



Financial Statements

April 30, 2010

Trent University
Financial Statements
April 30, 2010

Index

Statement of Administrative Responsibility	2
Summary of Total Revenue and Expense	3
Summary of Operating Revenue and Expense	4
Auditors' Report	5
Financial Statements	
Statement of Financial Position	6
Statement of Changes in Net Assets	7
Statement of Operations and Deficit	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 23

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY YEAR ENDED APRIL 30, 2010

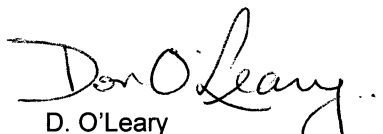
The management of the University is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this annual report.

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, 2010, 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, 2010, 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



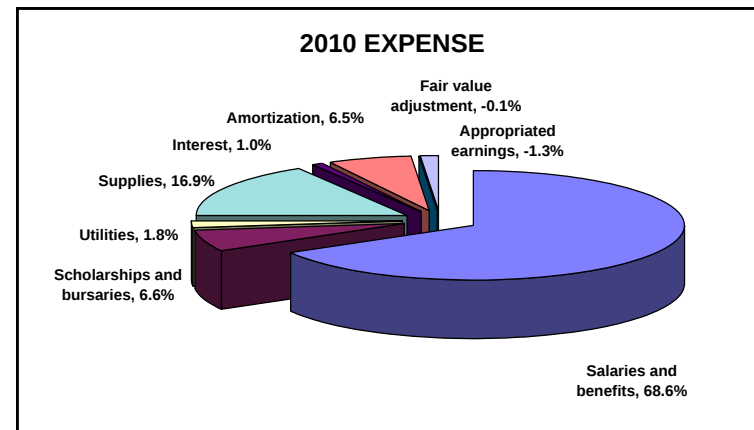
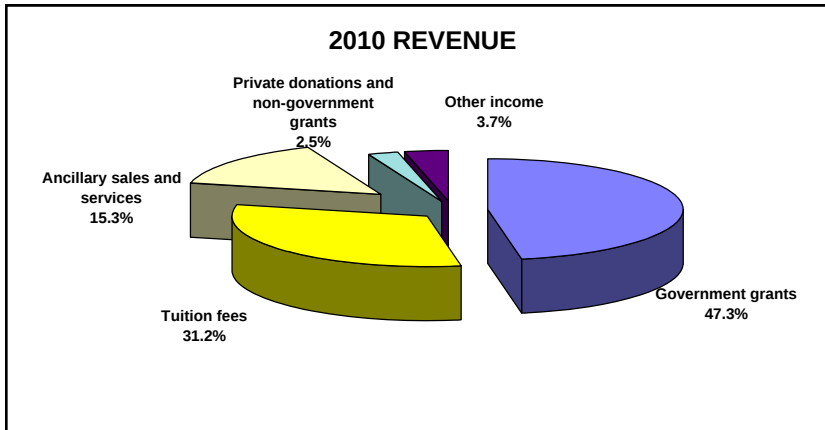
Dr. S. E. Franklin
President and Vice-Chancellor

September, 2010

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

REVENUE										
2010	2009	2008	2007	2006		2010	2009	2008	2007	2006
\$63.2	\$60.1	\$59.7	\$61.0	\$55.8	Government grants	47.3%	48.1%	48.5%	49.3%	48.1%
41.6	38.5	37.6	37.2	35.4	Tuition fees	31.2%	30.8%	30.5%	30.1%	30.6%
20.4	18.5	19.0	19.0	17.8	Ancillary sales and services	15.3%	14.8%	15.4%	15.4%	15.4%
3.3	3.5	2.4	2.6	3.2	Private donations and non-government grants	2.5%	2.8%	1.9%	2.1%	2.8%
5.0	4.4	4.5	3.8	3.6	Other income	3.7%	3.5%	3.7%	3.1%	3.1%
\$133.5	\$125.0	\$123.2	\$123.6	\$115.8		100.0%	100.0%	100.0%	100.0%	100.0%

