a maximum amount of $62,000,000 to finance the construction of two student residences. The College has utilized $39,120,026 (2009 - $40,251,994) under its hedge facility as described below. The balance of the facility is available in either prime rate loans bearing interest at the bank's prime rate of 2.25% (2009 - 2.5%) less ¾% per annum, Bankers' Acceptances or public sector fixed rate operating loans bearing interest at the bank's 30-day cost of funds rate of 0.44% (2009 - 0.65%) plus 0.225% per annum.

(a) The original loan of $45,000,000 obtained on April 1, 2004 is scheduled to be repaid over twenty-five years, bears interest at prime minus ¾% per annum and is repayable monthly on the first of each month in blended payments of $275,802 and is scheduled to be repaid on April 1, 2029.

	2010 $	2009 $
Demand loan payable	**39,120,026**	40,251,994
Less portion scheduled to be repaid in following year	**(1,195,581)**	(1,131,968)
	37,924,445	39,120,026

Interest on the demand loan amounted to $2,261,696 (2009 - $2,324,495) and is included in ancillary operations expense.

Principal repayments scheduled on demand loan are estimated to be as follows:

	$
2011	**1,195,581**
2012	**1,262,770**
2013	**1,333,734**
2014	**1,408,687**
2015	**1,487,852**
Subsequent years	**32,431,402**
	39,120,026

(b) Derivative financial instruments

The College has in place an Interest Rate Swap Agreement (the "Agreement"), designated as a hedge of the demand loan, which will expire on April 1, 2029. Under the terms of the Agreement, the College agrees with the counterparty to exchange, at specified intervals and for a specified period, its floating interest for fixed interest (5.705%) calculated on the notional principal amount of the long-term debt. The use of the swap effectively enables the College to convert the floating rate interest obligations of the demand loan into a fixed rate obligation and thus manage its exposure to interest rate risk. At March 31, 2010, this Agreement qualified as an effective hedge transaction.

The fair value of the interest rate swap (in favour of the bank) of $5,709,519 (2009 - $10,273,224) is recorded on the consolidated balance sheet. Because the hedging relationship is effective, the change in fair value of the interest rate swap is recorded in the statement of net assets, with no impact on the College's excess/(deficiency) of revenue over expenditures.

The notional and fair values of the financial instrument are as follows:

	2010		2009	
	Notional value	**Fair value**	**Notional value**	**Fair value**
	$	**$**	**$**	**$**
Interest rate swap	**39,120,026**	**(5,709,519)**	40,251,994	(10,273,224)

14. INTERNALLY RESTRICTED

The College, by resolution of the Board of Governors, internally restricts amounts from unrestricted net assets to cover anticipated future operating expenses, including obligations and commitments existing at year end which are as follows:

	2010	2009
	$	**$**
Strategic		
Building Fund	**51,300,000**	35,300,000
Multi-year IT Strategic Plan	**15,000,000**	10,000,000
Operating		
Utility	**2,500,000**	2,500,000
Equipment - Academic	**3,000,000**	3,000,000
Encumbrances	**1,500,000**	2,300,000
Contingency		
General	**8,700,000**	7,800,000
Construction	**4,000,000**	4,000,000
	86,000,000	64,900,000

15. EMPLOYEE FUTURE BENEFITS

Pension plans

The employees of the College are participants in the Colleges of Applied Arts and Technology Pension Plan which is a multi-employer defined benefit pension plan. During the year, contributions to this plan were $9,918,768 (2009 - $8,350,220) and are included in the consolidated statement of revenue and expenses.

Other employee future benefits

Information about the College's non-pension defined benefit plans was actuarially determined as at March 31, in aggregate, is as follows:

	2010 $	2009 $
Fair value of plan assets		
Post-employment benefits - premium waiver during long-term disability	**341,000**	276,000
Total fair value of plan assets	**341,000**	276,000
Accrued benefit obligations		
Non-pension post-employment benefits	**474,000**	559,000
Post-employment benefits – premium waiver during long-term disability	**194,000**	179,000
Post-employment benefits – continuation of medical and dental benefits during long-term disability	**1,070,000**	925,000
Total accrued benefit obligations	**1,738,000**	1,663,000
Net benefit obligation	**1,397,000**	1,387,000

The significant actuarial assumptions adopted in measuring the College's non-pension accrued benefit obligation and measuring the College's expenses for the year are as follows:

	2010 %	2009 %
Discount rate per annum - accrued benefit obligations	**4.75**	5.50
Discount rate per annum - expenses April - March	**4.75**	5.50

The cost escalation for various medical benefits were assumed to increase at 4.50% per annum. For drug benefits only, costs escalation will grade down from 10.5% in 2008 to 4.5% in 2023.

