TRENT UNIVERSITY

# Financial Statements

**April 30, 2008**

# Trent University
**Financial Statements**
**April 30, 2008**

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## Trent University's Mission Statement

***"Trent University aspires to be Canada's outstanding small university known for its commitment to liberal undergraduate education in the humanities, social sciences and natural sciences and to the centrality of the individual student. Within a collegial setting the University offers undergraduate and graduate programs, both traditional and interdisciplinary, which seek to advance learning through the creative interaction of teaching and research of the highest quality."***

# STATEMENT OF ADMINISTRATIVE RESPONSIBILITY
# YEAR ENDED APRIL 30, 2008

The management of the University is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this annual report.

Management has prepared the financial statements in accordance with accounting principles generally accepted for Canadian universities and in accordance with guidelines developed by the Canadian Institute of Chartered Accountants. Management believes the financial statements present fairly the University's financial position as at April 30, 2008, and the results of its operations and cash flows for the year then ended. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgements were employed. Additionally, management has ensured that financial information presented elsewhere in this annual report has been prepared in a manner consistent with that in the financial statements.

In fulfilling its responsibilities and recognizing the limits in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reasonable basis for the preparation of financial statements.

The University's Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for approving the financial statements. The Board of Governors carries out its responsibility for review of the financial statements and the annual report principally through its Investment & Audit Committee. The majority of the members of the Investment & Audit Committee are not officers or employees of the University. The Investment & Audit Committee meets regularly with management as well as with the external auditors to discuss the results of audit examinations and financial reporting matters, and to satisfy itself that each party is properly discharging its responsibilities. The external auditors have full access to the Investment & Audit Committee with and without presence of management.

The financial statements for the year ended April 30, 2008, have been reported on by McColl Turner LLP, Chartered Accountants, the auditors appointed by the Board of Governors. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information in the financial statements.

Don O'Leary

D. O'Leary
Vice-President Administration

Bonnie M. Patterson

B.M. Patterson
President and Vice-Chancellor

September, 2008

## SUMMARY OF TOTAL REVENUE AND EXPENDITURE

**(includes unrestricted, internally restricted, externally restricted, investments in capital assets)**
**(millions of dollars)**

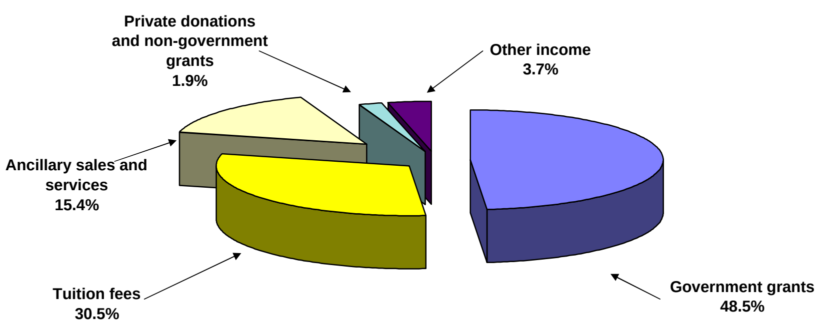
### REVENUE

| 2008 | 2007 | 2006 | 2005 | 2004 | | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| $59.7 | $61.0 | $55.8 | $47.4 | $42.8 | Government grants | 48.5% | 49.3% | 48.1% | 45.2% | 43.8% |
| 37.6 | 37.2 | 35.4 | 33.8 | 32.1 | Tuition fees | 30.5% | 30.1% | 30.6% | 32.2% | 32.8% |
| 19.0 | 19.0 | 17.8 | 17.2 | 15.8 | Ancillary sales and services | 15.4% | 15.4% | 15.4% | 16.4% | 16.2% |
| 2.4 | 2.6 | 3.2 | 2.3 | 3.2 | Private donations and non-government grants | 1.9% | 2.1% | 2.8% | 2.2% | 3.3% |
| 4.5 | 3.8 | 3.6 | 4.2 | 3.8 | Other income | 3.7% | 3.1% | 3.1% | 4.0% | 3.9% |
| $123.2 | $123.6 | $115.8 | $104.9 | $97.7 | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

