



Financial Statements

April 30, 2009

Trent University
Financial Statements
April 30, 2009

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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, 2009

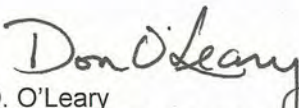
The management of the University is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this annual report.

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, 2009, 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 Audit Committee. The majority of the members of the Audit Committee are not officers or employees of the University. The 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 Audit Committee with and without presence of management.

The financial statements for the year ended April 30, 2009, 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.


D. O'Leary
Vice-President Administration

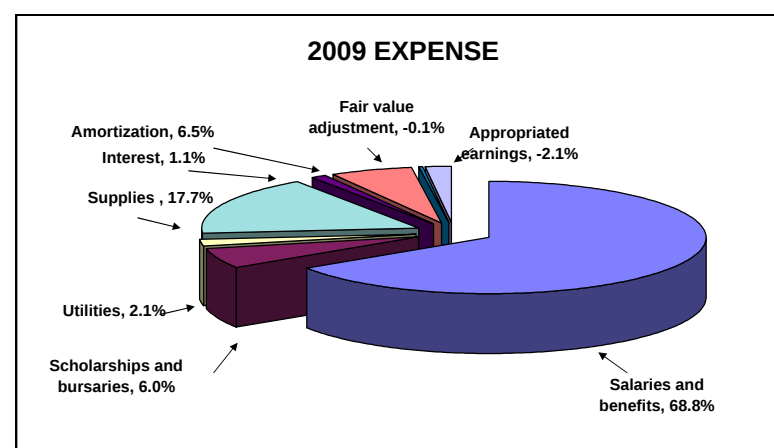
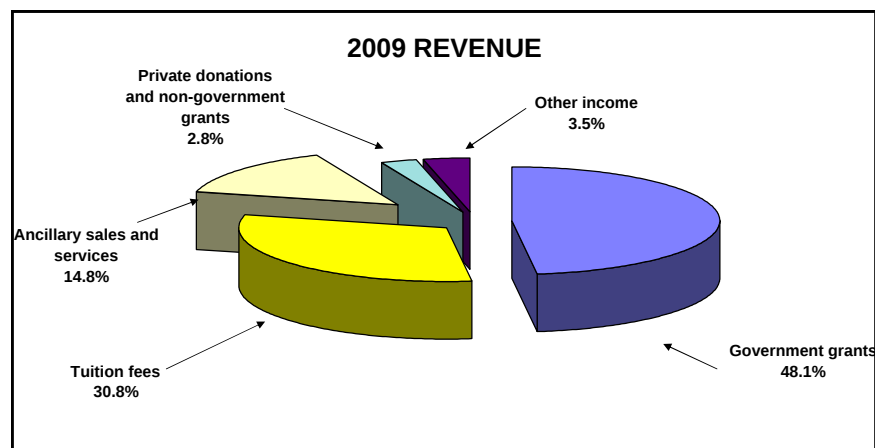

Dr. S. E. Franklin
President and Vice-Chancellor

September, 2009

SUMMARY OF TOTAL REVENUE AND EXPENSE
(includes unrestricted, internally restricted, externally restricted, investments in capital assets)
(millions of dollars)

REVENUE										
2009	2008	2007	2006	2005		2009	2008	2007	2006	2005
\$60.1	\$59.7	\$61.0	\$55.8	\$47.4	Government grants	48.1%	48.5%	49.3%	48.1%	45.2%
38.5	37.6	37.2	35.4	33.8	Tuition fees	30.8%	30.5%	30.1%	30.6%	32.2%
18.5	19.0	19.0	17.8	17.2	Ancillary sales and services	14.8%	15.4%	15.4%	15.4%	16.4%
3.5	2.4	2.6	3.2	2.3	Private donations and non-government grants	2.8%	1.9%	2.1%	2.8%	2.2%
4.4	4.5	3.8	3.6	4.2	Other income	3.5%	3.7%	3.1%	3.1%	4.0%
\$125.0	\$123.2	\$123.6	\$115.8	\$104.9		100.0%	100.0%	100.0%	100.0%	100.0%