The College's accrued employee benefit liability is calculated as follows:

	2010 $	2009 $
Employee benefit liability, beginning of year	**1,387,000**	1,402,000
Employee future benefit expense	**10,000**	(15,000)
Employee benefit liability, end of year	**1,397,000**	1,387,000

There were no contributions during the year.

16. VESTED SICK LEAVE BENEFITS

The College is liable to pay certain employees' vested sick leave credits to a maximum of 50% of the employees' salary. These credits are payable upon retirement, termination or at any time during employment at the employee's discretion.

17. COMMITMENTS

Leases

The College has entered into a ninety-nine (99) year lease agreement with Her Majesty the Queen in Right of Ontario for the property now known as the Robert A. Gordon Learning Centre. The base rent is one dollar ($1) per year for the term of the lease which expires January 31, 2094.

The College has also entered into various other agreements to lease premises and equipment. The anticipated annual payments for the remaining fiscal years under current lease arrangements are as follows:

	$
2011	**725,633**
2012	**510,373**
2013	**478,137**
2014	**486,031**
2015	**318,267**
	2,518,441

Capital

The College has entered into construction contracts with a combined total cost of approximately $50 million. The College has provided unconditional loan guarantees to certain third parties amounting to $35,665 (2009 - $35,665) primarily related to possible defaults in financial agreements for certain construction projects.

18. CONSOLIDATED STATEMENT OF CASH FLOWS

(a) The net change in non-cash working capital balances related to operations consists of the following:

	2010 $	2009 $
Grants receivable	**6,504,084**	(7,230,133)
Accounts receivable	**(89,815)**	1,763,513
Prepaid expenses	**(107,006)**	(168,519)
Accounts payable and accrued liabilities	**4,852,369**	(1,280,017)
Accrued payroll and employee benefits	**1,122,516**	1,132,932
Accrued vacation pay	**394,790**	1,040,882
Deferred revenue	**5,308,327**	5,309,502
Deferred contributions	**1,021,596**	1,619,957
Due to University of Guelph-Humber	**(4,503,975)**	1,350,615
Due to Humber Students' Federation	**1,629,012**	2,041,529
Accrued vested sick-leave benefits	**(262,437)**	(190,920)
Employee future benefits	**10,000**	(15,000)
	15,879,461	5,374,341

(b) Excluded from the consolidated statement of cash flows are the changes in long-term grants receivable and long-term accounts receivable in the amount of $2,829,810 (2009 - ($2,290,000)) which are included in deferred capital contributions.

19. TORONTO CHILDREN'S SERVICES WAGE SUBSIDIES

Wage subsidies received for the year ended March 31, 2010 were allocated between the child care centres as follows:

	Wage Subsidy $	Wage Improvement $
Humber Child Development Centre		
Wage subsidies deferred from prior years	77,735	14,455
Wage subsidies received	-	-
Wage subsidies allocated to staff salaries	-	-
Wage subsidies deferred to future years	-	-
Humber Child Care Centre		
Wage subsidies deferred from prior years	61,077	11,341
Wage subsidies received	-	-
Wage subsidies allocated to staff salaries	-	-
Wage subsidies deferred to future years	-	-
Total wage subsidy received	138,812	25,796

The College's Child Care Centre operations are included as part of the Ancillary operations.

20. FINANCIAL INSTRUMENTS

The fair values of the College's financial instruments are not significantly different from their carrying values at March 31, 2010, unless otherwise noted. Long term grants receivable are classified as loans and receivables, and are initially recorded at fair market value and subsequently carried at amortized cost using the effective interest method. All other liabilities are classified as other financial liabilities, and are initially recorded at fair market value and subsequently carried at amortized cost using the effective interest method. The College is subject to credit risk with respect to its accounts receivable to the extent debtors do not meet their obligations and interest rate risk with respect to its investments.

21. PUBLIC SECTOR SALARY DISCLOSURE ACT, 1996

The Public Sector Salary Disclosure Act, 1996 (the "Act") requires the disclosure of the salaries and benefits of employees in the public sector who are paid a salary of $100,000 or more in a year. The College complies with this Act by providing the information to MTCU for disclosure on the public website.

22. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2010 consolidated financial statements.