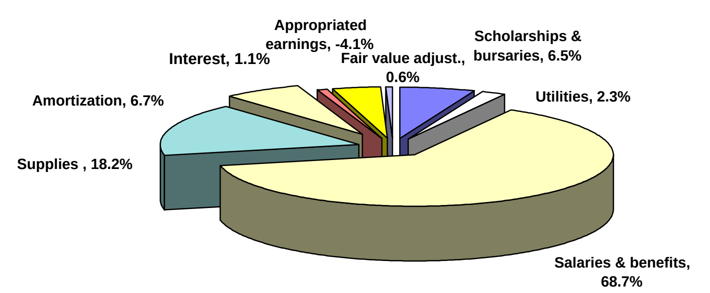
### EXPENDITURE

| 2008 | 2007 | 2006 | 2005 | 2004 | | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| $85.3 | $78.2 | $71.0 | $64.8 | $58.5 | Salaries and benefits | 68.7% | 63.3% | 61.7% | 61.8% | 60.4% |
| 8.1 | 8.5 | 7.7 | 7.7 | 7.2 | Scholarships and bursaries | 6.5% | 6.9% | 6.7% | 7.4% | 7.4% |
| 2.9 | 2.8 | 2.8 | 2.4 | 2.1 | Utilities | 2.3% | 2.3% | 2.4% | 2.3% | 2.2% |
| 22.6 | 22.4 | 20.9 | 18.4 | 19.1 | Supplies | 18.2% | 18.1% | 18.1% | 17.6% | 19.7% |
| 1.4 | 1.1 | 1.1 | 1.0 | 0.5 | Interest | 1.1% | 0.9% | 1.0% | 1.0% | 0.5% |
| 8.3 | 7.4 | 6.7 | 5.2 | 4.6 | Amortization | 6.7% | 6.0% | 5.8% | 5.0% | 4.8% |
| 0.7 | | | | | Fair value adjustment | 0.6% | | | | |
| (5.1) | 3.1 | 5.0 | 5.1 | 4.8 | Appropriated earnings | -4.1% | 2.5% | 4.3% | 4.9% | 5.0% |
| $124.2 | $123.5 | $115.2 | $104.6 | $96.8 | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

### 2008 REVENUE




### 2008 EXPENDITURE



**SUMMARY OF OPERATING REVENUE AND EXPENDITURE**

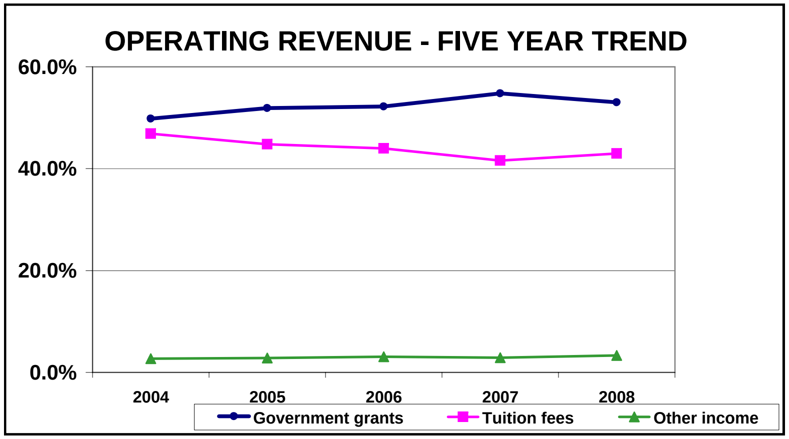
**(millions of dollars)**

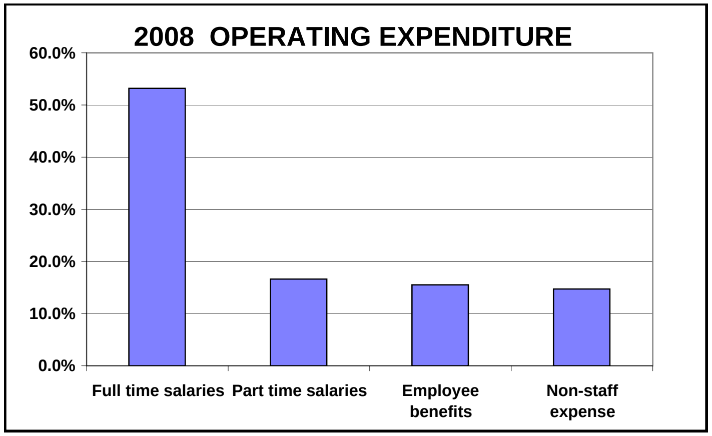
**REVENUE**

| 2008 | 2007 | 2006 | 2005 | 2004 | | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| $46.3 | $49.1 | $41.9 | $39.2 | $34.0 | Government grants | 53.0% | 54.8% | 52.2% | 51.9% | 49.8% |
| 37.6 | 37.2 | 35.4 | 33.8 | 32.1 | Tuition fees | 43.0% | 41.6% | 44.0% | 44.8% | 46.9% |
| 0.6 | 0.6 | 0.6 | 0.4 | 0.4 | Donations and grants | 0.7% | 0.7% | 0.7% | 0.5% | 0.6% |
| 2.9 | 2.6 | 2.5 | 2.1 | 1.9 | Other income | 3.3% | 2.9% | 3.1% | 2.8% | 2.7% |
| $87.4 | $89.5 | $80.4 | $75.5 | $68.4 | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