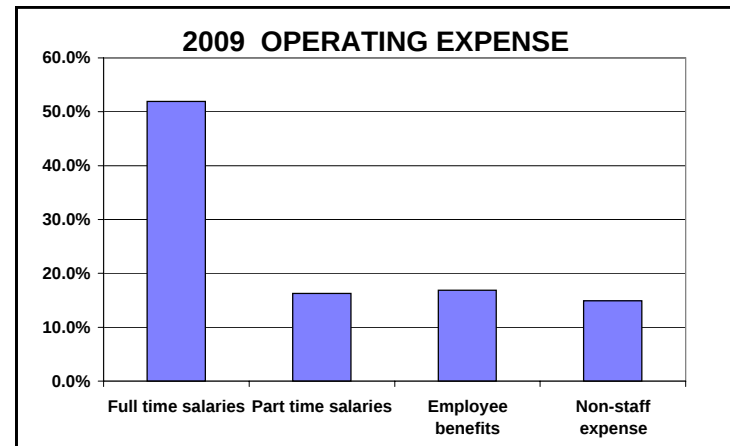
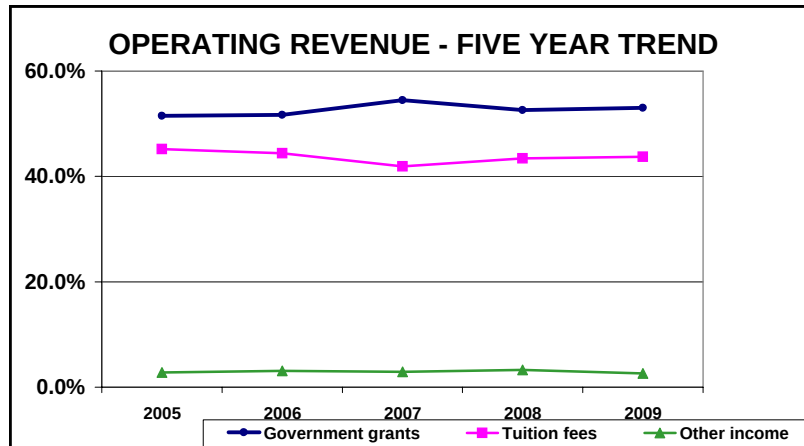
EXPENSE										
2009	2008	2007	2006	2005		2009	2008	2007	2006	2005
\$88.4	\$85.3	\$78.2	\$71.0	\$64.8	Salaries and benefits	68.8%	68.7%	63.3%	61.7%	61.8%
7.7	8.1	8.5	7.7	7.7	Scholarships and bursaries	6.0%	6.5%	6.9%	6.7%	7.4%
2.7	2.9	2.8	2.8	2.4	Utilities	2.1%	2.3%	2.3%	2.4%	2.3%
22.7	22.6	22.4	20.9	18.4	Supplies	17.7%	18.2%	18.1%	18.1%	17.6%
1.4	1.4	1.1	1.1	1.0	Interest	1.1%	1.1%	0.9%	1.0%	1.0%
8.4	8.3	7.4	6.7	5.2	Amortization	6.5%	6.7%	6.0%	5.8%	5.0%
(0.1)	0.7				Fair value adjustment	-0.1%	0.6%			
(2.7)	(5.1)	3.1	5.0	5.1	Appropriated earnings	-2.1%	-4.1%	2.5%	4.3%	4.9%
\$128.5	\$124.2	\$123.5	\$115.2	\$104.6		100.0%	100.0%	100.0%	100.0%	100.0%



SUMMARY OF OPERATING REVENUE AND EXPENSE
(millions of dollars)