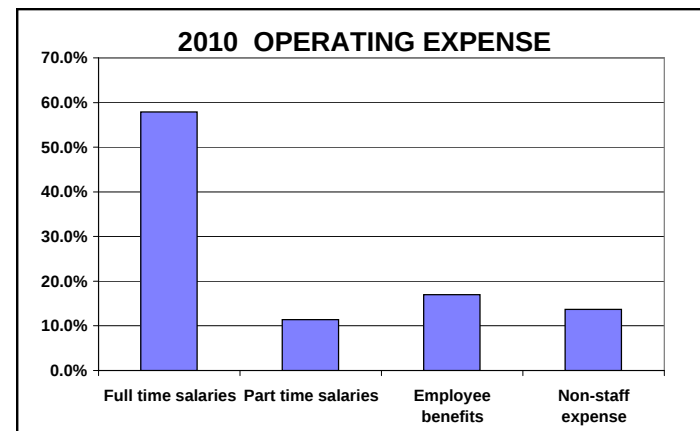
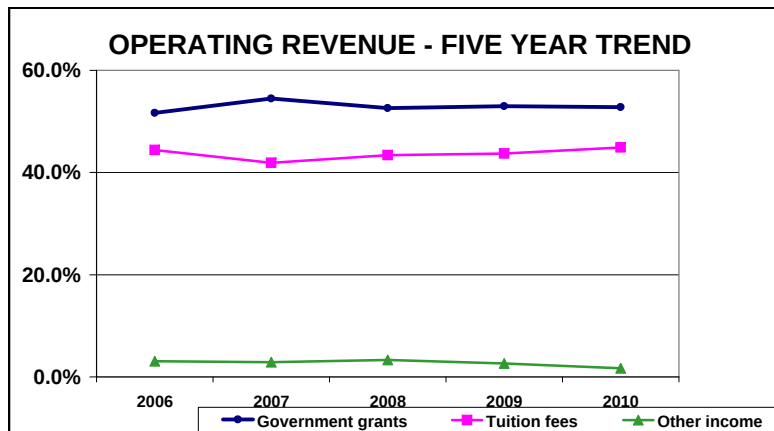
EXPENSE										
2010	2009	2008	2007	2006		2010	2009	2008	2007	2006
\$91.3	\$88.4	\$85.3	\$78.2	\$71.0	Salaries and benefits	68.6%	68.8%	68.7%	63.3%	61.7%
8.8	7.7	8.1	8.5	7.7	Scholarships and bursaries	6.6%	6.0%	6.5%	6.9%	6.7%
2.4	2.7	2.9	2.8	2.8	Utilities	1.8%	2.1%	2.3%	2.3%	2.4%
22.5	22.7	22.6	22.4	20.9	Supplies	16.9%	17.7%	18.2%	18.1%	18.1%
1.3	1.4	1.4	1.1	1.1	Interest	1.0%	1.1%	1.1%	0.9%	1.0%
8.6	8.4	8.3	7.4	6.7	Amortization	6.5%	6.5%	6.7%	6.0%	5.8%
(0.1)	(0.1)	0.7			Fair value adjustment	-0.1%	-0.1%	0.6%		
(1.7)	(2.7)	(5.1)	3.1	5.0	Appropriated earnings	-1.3%	-2.1%	-4.1%	2.5%	4.3%
\$133.1	\$128.5	\$124.2	\$123.5	\$115.2		100.0%	100.0%	100.0%	100.0%	100.0%



SUMMARY OF OPERATING REVENUE AND EXPENSE
(millions of dollars)

REVENUE										
2010	2009	2008	2007	2006		2010	2009	2008	2007	2006
\$48.9	\$46.6	\$45.6	\$48.3	\$41.2	Government grants	52.8%	53.0%	52.6%	54.5%	51.7%
41.6	38.4	37.6	37.2	35.4	Tuition fees	44.9%	43.7%	43.4%	41.9%	44.4%
0.6	0.6	0.6	0.6	0.6	Donations and grants	0.6%	0.7%	0.7%	0.7%	0.8%
1.6	2.3	2.9	2.6	2.5	Other income	1.7%	2.6%	3.3%	2.9%	3.1%
\$92.7	\$87.9	\$86.7	\$88.7	\$79.7		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENSE										
2010	2009	2008	2007	2006		2010	2009	2008	2007	2006
\$79.1	\$77.8	\$75.4	\$69.0	\$62.2	Salaries and benefits	86.2%	85.3%	85.9%	77.9%	78.7%
6.2	5.6	5.9	6.2	5.6	Scholarships and bursaries	6.7%	6.1%	6.7%	7.0%	7.1%
1.6	1.8	1.8	1.6	1.3	Utilities	1.7%	2.0%	2.1%	1.8%	1.6%
5.8	6.7	6.4	7.2	6.9	Supplies	6.3%	7.3%	7.3%	8.1%	8.7%
0.4	0.4	0.4	0.1	0.0	Interest	0.4%	0.4%	0.5%	0.1%	0.0%
(0.4)	0.3	0.4			Fair value adjustment	-0.4%	0.3%	0.5%		
(0.8)	(1.3)	(2.6)	4.5	3.1	Appropriated earnings	-0.9%	-1.4%	-3.0%	5.1%	3.9%
\$91.9	\$91.3	\$87.7	\$88.6	\$79.1		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, 2010 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, 2010 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 20, 2010