**EXPENDITURE**

| 2008 | 2007 | 2006 | 2005 | 2004 | | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| $75.4 | $69.0 | $62.2 | $56.8 | $50.8 | Salaries and benefits | 85.2% | 77.2% | 78.0% | 75.5% | 75.0% |
| 6.6 | 7.0 | 6.3 | 6.4 | 5.8 | Scholarships and bursaries | 7.5% | 7.8% | 7.9% | 8.5% | 8.6% |
| 1.8 | 1.6 | 1.3 | 1.2 | 1.1 | Utilities | 2.0% | 1.8% | 1.6% | 1.6% | 1.6% |
| 6.4 | 7.2 | 6.9 | 5.1 | 6.0 | Supplies | 7.2% | 8.1% | 8.6% | 6.8% | 8.9% |
| 0.4 | 0.1 | 0.0 | 0.0 | 0.0 | Interest | 0.5% | 0.1% | 0.0% | 0.0% | 0.0% |
| 0.4 | | | | | Fair value adjustment | 0.5% | | | | |
| (2.6) | 4.5 | 3.1 | 5.7 | 4.0 | Appropriated earnings | -2.9% | 5.0% | 3.9% | 7.6% | 5.9% |
| $88.4 | $89.4 | $79.8 | $75.2 | $67.7 | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |



McColl Turner LLP
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# AUDITORS' REPORT

**To the Board of Governors**
**Trent University**

We have audited the statement of financial position of Trent University as at April 30, 2008 and the statements of changes in net assets, operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the University's administration. 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 administration, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McColl Turner LLP
Licensed Public Accountants

Peterborough, Ontario
August 14, 2008

**Statement 1**

# Trent University

## Statement of Financial Position

**April 30, 2008**

(with comparative figures for April 30, 2007)
(thousands of dollars)

| | 2008 | 2007 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash and cash equivalents | $ 30,745 | $ 19,702 |
| Accounts receivable | 4,539 | 3,951 |
| Inventories | 61 | 68 |
| Prepaid expenses and deposits | 1,248 | 715 |
| | 36,593 | 24,436 |
| **Long term investments** (note 3) | 34,479 | 30,631 |
| **Capital assets** (note 4) | 134,684 | 136,506 |
| | $ 205,756 | $ 191,573 |
| **LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 10,020 | $ 11,456 |
| Current portion of long term debt | 1,250 | 1,216 |
| Deferred revenue (note 5) | 31,491 | 15,599 |
| | 42,761 | 28,271 |
| **Long term debt** (note 6) | 31,073 | 29,006 |
| | 73,834 | 57,277 |
| **Deferred capital contributions** (note 7) | 70,531 | 70,942 |
| **NET ASSETS** | | |
| Deficit (note 8) | (9,933) | (9,257) |
| Internally restricted (note 9) | 9,206 | 13,376 |
| Investment in capital assets (note 10) | 27,386 | 30,004 |
| Endowments (note 11) | 34,732 | 29,231 |
| | 61,391 | 63,354 |
| | $ 205,756 | $ 191,573 |

Approved by the Board of Governors

Governor David C. Moodie Governor Rosey Zgrison

*The accompanying notes are an integral part of the financial statements*

# Trent University

## Statement of Changes in Net Assets

**Year Ended April 30, 2008**

(with comparative figures for April 30, 2007)