REVENUE										
2009	2008	2007	2006	2005		2009	2008	2007	2006	2005
\$46.6	\$45.6	\$48.3	\$41.2	\$38.5	Government grants	53.0%	52.6%	54.5%	51.7%	51.5%
38.4	37.6	37.2	35.4	33.8	Tuition fees	43.7%	43.4%	41.9%	44.4%	45.2%
0.6	0.6	0.6	0.6	0.4	Donations and grants	0.7%	0.7%	0.7%	0.8%	0.5%
2.3	2.9	2.6	2.5	2.1	Other income	2.6%	3.3%	2.9%	3.1%	2.8%
\$87.9	\$86.7	\$88.7	\$79.7	\$74.8		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENSE										
2009	2008	2007	2006	2005		2009	2008	2007	2006	2005
\$77.8	\$75.4	\$69.0	\$62.2	\$56.8	Salaries and benefits	85.3%	85.9%	77.9%	78.7%	76.2%
5.6	5.9	6.2	5.6	5.7	Scholarships and bursaries	6.1%	6.7%	7.0%	7.1%	7.7%
1.8	1.8	1.6	1.3	1.2	Utilities	2.0%	2.1%	1.8%	1.6%	1.6%
6.7	6.4	7.2	6.9	5.1	Supplies	7.3%	7.3%	8.1%	8.7%	6.8%
0.4	0.4	0.1	0.0	0.0	Interest	0.4%	0.5%	0.1%	0.0%	0.0%
0.3	0.4				Fair value adjustment	0.3%	0.5%			
(1.3)	(2.6)	4.5	3.1	5.7	Appropriated earnings	-1.4%	-3.0%	5.1%	3.9%	7.7%
\$91.3	\$87.7	\$88.6	\$79.1	\$74.5		100.0%	100.0%	100.0%	100.0%	100.0%



AUDITORS' REPORT

**To the Board of Governors
Trent University**

We have audited the statement of financial position of Trent University as at April 30, 2009 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, 2009 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

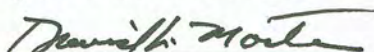
Peterborough, Ontario
August 7, 2009

Trent University
Statement of Financial Position
April 30, 2009
(with comparative figures for April 30, 2008)
(thousands of dollars)

	2009	2008
ASSETS		
Current		
Cash and cash equivalents	\$ 25,807	\$ 30,745
Accounts receivable	6,143	4,539
Inventories	55	61
Prepaid expenses and deposits	938	1,248
	32,943	36,593
Long term investments (note 3)	28,453	34,479
Capital assets (note 4)	141,066	134,684
	<u>\$ 202,462</u>	<u>\$ 205,756</u>
LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS		
Current		
Accounts payable and accrued liabilities	\$ 14,317	\$ 10,020
Current portion of long term debt	1,311	1,250
Deferred revenue (note 5)	28,527	31,491
	44,155	42,761
Long term debt (note 6)	29,907	31,073
	74,062	73,834
Deferred capital contributions (note 7)	76,455	70,531
NET ASSETS		
Deficit (note 8)	(13,416)	(9,933)
Internally restricted (note 9)	6,952	9,206
Investment in capital assets (note 10)	26,898	27,386
Endowments (note 11)	31,511	34,732
	51,945	61,391
	<u>\$ 202,462</u>	<u>\$ 205,756</u>

Approved by the Board of Governors

Governor



Governor



Contingent Liabilities and Commitments (note 14)

The accompanying notes are an integral part of the financial statements

Trent University
Statement of Changes in Net Assets
Year Ended April 30, 2009
(with comparative figures for April 30, 2008)
(thousands of dollars)

	2009					2008
	Deficit	Internally Restricted	Investment in Capital Assets	Endowments	Total	Total
Net assets (deficit), beginning of year	\$ (9,933)	\$ 9,206	\$ 27,386	\$ 34,732	\$ 61,391	\$ 65,712
Excess of expense over revenue for the year	(6,225)	-	-	-	(6,225)	(6,066)
Change in internally restricted net assets	2,254	(2,254)	-	-	-	-
Change in investment in capital assets	488	-	(488)	-	-	-
Change in endowments	-	-	-	(3,221)	(3,221)	1,745
Net assets (deficit), end of year	<u>\$ (13,416)</u>	<u>\$ 6,952</u>	<u>\$ 26,898</u>	<u>\$ 31,511</u>	<u>\$ 51,945</u>	<u>\$ 61,391</u>