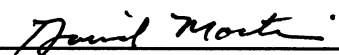
Statement 1

Trent University
Statement of Financial Position
April 30, 2010
(with comparative figures for April 30, 2009)
(thousands of dollars)

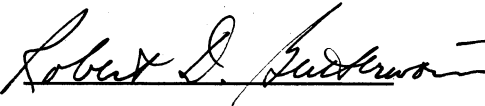
	2010	2009
ASSETS		
Current		
Cash and cash equivalents	\$ 14,793	\$ 25,807
Accounts receivable	8,187	6,143
Inventories	38	55
Prepaid expenses and deposits	<u>923</u>	<u>938</u>
	23,941	32,943
Long term investments (note 3)	36,097	28,453
Capital assets (note 4)	<u>167,997</u>	<u>141,066</u>
	<u><u>\$ 228,035</u></u>	<u><u>\$ 202,462</u></u>
LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS		
Current		
Accounts payable and accrued liabilities	\$ 18,060	\$ 14,317
Current portion of long term debt	1,486	1,311
Deferred revenue (note 5)	<u>17,124</u>	<u>28,527</u>
	36,670	44,155
Long term debt (note 6)	<u>47,977</u>	<u>29,907</u>
	84,647	74,062
Deferred capital contributions (note 7)	<u>88,361</u>	<u>76,455</u>
NET ASSETS		
Deficit (note 8)	(13,059)	(13,416)
Internally restricted (note 9)	5,947	6,952
Investment in capital assets (note 10)	26,257	26,898
Endowments (note 11)	<u>35,882</u>	<u>31,511</u>
	<u>55,027</u>	<u>51,945</u>
	<u><u>\$ 228,035</u></u>	<u><u>\$ 202,462</u></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, 2010
(with comparative figures for April 30, 2009)
(thousands of dollars)

	2010					2009
	Deficit	Internally Restricted	Investment in Capital Assets	Endowments	Total	Total
Net assets (deficit), beginning of year	\$ (13,416)	\$ 6,952	\$ 26,898	\$ 31,511	\$ 51,945	\$ 61,391
Excess of expense over revenue for the year	(1,289)	-	-	-	(1,289)	(6,225)
Change in internally restricted net assets	1,005	(1,005)	-	-	-	-
Change in investment in capital assets	641	-	(641)	-	-	-
Change in endowments	-	-	-	4,371	4,371	(3,221)
Net assets (deficit), end of year	<u>\$ (13,059)</u>	<u>\$ 5,947</u>	<u>\$ 26,257</u>	<u>\$ 35,882</u>	<u>\$ 55,027</u>	<u>\$ 51,945</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, 2010
(with comparative figures for April 30, 2009)
(thousands of dollars)

	<u>2010</u>	<u>2009</u>
REVENUE		
Government grants	\$ 63,186	\$ 60,092
Tuition fees	41,642	38,454
Ancillary sales and services	20,357	18,527
Donations and grants	3,275	3,529
Investment income	1,745	1,763
Miscellaneous	<u>3,308</u>	<u>2,666</u>
	<u>133,513</u>	<u>125,031</u>
EXPENSE		
Salaries and benefits	91,311	88,406
Scholarships and bursaries	8,797	7,762
Utilities	2,372	2,671
Supplies	22,536	22,713
Interest	1,318	1,365
Amortization		
Library acquisitions	616	658
Other capital assets	7,994	7,734
Change in fair value of financial instruments	<u>(142)</u>	<u>(53)</u>
	<u>134,802</u>	<u>131,256</u>
EXCESS OF EXPENSE OVER REVENUE FOR THE YEAR	<u>(1,289)</u>	<u>(6,225)</u>
Change in internally restricted net assets	1,005	2,254
Change in investment in capital assets	<u>641</u>	<u>488</u>
DECREASE (INCREASE) IN DEFICIT FOR THE YEAR	357	(3,483)
DEFICIT – beginning of year	<u>(13,416)</u>	<u>(9,933)</u>
DEFICIT – end of year	<u>\$ (13,059)</u>	<u>\$ (13,416)</u>