(thousands of dollars)

| | 2008 | | | | | 2007 |
|---|---|---|---|---|---|---|
| | Deficit | Internally Restricted | Investment in Capital Assets | Endowments | Total | Total |
| Net assets (deficit), beginning of year | $ (9,257) | $ 13,376 | $ 30,004 | $ 29,231 | $ 63,354 | $ 57,785 |
| Change in accounting policies (note 2 (a)) | 355 | - | (1,753) | 3,756 | 2,358 | - |
| Net assets (deficit), beginning of year, as adjusted | (8,902) | 13,376 | 28,251 | 32,987 | 65,712 | 57,785 |
| Excess of revenue over expense (expense over revenue) for the year | (6,066) | - | - | - | (6,066) | 3,158 |
| Change in internally restricted net assets | 4,170 | (4,170) | - | - | - | - |
| Change in investment in capital assets | 865 | - | (865) | - | - | - |
| Change in endowments | - | - | - | 1,745 | 1,745 | 2,411 |
| Net assets (deficit), end of year | $ (9,933) | $ 9,206 | $ 27,386 | $ 34,732 | $ 61,391 | $ 63,354 |

*The accompanying notes are an integral part of the financial statements*

# Trent University

**Statement of Operations and Deficit**
**Year Ended April 30, 2008**
(with comparative figures for April 30, 2007)
(thousands of dollars)

| | 2008 | 2007 |
|---|---|---|
| **REVENUE** | | |
| Government grants | $ 59,694 | $ 61,015 |
| Tuition fees | 37,614 | 37,244 |
| Ancillary sales and services | 19,027 | 18,979 |
| Donations and grants | 2,425 | 2,638 |
| Investment income | 1,961 | 1,879 |
| Miscellaneous | 2,533 | 1,892 |
| | 123,254 | 123,647 |
| **EXPENSE** | | |
| Salaries and benefits | 85,266 | 78,259 |
| Scholarships and bursaries | 8,083 | 8,520 |
| Utilities | 2,850 | 2,859 |
| Supplies | 22,633 | 22,362 |
| Interest | 1,406 | 1,111 |
| Amortization | | |
| Library acquisitions | 723 | 712 |
| Other capital assets | 7,631 | 6,666 |
| Change in fair value of financial instruments | 728 | - |
| | 129,320 | 120,489 |
| **EXCESS OF REVENUE OVER EXPENSE (EXPENSE OVER REVENUE) FOR THE YEAR** | (6,066) | 3,158 |
| Change in internally restricted net assets | 4,170 | (993) |
| Change in investment in capital assets | 865 | (2,103) |
| **DECREASE (INCREASE) IN DEFICIT FOR THE YEAR** | (1,031) | 62 |
| **DEFICIT** – beginning of year, as previously reported | (9,257) | (9,319) |
| Change in accounting policies (note 2 (a)) | 355 | - |
| **DEFICIT** – beginning of year, as adjusted | (8,902) | (9,319) |
| **DEFICIT** – end of year | $ (9,933) | $ (9,257) |

*The accompanying notes are an integral part of the financial statements*

# Trent University

**Statement of Cash Flows**
**Year Ended April 30, 2008**
(with comparative figures for April 30, 2007)
(thousands of dollars)

| | 2008 | 2007 |
|---|---|---|
| **CASH PROVIDED FROM (USED FOR)** | | |
| **OPERATING ACTIVITIES** | | |
| Excess of revenue over expense (expense over revenue) for the year | $ (6,066) | $ 3,158 |
| Add (deduct) non-cash items: | | |
| Amortization of capital assets | 8,354 | 7,378 |
| Amortization of deferred capital contributions | (4,449) | (4,060) |
| Change in VER and post-retirement benefits liability | 481 | 331 |
| Change in fair value of financial instruments | 728 | - |
| | (952) | 6,807 |
| Change in non-cash working capital items | 13,342 | (2,568) |
| | 12,390 | 4,239 |
| **ENDOWMENT ACTIVITIES** | | |
| Net increase in endowments | 6,764 | 2,411 |
| Purchase of long term investments, net of disposals | (5,172) | (1,932) |
| | 1,592 | 479 |
| **FINANCING AND INVESTING ACTIVITIES** | | |
| Purchase of long term investments, net of disposals | 51 | (105) |
| Purchase of capital assets, net of disposals | (6,532) | (15,834) |
| Proceeds from long term debt | - | 7,165 |
| Repayment of long term debt | (496) | (453) |
| Deferred capital contributions received | 4,038 | 5,370 |
| | (2,939) | (3,857) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR** | 11,043 | 861 |
| **CASH POSITION -** beginning of year | 19,702 | 18,841 |
| **CASH POSITION -** end of year | $ 30,745 | $ 19,702 |

*The accompanying notes are an integral part of the financial statements*

## 1. AUTHORITY

Trent University operates under the authority of The Trent University Act, 1962-63. The University is a registered charity and, under the provisions of section 149 of the Income Tax Act, is exempt from paying income taxes.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

### (a) Change in accounting policies

Effective May 1, 2007, the University adopted the recommendations of CICA 3855: *Financial Instruments – Recognition and Measurement* and CICA 3861: *Financial Instruments – Disclosure and Presentation*. CICA 3855 establishes standards for recognizing and measuring financial instruments, including the accounting treatment for changes in fair value. As required by CICA 3855, investments and derivative financial instruments are now presented at fair value. In prior years, investments were recorded at cost and long term debt at amortized cost. As permitted by CICA 3855, other financial assets and liabilities continue to be presented at cost or amortized cost which approximates fair value.