The accompanying notes are an integral part of the financial statements

Statement 3

Trent University
Statement of Operations and Deficit
Year Ended April 30, 2009
(with comparative figures for April 30, 2008)
(thousands of dollars)

	<u>2009</u>	<u>2008</u>
REVENUE		
Government grants	\$ 60,092	\$ 59,694
Tuition fees	38,454	37,614
Ancillary sales and services	18,527	19,027
Donations and grants	3,529	2,425
Investment income	1,763	1,961
Miscellaneous	<u>2,666</u>	<u>2,533</u>
	<u>125,031</u>	<u>123,254</u>
EXPENSE		
Salaries and benefits	88,406	85,266
Scholarships and bursaries	7,762	8,083
Utilities	2,671	2,850
Supplies	22,713	22,633
Interest	1,365	1,406
Amortization		
Library acquisitions	658	723
Other capital assets	7,734	7,631
Change in fair value of financial instruments	<u>(53)</u>	<u>728</u>
	<u>131,256</u>	<u>129,320</u>
EXCESS OF EXPENSE OVER REVENUE FOR THE YEAR	<u>(6,225)</u>	<u>(6,066)</u>
Change in internally restricted net assets	2,254	4,170
Change in investment in capital assets	<u>488</u>	<u>865</u>
INCREASE IN DEFICIT FOR THE YEAR	(3,483)	(1,031)
DEFICIT – beginning of year	<u>(9,933)</u>	<u>(8,902)</u>
DEFICIT – end of year	<u>\$ (13,416)</u>	<u>\$ (9,933)</u>

The accompanying notes are an integral part of the financial statements

Statement 4

Trent University
Statement of Cash Flows
Year Ended April 30, 2009
(with comparative figures for April 30, 2008)
(thousands of dollars)

	<u>2009</u>	<u>2008</u>
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of expense over revenue for the year	\$ (6,225)	\$ (6,066)
Add (deduct) non-cash items:		
Amortization of capital assets	8,392	8,354
Amortization of deferred capital contributions	(4,534)	(4,449)
Change in VER and post-retirement benefits liability	(75)	481
Change in fair value of financial instruments	<u>(53)</u>	<u>728</u>
	(2,495)	(952)
Change in non-cash working capital items	<u>44</u>	<u>13,342</u>
	<u>(2,451)</u>	<u>12,390</u>
ENDOWMENT ACTIVITIES		
Net increase in endowments	3,129	6,764
Purchase of long term investments, net of disposals	<u>(937)</u>	<u>(5,172)</u>
	<u>2,192</u>	<u>1,592</u>
FINANCING AND INVESTING ACTIVITIES		
Purchase of long term investments, net of disposals	272	51
Purchase of capital assets, net of disposals	(14,774)	(6,532)
Repayment of long term debt	(635)	(496)
Deferred capital contributions received	<u>10,458</u>	<u>4,038</u>
	<u>(4,679)</u>	<u>(2,939)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(4,938)	11,043
CASH POSITION - beginning of year	<u>30,745</u>	<u>19,702</u>
CASH POSITION - end of year	<u>\$ 25,807</u>	<u>\$ 30,745</u>

The accompanying notes are an integral part of the financial statements

Trent University
Notes to the Financial Statements
April 30, 2009
(thousands of dollars)

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) Changes in accounting policies

Capital disclosures

Effective May 1, 2008, the University adopted the recommendations of CICA 1535: *Capital Disclosures*, which require the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate the objectives, policies and processes for managing capital. The adoption of these recommendations required additional disclosures, which are provided in note 16.

Inventories

Effective May 1, 2008, the University adopted the recommendations of CICA 3031: *Inventories*. These recommendations provide guidance on the measurement and disclosure requirements for inventories. The adoption of these new recommendations had no impact on the University's financial statements.

(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.
- Revenue and expense from operating, internally restricted and externally restricted transactions are reported in the statement of operations and deficit.

Trent University
Notes to the Financial Statements
April 30, 2009
(thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

- 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.
- 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.

Trent University
Notes to the Financial Statements
April 30, 2009
(thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

- 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.