The accompanying notes are an integral part of the financial statements

Statement 4

Trent University
Statement of Cash Flows
Year Ended April 30, 2010
(with comparative figures for April 30, 2009)
(thousands of dollars)

	<u>2010</u>	<u>2009</u>
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of expense over revenue for the year	\$ (1,289)	\$ (6,225)
Add (deduct) non-cash items:		
Amortization of capital assets	8,610	8,392
Amortization of deferred capital contributions	(4,813)	(4,534)
Change in VER and post-retirement benefits liability	(232)	(75)
Change in fair value of financial instruments	<u>(142)</u>	<u>(53)</u>
	2,134	(2,495)
Change in non-cash working capital items	<u>(9,672)</u>	<u>44</u>
	<u>(7,538)</u>	<u>(2,451)</u>
ENDOWMENT ACTIVITIES		
Net increase in endowments	(3,584)	3,129
Purchase of long term investments, net of disposals	<u>480</u>	<u>(937)</u>
	<u>(3,104)</u>	<u>2,192</u>
FINANCING AND INVESTING ACTIVITIES		
Purchase of long term investments, net of disposals	237	272
Purchase of capital assets, net of disposals	(35,541)	(14,774)
Proceeds from long term debt	16,932	0
Accrued construction holdbacks	2,206	0
Repayment of long term debt	(925)	(635)
Deferred capital contributions received	<u>16,719</u>	<u>10,458</u>
	<u>(372)</u>	<u>(4,679)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(11,014)	(4,938)
CASH POSITION - beginning of year	<u>25,807</u>	<u>30,745</u>
CASH POSITION - end of year	<u>\$ 14,793</u>	<u>\$ 25,807</u>

The accompanying notes are an integral part of the financial statements

Trent University
Notes to the Financial Statements
April 30, 2010
(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

The CICA 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 included 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 accounting policies required no reclassification of numbers or additional disclosures for these 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, 2010
(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.

(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, 2010
(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) Fundraising 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, 2010
(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.

(m) Future changes in accounting policies

Financial statement presentation

The CICA has issued Part III – Accounting Standards for Not-For-Profit Organizations comprised of the current CICA Section 4400 and some of Part II – Accounting Standards for Private Enterprises. These changes in accounting policies must be adopted by years beginning on or after January 1, 2012, with earlier adoption permitted. Management is assessing the impact of these revisions and the timing for their adoption. However, these amendments are not expected to have a significant impact on the financial statements.

Trent University
Notes to the Financial Statements
April 30, 2010
(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:

	2010		2009	
	Fair value	Cost	Fair value	Cost
Cash	\$ 1,493	\$ 1,493	\$ 210	\$ 210
Bonds	13,246	13,431	12,633	12,547
Equities	<u>21,358</u>	<u>20,776</u>	<u>15,610</u>	<u>23,660</u>
	<u>\$ 36,097</u>	<u>\$ 35,700</u>	<u>\$ 28,453</u>	<u>\$ 36,417</u>

Long term investments, at fair value, include investments of endowment funds \$33,325 (2009 - \$25,850) and of employee early retirement plans \$2,772 (2009 - \$2,603).

4. CAPITAL ASSETS

Capital assets and accumulated amortization consists of the following:

	2010			2009		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Land and site improvements	\$ 7,584	\$ -	\$ 7,584	\$ 7,314	\$ -	\$ 7,314
Buildings	168,274	59,334	108,940	163,857	55,651	108,206
Equipment, software	49,194	32,032	17,162	44,773	28,143	16,630
Library books, serials	23,610	21,493	2,117	23,165	20,877	2,288
Work in progress	<u>32,194</u>	<u>-</u>	<u>32,194</u>	<u>6,628</u>	<u>-</u>	<u>6,628</u>
	<u>\$ 280,856</u>	<u>\$ 112,859</u>	<u>\$ 167,997</u>	<u>\$ 245,737</u>	<u>\$ 104,671</u>	<u>\$ 141,066</u>

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

Trent University
Notes to the Financial Statements
April 30, 2010
(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>2010</u>	<u>2009</u>
Externally restricted donations	\$ 5,325	\$ 6,022
Student fees	1,509	1,988
Federal and Provincial Government grants	9,640	19,789
Other	<u>650</u>	<u>728</u>
	<u><u>\$ 17,124</u></u>	<u><u>\$ 28,527</u></u>

6. LONG TERM DEBT

Long term debt consists of the following:

	<u>2010</u>	<u>2009</u>
Canada Mortgage and Housing Corporation debentures for the Residential Colleges	\$ 2,449	\$ 2,569
Physics Building extension	306	443
Bradburn House renovations	0	323
Gzowski College Residence	13,223	13,156
DNA Building, Modules A and B	6,956	7,063
Construction advances – work in progress	16,932	0
Faculty voluntary early retirement program	5,717	6,031
Future cost of post-retirement benefits	1,470	1,389
Accrued construction holdbacks	2,206	0
Other	<u>204</u>	<u>244</u>
	49,463	31,218
Amount due within one year shown as current liability	<u>1,486</u>	<u>1,311</u>
	<u><u>\$ 47,977</u></u>	<u><u>\$ 29,907</u></u>

Trent University
Notes to the Financial Statements
April 30, 2010
(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 Bradburn House loan was repaid in full on September 16, 2009 and the mortgage discharged.

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 2010 were \$926 (2009 - \$927). The fair value is based on discounted cash flows at 5.17%. The amortized cost is \$11,237 (2009 - \$11,435).

The University previously entered into a Financing Agreement with Ontario Infrastructure Projects Corporation (OIPC) for a maximum principal amount of \$40,300 for several capital projects. The first debenture was issued on November 1, 2007 for DNA Building, Modules A and B financing of \$7,165 with a fixed rate of 5.26% payable in annual blended instalments of \$477 to mature on November 1, 2037. In addition, construction advances totalling \$16,932 have been received and will be converted to debentures on completion of the relevant projects. Interest on advances is based on OIPC's cost of funds and, at April 30, 2010, the posted rate was 0.81% per annum and is charged monthly.

Accrued construction holdbacks for several capital projects total \$2,206 as at April 30, 2010. These holdbacks will be released on project completion and this expense has been provided for in the business plans of each project.

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:

2010-2011	\$	1,486
2011-2012		1,633
2012-2013		1,546
2013-2014		1,586
2014-2015		1,642

Trent University
Notes to the Financial Statements
April 30, 2010
(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:

	<u>2010</u>	<u>2009</u>
Balance - beginning of year	\$ 76,455	\$ 70,531
Add contributions received for capital acquisitions	16,719	10,458
Less amortization of deferred capital contributions	<u>(4,813)</u>	<u>(4,534)</u>
Balance - end of year	<u>\$ 88,361</u>	<u>\$ 76,455</u>

8. DEFICIT

Details of the deficit are as follows:

	<u>2010</u>	<u>2009</u>
Deficit as per Statement 1	\$ (13,059)	\$ (13,416)
Deduct: Expenditure of future costs of Faculty voluntary early retirement plan which will be covered by revenues in future years	2,945	3,427
Expenditure of accrued staff vacation pay which will be covered by revenues in future years	1,554	1,512
Amortization of retirement plans actuarial loss over remaining service lifetime as required by CICA 3461.088	<u>3,276</u>	<u>1,774</u>
Balance of deficit for general University operations	<u>\$ (5,284)</u>	<u>\$ (6,703)</u>

9. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of the following:

	<u>2010</u>	<u>2009</u>
Internally restricted research and trust	\$ 736	\$ 974
Funds committed for specific purposes	<u>5,211</u>	<u>5,978</u>
	<u>\$ 5,947</u>	<u>\$ 6,952</u>

Trent University
Notes to the Financial Statements
April 30, 2010
(thousands of dollars)

10. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets consists of the following:

	<u>2010</u>	<u>2009</u>
Capital assets (note 4)	\$ 167,997	\$ 141,066
Less:		
Long term debt pertaining to capital assets	(42,275)	(23,798)
Deferred capital contributions (note 7)	(88,361)	(76,455)
Financed internally	<u>(11,104)</u>	<u>(13,915)</u>
	<u>\$ 26,257</u>	<u>\$ 26,898</u>

11. ENDOWMENTS

Endowments consist of the following:

	<u>2010</u>		<u>2009</u>	
	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>
Student assistance	\$ 23,149	\$ 22,812	\$ 19,928	\$ 21,045
General endowment	2,504	1,876	2,278	1,814
Library	1,545	1,178	1,436	1,171
Research	188	177	149	148
Colleges, departments, other	8,496	7,774	7,720	7,458
Reinvested realized earnings	<u> </u>	<u>1,723</u>	<u> </u>	<u>7,489</u>
	<u>\$ 35,882</u>	<u>\$ 35,540</u>	<u>\$ 31,511</u>	<u>\$ 39,125</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.