As required by the transitional provisions of CICA 3855, the accounting policy change from cost to fair value was adopted without restatement of the prior year's financial statements. As a result of the change, as at May 1, 2007, investments increased by $4,111, long term debt increased by $1,753, deficit decreased by $355, investment in capital assets decreased by $1,753 and endowments increased by $3,756.

### (b) General

The financial statements of the University have been prepared by management in accordance with accounting principles generally accepted in Canada and consistently applied.

The combined financial statements reflect the assets, liabilities, revenue, expenses and other transactions of all the operations of the University and organizations that the University has the primary economic interest in or controls.

The University accounts identify financial activity separately for operating transactions, internally restricted transactions, externally restricted transactions and endowment transactions.

- Operating transactions are for general activities.
- Internally restricted transactions are generally for funds designated for specific activities by university administration.
- Externally restricted transactions are associated with funds received from external sources which can only be spent in accordance with the restrictions provided by the sources providing the funds.

**2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES** (continued)

- Revenue and expense from operating, internally restricted and externally restricted transactions are reported in the statement of operations and deficit.
- Endowment transactions include contributions which are designated as endowment by the source providing the funds and contributions designated as endowment by university administration. Internally and externally restricted endowment contributions are reported on the statement of changes in net assets.

The financial statements do not include the assets, liabilities, revenue and expenses of the Trent University Foundation (see note 15).

**(c) Cash and cash equivalents**

Cash and cash equivalents represent operating cash on deposit and units in a money market fund which are readily convertible to cash.

**(d) Inventories**

Inventories are valued at the lower of cost and net realizable value.

**(e) Capital assets**

Capital assets are recorded at cost, or in the case of donated assets, at fair market value on the date of the donation.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | | | |
|---|---|---|---|
| Buildings | 40 years | Library books and serials | 5 years |
| Equipment and furnishings | 10 years | Rare collections | no amortization |
| Computer equipment | 5 years | System software | 5 years |
| Vehicles | 5 years | | |

**(f) Revenue recognition**

The University follows the deferral method of accounting for revenue derived from the provision of service and from revenue contributions. Contributions may either be operating, internally restricted, externally restricted or endowments.

- Revenue received by the University for the provision of goods and services is recognized when goods and services are provided. Student fees are recognized as revenue when courses are provided.
- Operating contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES** (continued)

- Internally restricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- Externally restricted contributions for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are incurred. Externally restricted contributions can only be used for the purposes designated by external contributors. Pledged donations are not recorded until received due to the uncertainty involved in their collection.
- Contributions for the acquisition of capital assets are deferred and recognized as revenue on the same basis as the related capital assets are amortized.
- Endowment contributions and related restricted investment revenue are reported as direct increases in net assets when received.

**(g) Retirement plans**

The University maintains contributory defined benefit pension plans which cover eligible faculty and staff. The assets, liabilities and results of operations of the plans are included in the financial statements of the respective Trent University pension funds. Accrued pension benefits are actuarially determined using the projected benefit method pro rated on service and discounted using current market interest rates. The obligations also reflect management's best estimate of salary escalation, retirement ages of employees and other actuarial factors. The cost of providing post-retirement benefits is reflected in the year of the employee's service rather than as paid. Unamortized actuarial losses in excess of 10% of the greater of the fair value of plan assets and accrued benefit obligations at the beginning of the year are amortized over the average remaining service period of active employees.

**(h) Fund raising activities**

Gifts and grants from fundraising activities are recorded when received. Pledges are recorded upon payment.

**(i) Sabbaticals and other leaves**

The cost of sabbaticals and leaves are recorded when paid.