Trent University
Notes to the Financial Statements
April 30, 2009
(thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(k) Financial instruments

The University has chosen to apply CICA 3861: *Financial Instruments – Disclosure and Presentation* in place of CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*.

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.

Trent University
Notes to the Financial Statements
April 30, 2009
(thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(m) Future changes in accounting policies

Financial statement presentation

The CICA has issued revisions to the 4400 series and certain other sections to amend or improve certain parts of the CICA Handbook that relate to not-for-profit organizations. With respect to presentation, these changes include making the disclosure of net assets invested in capital assets optional; making CICA 1540: *Cash Flow Statements* applicable to not-for-profit organizations; and requiring the reporting of revenues and expenses on a gross basis in the statement of operations unless not required by other guidance. A new section, CICA 4470: *Disclosure of Allocated Expenses by Not-for-Profit Organizations*, was included in the revisions which requires certain disclosures when fundraising and general support expenses are allocated to other functions. These changes in accounting policies must be adopted by years beginning on or after January 1, 2009, with earlier adoption permitted. Management is assessing the impact of these revisions and the timing for their adoption. However, the impact will be limited to reclassification of numbers in the statements and additional disclosures.

Financial statement concepts

In February 2008, the AcSB amended CICA 1000: *Financial Statement Concepts* to clarify that assets not meeting the definition of an asset, or the recognition criteria, are not permitted to be recognized on the statement of changes in financial position. The amendments are effective for the financial statements for fiscal years beginning on or after October 1, 2008. These amendments are not expected to have an impact on the financial statements.

Trent University
Notes to the Financial Statements
April 30, 2009
(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:

	2009		2008	
	Fair value	Cost	Fair value	Cost
Cash	\$ 210	\$ 210	\$ 1,268	\$ 1,268
Bonds	12,633	12,547	13,098	12,818
Equities	<u>15,610</u>	<u>23,660</u>	<u>20,113</u>	<u>21,666</u>
	<u>\$ 28,453</u>	<u>\$ 36,417</u>	<u>\$ 34,479</u>	<u>\$ 35,752</u>

Long term investments, at fair value, include investments of endowment funds \$25,850 (2008 - \$31,263) and of employee early retirement plans \$2,603 (2008 - \$3,216).

4. CAPITAL ASSETS

Capital assets and accumulated amortization consists of the following:

	2009			2008		
	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	163,857	55,651	108,206	158,205	51,750	106,455
Equipment, software	44,773	28,143	16,630	42,598	25,596	17,002
Library books, serials	23,165	20,877	2,288	22,599	20,219	2,380
Work in progress	<u>6,628</u>	<u>-</u>	<u>6,628</u>	<u>1,533</u>	<u>-</u>	<u>1,533</u>
	<u>\$ 245,737</u>	<u>\$ 104,671</u>	<u>\$ 141,066</u>	<u>\$ 232,249</u>	<u>\$ 97,565</u>	<u>\$ 134,684</u>

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

Trent University
Notes to the Financial Statements
April 30, 2009
(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:

	<u>2009</u>	<u>2008</u>
Externally restricted donations	\$ 6,022	\$ 6,096
Student fees	1,988	1,848
Federal and Provincial Government grants	19,789	22,706
Other	<u>728</u>	<u>841</u>
	<u>\$ 28,527</u>	<u>\$ 31,491</u>

6. LONG TERM DEBT

Long term debt consists of the following:

	<u>2009</u>	<u>2008</u>
Canada Mortgage and Housing Corporation debentures for the Residential Colleges	\$ 2,569	\$ 2,681
Physics Building extension	443	572
Bradburn House renovations	323	389
Gzowski College Residence	13,156	13,737
DNA Building	7,063	7,165
Faculty voluntary early retirement program	6,031	6,164
Future cost of post-retirement benefits	1,389	1,331
Other	<u>244</u>	<u>284</u>
	<u>31,218</u>	<u>32,323</u>
Amount due within one year shown as current liability	<u>1,311</u>	<u>1,250</u>
	<u>\$ 29,907</u>	<u>\$ 31,073</u>

Trent University
Notes to the Financial Statements
April 30, 2009
(thousands of dollars)

6. LONG TERM DEBT (continued)

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.