Trent University
Notes to the Financial Statements
April 30, 2010
(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, 2010. The OTSS information is for the period ended March 31, 2010.

	2010			2009		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Endowment balance including preservation of capital, beginning of year	\$ 7,479	\$ 1,815	\$ 6,772	\$ 7,227	\$ 1,758	\$ 5,438
Donations	-	-	928	-	-	767
Matching funds from MTCU	-	-	557	-	-	1,318
Transfers to/from Expendable Trust	(22)	-	1	31	-	-
Transfers to/from other Endowments	(21)	-	-	(12)	-	-
Preservation of capital	<u>(221)</u>	<u>(60)</u>	<u>(1,752)</u>	<u>233</u>	<u>57</u>	<u>(751)</u>
Endowment balance, end of year	<u>\$ 7,215</u>	<u>\$ 1,755</u>	<u>\$ 6,506</u>	<u>\$ 7,479</u>	<u>\$ 1,815</u>	<u>\$ 6,772</u>

Trent University
Notes to the Financial Statements
April 30, 2010
(thousands of dollars)

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

	2010			2009		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Expendable funds available for bursaries, beginning of year	\$ 484	\$ 92	\$ 230	\$ 422	\$ 76	\$ 112
Investment income	265	61	262	274	63	174
Expendable donations	-	-	2	-	-	1
Transfers to/from Endowment	22	-	(1)	(31)	-	-
Transfers to/from other Expendable	(1)	-	-	(3)	-	-
Bursaries awarded	<u>(307)</u>	<u>(51)</u>	<u>(92)</u>	<u>(178)</u>	<u>(47)</u>	<u>(57)</u>
Expendable funds available for bursaries in subsequent years	<u>\$ 463</u>	<u>\$ 102</u>	<u>\$ 401</u>	<u>\$ 484</u>	<u>\$ 92</u>	<u>\$ 230</u>
Endowment total based on book value	\$ 7,678	\$ 1,857	\$ 6,907	\$ 7,963	\$ 1,907	\$ 7,002
Market value, end of year	\$ 6,330	\$ 1,453	\$ 7,418	\$ 5,992	\$ 1,350	\$ 5,397
Number of bursaries awarded	178	60	100	187	51	84

Trent University
Notes to the Financial Statements
April 30, 2010
(thousands of dollars)

13. RETIREMENT PLANS

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

	2010		2009	
	Faculty	Non-faculty	Faculty	Non-faculty
Fair value of plan assets	\$ 127,087	\$ 75,598	\$ 112,540	\$ 64,605
Accrued benefit obligations	177,973	92,783	152,319	75,524
Funded status – deficit	(50,886)	(17,185)	(39,779)	(10,919)
Portion of deficit funded by member contributions	2,006	-	1,768	-
Amortization of actuarial loss	2,393	884	1,513	261
Unamortized actuarial loss	<u>\$ (46,487)</u>	<u>\$ (16,301)</u>	<u>\$ (36,498)</u>	<u>\$ (10,658)</u>

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

	2010	2009
Discount rate	5.75%	7.50%
Rate of compensation increase	4.00%	4.00%
Rate of inflation	2.25%	2.50%

The current year's charge to operations was \$8,012 (2009 - \$7,625) 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.

Trent University
Notes to the Financial Statements
April 30, 2010
(thousands of dollars)

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, 2009, CURIE had a surplus of \$31,715 (2008 - \$20,723).
- 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. The project was completed in May 2010. Costs incurred as of April 30, 2010 total \$13,436 (2009 - \$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. Costs incurred as of April 30, 2010 total \$9,232 (2009 - \$1,365).
- d) In October 2009, the University purchased a public school in Oshawa and subsequently entered into contracts for the renovation of this property for the Trent in Oshawa Campus. The total project cost is estimated at \$11,413 which will be funded by debt financing. Completion is scheduled for September 2010. Costs incurred as of April 30, 2010 total \$2,877.
- e) On July 1, 2009, the University signed a Knowledge Infrastructure Program (KIP) Construction Agreement with the Ministry of Training, Colleges and Universities to fund the construction of a Health Sciences Centre as Module D of the existing DNA Complex for maximum funds of \$20,700 with substantial completion by March 31, 2011. The University has subsequently entered into contracts for the construction of this building. Costs incurred as of April 30, 2010 total \$3,239.
- f) 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.
- g) 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, 2010, 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.

Trent University
Notes to the Financial Statements
April 30, 2010
(thousands of dollars)

15. 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, 2010, 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.