**(j) Contributed services**

Volunteers as well as members of the University community including alumni contribute an extensive number of hours per year to assist the institution in carrying out its service delivery activities. Such contributed services are not recognized in the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

**(k) Financial instruments**

Under CICA Section 3855, financial assets and liabilities are initially recognized and subsequently measured based on their classification. The University has designated long term investments as held-for-trading. Changes in fair value of long term investments for employee early retirement plans are recognized in the statement of operations and deficit. Changes in fair value of long term investments for endowments are recognized in the statement of changes in net assets. Long term investments, which consist of units held in pooled funds, are measured at fair value based on reported unit values.

Cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are measured at cost which approximates fair value.

The University uses an interest rate swap agreement to address exposure to changes in interest rates. This derivative financial instrument does not qualify for hedge accounting and is measured at fair value determined by discounting the future cash flows associated with the agreement using the current Ontario Infrastructure Project Corporation rate as an estimate of the borrowing rate that would otherwise be available to the University. The University does not enter into financial instruments for speculative purposes.

Other long term debt is measured at amortized cost which approximates fair value.

**(l) Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

**(m) Future accounting policy changes**

The CICA has issued two new standards, CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation,* which will enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The CICA has also issued a new accounting standard, CICA 1535: *Capital Disclosures,* which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted effective May 1, 2008, will require additional disclosures in the financial statements.

(thousands of dollars)

## 3. LONG TERM INVESTMENTS

Investments are exposed to market, foreign currency and interest rate price risks. The University manages these risks through the investment policy of the Board of Governors. Investments are monitored by a Committee of the Board of Governors and managed by investment managers subject to asset mix and performance benchmarks contained in the investment policy. The investment managers report on a regular basis to the Committee of the Board.

The cost and fair values of the long term investments at April 30 were:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Fair value | Cost | Fair value | Cost |
| Cash | $ 1,268 | $ 1,268 | $ 1,526 | $ 1,526 |
| Bonds | 13,098 | 12,818 | 12,751 | 12,436 |
| Equities | 20,113 | 21,666 | 20,464 | 16,669 |
| | $ 34,479 | $ 35,752 | $ 34,741 | $ 30,631 |

Long term investments, at fair value, include investments of endowment funds $31,263 (2007 - $31,109) and of employee early retirement plans $3,216 (2007 - $3,632).

## 4. CAPITAL ASSETS

Capital assets and accumulated amortization consists of the following:

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Land and site improvements | $ 7,314 | $ - | $ 7,314 | $ 7,314 | $ - | $ 7,314 |
| Buildings | 159,320 | 51,750 | 107,570 | 157,420 | 47,718 | 109,702 |
| Equipment, software | 43,016 | 25,596 | 17,420 | 39,775 | 22,691 | 17,084 |
| Library books, serials | 22,599 | 20,219 | 2,380 | 21,901 | 19,495 | 2,406 |
| | $ 232,249 | $ 97,565 | $ 134,684 | $ 226,410 | $ 89,904 | $ 136,506 |

The net investment in capital assets is set out in note 10.

(thousands of dollars)

## 5. DEFERRED REVENUE

Deferred revenue represents unexpended amounts received in the current and prior years for services to be provided in a future year and consists of the following:

| | 2008 | 2007 |
|---|---|---|
| Externally restricted donations | $ 6,096 | $ 4,399 |
| Student fees | 1,848 | 2,125 |
| Federal and Provincial Government grants | 22,706 | 8,317 |
| Other | 841 | 758 |
| | $ 31,491 | $ 15,599 |

## 6. LONG TERM DEBT

Long term debt consists of the following:

| | 2008 | 2007 |
|---|---|---|
| | (fair value) | (cost) |
| Canada Mortgage and Housing Corporation debentures for the Residential Colleges | $ 2,681 | $ 2,786 |
| Physics Building extension | 572 | 691 |
| Bradburn House renovations | 389 | 449 |
| Gzowski College Residence | 13,737 | 11,796 |
| DNA Building | 7,165 | 7,165 |
| Faculty voluntary early retirement program | 6,164 | 5,712 |
| Future cost of post-retirement benefits | 1,331 | 1,302 |
| Other | 284 | 321 |
| | 32,323 | 30,222 |
| Amount due within one year shown as current liability | 1,250 | 1,216 |
| | $ 31,073 | $ 29,006 |

Canada Mortgage and Housing Corporation debentures bear interest at rates from 5.875% to 8.25% and will mature on various dates between 2017 and 2024 payable in annual blended instalments of $313.