The financing for the Physics Building extension represents a term loan with the Bank of Montreal at a fixed rate of 4.655% payable in monthly blended instalments of \$13. The final payment is due May 31, 2012.

The loan regarding the Bradburn House is a demand loan with the Bank of Montreal at a prime less .5%, payable in monthly instalments of \$6 principal plus interest.

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 2009 were \$927 (2008 - \$927). The fair value is based on discounted cash flows at 5.47%. The amortized cost is \$11,435 (2008 - \$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:

2009-2010	\$	1,311
2010-2011		1,323
2011-2012		1,360
2012-2013		1,256
2013-2014		1,254

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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:

	<u>2009</u>	<u>2008</u>
Balance - beginning of year	\$ 70,531	\$ 70,942
Add contributions received for capital acquisitions	10,458	4,038
Less amortization of deferred capital contributions	<u>(4,534)</u>	<u>(4,449)</u>
Balance - end of year	<u>\$ 76,455</u>	<u>\$ 70,531</u>

8. DEFICIT

Details of the deficit are as follows:

	<u>2009</u>	<u>2008</u>
Deficit as per Statement 1	\$ (13,416)	\$ (9,933)
Deduct: Expenditure of future costs of Faculty voluntary early retirement plan which will be covered by revenues in future years	3,427	2,948
Expenditure of accrued staff vacation pay which will be covered by revenues in future years	1,512	1,539
Amortization of retirement plans actuarial loss over remaining service lifetime as required by CICA 3461.088	<u>1,774</u>	<u>-</u>
Balance of deficit for general University operations	<u>\$ (6,703)</u>	<u>\$ (5,446)</u>

9. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of the following:

	<u>2009</u>	<u>2008</u>
Internally restricted research and trust	\$ 974	\$ 820
Funds committed for specific purposes	<u>5,978</u>	<u>8,386</u>
	<u>\$ 6,952</u>	<u>\$ 9,206</u>

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10. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets consists of the following:

	2009	2008
Capital assets (note 4)	\$ 141,066	\$ 134,684
Less:		
Long term debt pertaining to capital assets	(23,798)	(24,827)
Deferred capital contributions (note 7)	(76,455)	(70,531)
Financed internally	<u>(13,915)</u>	<u>(11,940)</u>
	<u>\$ 26,898</u>	<u>\$ 27,386</u>

11. ENDOWMENTS

Endowments consist of the following:

	2009		2008	
	Fair value	Cost	Fair value	Cost
Student assistance	\$ 19,928	\$ 21,045	\$ 21,063	\$ 18,149
General endowment	2,278	1,814	2,806	1,807
Library	1,436	1,171	1,755	1,156
Research	149	148	65	48
Colleges, departments, other	7,720	7,458	9,043	6,947
Reinvested realized earnings	<u> </u>	<u>7,489</u>	<u> </u>	<u>7,888</u>
	<u>\$ 31,511</u>	<u>\$ 39,125</u>	<u>\$ 34,732</u>	<u>\$ 35,995</u>

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.

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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, 2009. The OTSS information is for the period ended March 31, 2009.

	2009			2008		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Endowment balance including preservation of capital, beginning of year	\$ 7,227	\$ 1,758	\$ 5,438	\$ 7,030	\$ 1,724	\$ 3,268
Donations	-	-	767	-	-	810
Matching funds from MTCU	-	-	1,318	-	-	781
Transfers to/from Expendable Trust	31	-	-	21	-	-
Transfers to/from other Endowments	(12)	-	-	-	-	-
Preservation of capital	<u>233</u>	<u>57</u>	<u>(751)</u>	<u>176</u>	<u>34</u>	<u>579</u>
Endowment balance, end of year	<u>\$ 7,479</u>	<u>\$ 1,815</u>	<u>\$ 6,772</u>	<u>\$ 7,227</u>	<u>\$ 1,758</u>	<u>\$ 5,438</u>