(thousands of dollars)

**6. LONG TERM DEBT** (continued)

The financing for the Physics Building extension represents a term loan with the Bank of Montreal at a fixed rate of 6.48% payable in monthly blended instalments of $13. The final payment is due May 31, 2008. The loan will be renewed at 4.655% for 4 years and new monthly blended instalments are $13.

The loan regarding the Bradburn House is a mortgage with the Bank of Montreal at a fixed rate of 4.445%, payable in blended monthly instalments of $6, secured by specific land and buildings. The final payment falls due September 30, 2008 and management intends to refinance.

The residence and dining portion of the Peter Gzowski College/First Peoples House of Learning is funded through an interest rate swap agreement with the Bank of Montreal due to mature on May 1, 2034 with an effective rate of interest of 6.415%. Total principal and interest payments in 2008 were $927 (2007 - $927). The fair value is based on discounted cash flows at 5.2%. The amortized cost is $11,621.

The University previously entered into a Financing Agreement with Ontario Infrastructure Projects Corporation for a maximum principal amount of $40,300 for several capital projects. The first debenture was issued on November 1, 2007 for DNA Building financing of $7,165 with a fixed rate of 5.26% payable in annual blended instalments of $477 to mature on November 1, 2037.

The faculty voluntary early retirement programs reflect payments required by individual contracts over varying future periods. The current and future costs of these programs have been reflected in the deficit and are based on the effective early retirement dates. Future costs will be funded from future cost savings, therefore, the recognition of future costs in current year's expenditure increases the deficit (note 8).

The principal repayments estimated in each of the next five years are as follows:

| | |
|---|---|
| 2008-2009 | $ 1,250 |
| 2009-2010 | 1,296 |
| 2010-2011 | 1,310 |
| 2011-2012 | 1,351 |
| 2012-2013 | 1,250 |

# Trent University
**Notes to the Financial Statements**
**April 30, 2008**
(thousands of dollars)

## 7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of externally restricted contributions used for the purchase of capital assets. Details of the changes in the deferred capital contributions balance are as follows:

| | 2008 | 2007 |
|---|---|---|
| Balance - beginning of year | $ 70,942 | $ 69,632 |
| Add contributions received for capital acquisitions | 4,038 | 5,370 |
| Less amortization of deferred capital contributions | (4,449) | (4,060) |
| Balance - end of year | $ 70,531 | $ 70,942 |

## 8. DEFICIT

Details of the deficit are as follows:

| | 2008 | 2007 |
|---|---|---|
| Deficit as per Statement 1 | $ (9,933) | $ (9,257) |
| Deduct: Expenditure of future costs of Faculty voluntary early retirement plan which will be covered by revenues in future years | 2,948 | 2,573 |
| Expenditure of accrued staff vacation pay which will be covered by revenues in future years | 1,539 | 1,401 |
| Balance of deficit for general University operations | $ (5,446) | $ (5,283) |

## 9. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of the following:

| | 2008 | 2007 |
|---|---|---|
| Internally restricted research and trust | $ 820 | $ 786 |
| Funds committed for specific purposes | 8,386 | 12,590 |
| | $ 9,206 | $ 13,376 |

(thousands of dollars)

## 10. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets consists of the following:

| | 2008 | 2007 |
|---|---|---|
| Capital assets (note 4) | $ 134,684 | $ 136,506 |
| Less: | | |
| Long term debt pertaining to capital assets | (24,827) | (23,208) |
| Deferred capital contributions (note 7) | (70,531) | (70,942) |
| Financed internally | (11,940) | (12,352) |
| | $ 27,386 | $ 30,004 |

## 11. ENDOWMENTS

Endowments consist of the following:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Fair value | Cost | Fair Value | Cost |
| Student assistance | $ 21,063 | $ 18,149 | $ 21,173 | $ 16,335 |
| General endowment | 2,806 | 1,807 | 3,077 | 1,799 |
| Library | 1,755 | 1,156 | 1,904 | 1,131 |
| Research | 65 | 48 | 70 | 47 |
| Colleges, departments, other | 9,043 | 6,947 | 6,763 | 4,018 |
| Reinvested realized earnings | | 7,888 | | 5,901 |
| | $ 34,732 | $ 35,995 | $ 32,987 | $ 29,231 |

Reinvested realized earnings is the amount of earnings available for allocation to unit holders based on the Board's investment earnings distribution policy. The policy allows a maximum annual distribution of 4% on the average four-year rolling unit value at December 31.

(thousands of dollars)

## 12. ONTARIO STUDENT OPPORTUNITY TRUST FUND AND ONTARIO TRUST FOR STUDENT SUPPORT

Externally restricted endowments include grants provided by the Government of Ontario from the first and second phases of the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support (OTSS). Under the programs the Government matched funds raised by the University. The purpose of the programs is to assist academically qualified individuals who for financial reasons would not otherwise be able to attend university. The Phase I and II information is for the period ended April 30, 2008 with comparative figures at April 30, 2007. The OTSS information is for the period ended March 31, 2008 and 2007.

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Phase I | Phase II | OTSS | Phase I | Phase II | OTSS |
| Endowment balance including preservation of capital, beginning of year | $ 7,030 | $ 1,724 | $ 3,268 | $ 6,983 | $ 1,700 | $ 1,649 |
| Donations | - | - | 810 | - | - | 589 |
| Matching funds from MTCU | - | - | 781 | - | - | 589 |
| Transfers to/from Expendable Trust | 21 | - | - | (38) | - | - |
| Preservation of capital | 176 | 34 | 579 | 85 | 24 | 441 |
| Endowment balance, end of year | $ 7,227 | $ 1,758 | $ 5,438 | $ 7,030 | $ 1,724 | $ 3,268 |

(thousands of dollars)

**12. ONTARIO STUDENT OPPORTUNITY TRUST FUND AND ONTARIO TRUST FOR STUDENT SUPPORT** (continued)

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Phase I | Phase II | OTSS | Phase I | Phase II | OTSS |
| Expendable funds available for bursaries, beginning of year | $ 370 | $ 73 | $ 64 | $ 333 | $ 70 | $ 13 |
| Investment income | 274 | 63 | 105 | 260 | 59 | 54 |
| Expendable donations | - | - | 7 | - | - | 4 |
| Transfers to/from Endowment | (21) | - | - | 38 | - | - |
| Bursaries awarded | (201) | (60) | (64) | (261) | (56) | (7) |
| Expendable funds available for bursaries in subsequent years | $ 422 | $ 76 | $ 112 | $ 370 | $ 73 | $ 64 |
| Endowment total based on book value | $ 7,649 | $ 1,834 | $ 5,550 | $ 7,400 | $ 1,797 | $ 3,332 |
| Market value, end of year | $ 7,206 | $ 1,630 | $ 4,065 | $ 7,807 | $ 1,783 | $ 2,591 |
| Number of bursaries awarded | 291 | 76 | 95 | 306 | 58 | 18 |

(thousands of dollars)

## 13. RETIREMENT PLANS

The estimated accrued benefit obligations and plan assets available to provide these benefits were as follows:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Faculty | Non-faculty | Faculty | Non-faculty |
| Fair value of plan assets | $ 137,555 | $ 77,271 | $ 144,460 | $ 79,723 |
| Accrued benefit obligations | 154,518 | 78,890 | 154,923 | 78,769 |
| Funded status – surplus (deficit) | (16,963) | (1,619) | (10,463) | 954 |
| Portion of deficit funded by member contributions | 2,003 | - | 1,906 | - |
| Valuation allowance | - | - | - | (954) |
| Unamortized actuarial loss | $ (14,960) | $ (1,619) | $ (8,557) | $ - |

The significant actuarial assumptions used in determining the accrued benefit obligations were as follows:

| | 2008 | 2007 |
|---|---|---|
| Discount rate | 6.0% | 5.25% |
| Rate of compensation increase | 4.0% | 3.75% |
| Rate of inflation | 2.5% | 2.25% |

The current year's charge to operations was $5,290 (2007 - $5,214) for all retirement plans.

The latest actuarial valuations for the registered pension plans were performed as of July 1, 2007. The next required actuarial valuations will be July 1, 2010. The University has a practice of performing annual valuations for accounting purposes for defined benefit plans. The University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at April 30 each year.

## 14. CONTINGENT LIABILITIES

### Reciprocal Insurance

Trent University is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public insurance risks for some forty institutions. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment in the event members' premiums are insufficient to cover losses and expenses. As at December 31, 2007, CURIE had a surplus of $16,572 (2006 - $16,507).

## 15. TRENT UNIVERSITY FOUNDATION

The Trent University Foundation was incorporated as a separate crown corporation without share capital under the University Foundations Act, 1992, effective August 25, 1994. The Directors are appointed by the Lieutenant Governor in Council of Ontario. The objects of the Foundation are to solicit, receive, manage and distribute at its discretion money and other property to support education and research at the University. The net assets of the Foundation as at March 31, 2008 were $3 (2007 - $3).