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

	2009			2008		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Expendable funds available for bursaries, beginning of year	\$ 422	\$ 76	\$ 112	\$ 370	\$ 73	\$ 64
Investment income	274	63	174	274	63	105
Expendable donations	-	-	1	-	-	7
Transfers to/from Endowment	(31)	-	-	(21)	-	-
Transfers to/from other Expendable	(3)	-	-	-	-	-
Bursaries awarded	<u>(178)</u>	<u>(47)</u>	<u>(57)</u>	<u>(201)</u>	<u>(60)</u>	<u>(64)</u>
Expendable funds available for bursaries in subsequent years	<u>\$ 484</u>	<u>\$ 92</u>	<u>\$ 230</u>	<u>\$ 422</u>	<u>\$ 76</u>	<u>\$ 112</u>
Endowment total based on book value	\$ 7,963	\$ 1,907	\$ 7,002	\$ 7,649	\$ 1,834	\$ 5,550
Market value, end of year	\$ 5,992	\$ 1,350	\$ 5,397	\$ 7,206	\$ 1,630	\$ 4,065
Number of bursaries awarded	187	51	84	291	76	95

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13. RETIREMENT PLANS

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

	2009		2008	
	Faculty	Non-faculty	Faculty	Non-faculty
Fair value of plan assets	\$ 112,540	\$ 64,605	\$ 137,555	\$ 77,271
Accrued benefit obligations	152,319	75,524	154,518	78,890
Funded status – deficit	(39,779)	(10,919)	(16,963)	(1,619)
Portion of deficit funded by member contributions	1,768	-	2,003	-
Amortization of actuarial loss	1,513	261	-	-
Unamortized actuarial loss	<u>\$ (36,498)</u>	<u>\$ (10,658)</u>	<u>\$ (14,960)</u>	<u>\$ (1,619)</u>

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

	2009	2008
Discount rate	7.5%	6.0%
Rate of compensation increase	4.0%	4.0%
Rate of inflation	2.5%	2.5%

The current year's charge to operations was \$7,625 (2008 - \$5,290) for all retirement plans.

The latest actuarial valuations for the registered pension plans were performed as of July 1, 2007 for the Faculty plan and July 1, 2008 for the Non-faculty plan. The next required actuarial valuations will be July 1, 2010 and July 1, 2011 respectively. 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.

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14. CONTINGENT LIABILITIES AND COMMITMENTS

- a) 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, 2008, CURIE had a surplus of \$20,723 (2007 - \$16,572).
- b) The University has contracted to construct a new Health Sciences facility as Module C of the existing DNA Complex. The total cost of the project is estimated at \$19,200 and will be funded by a government grant of \$9,807 and debt financing. Project completion is scheduled for September 2010. Costs incurred as of April 30, 2009 total \$3,256.
- c) On May 21, 2009, the University entered into a contract for the renovation and expansion of the Trent University Athletic Centre. The total project cost is estimated at \$15,845 which will be funded by debt financing and donations. The completion date is planned for Fall 2010.
- d) The University is currently involved in legal action relating to construction projects in the amount of \$242 plus interest and costs. While the outcome of this matter is subject to future resolution, management's evaluation and analysis indicates that the probable resolution will not have a material effect on the University's financial position. The loss, if any, will be recognized in the period in which the matter is resolved.
- e) The nature of the University's activities are such that there may be litigation pending or in the prospect at any time. With respect to claims at April 30, 2009, administration believes that the University has valid defences and appropriate insurance coverage in place. In the event that any claims are successful, such claims are not expected to have a material effect on the University's financial position.

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, 2009 were \$3 (2008 - \$3). The University was advised on September 4, 2009 that its request to have the Foundation dissolved was completed as of August 14, 2009.

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16. CAPITAL MANAGEMENT

In managing capital, the University focuses on liquid resources available for operations. The objective is to have sufficient liquid resources to continue operating and to provide flexibility to take advantage of opportunities that will advance its mission. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at April 30, 2009, the University has met its objective of having sufficient liquid resources to meet its current obligations. The University has an available line of credit of \$6,000 that can be used when sufficient cash flow is not available. The University will enter into long-term debt to assist with the financing of capital assets when other sources are not available.