



Financial Statements

April 30, 2011

Trent University
Financial Statements
April 30, 2011

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY YEAR ENDED APRIL 30, 2011

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, 2011, 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, 2011, have been reported on by McColl Turner LLP, Chartered Accountants, the auditors appointed by the Board of Governors. The independent auditors' report outlines the scope of their audit and their opinion on the presentation of the information in the financial statements.

G. Brownscombe
Vice-President Administration (Acting)

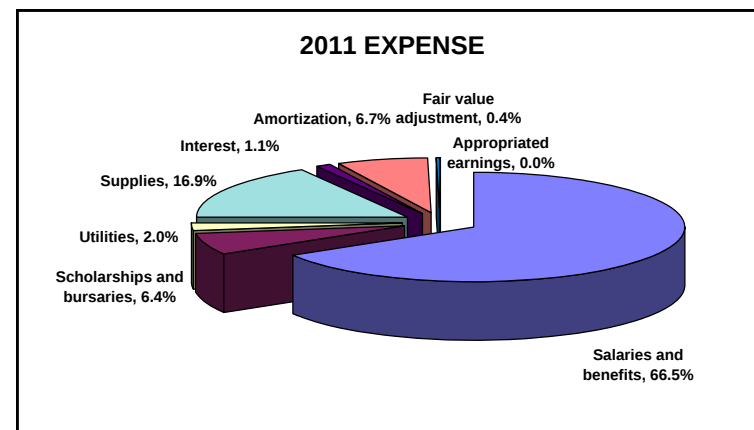
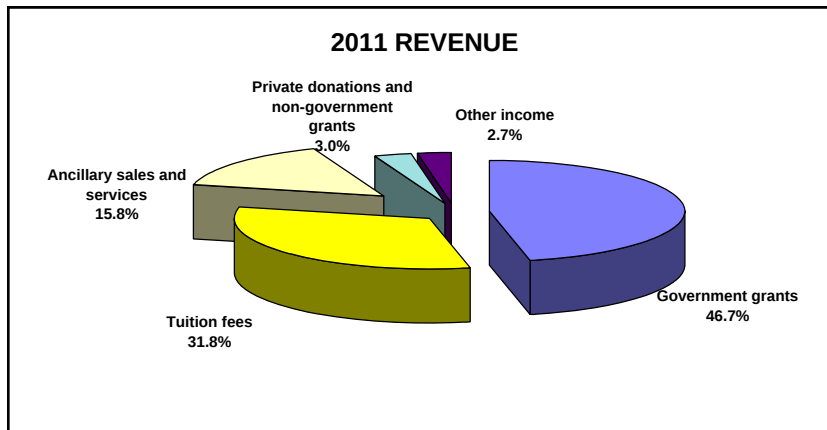
Dr. S. E. Franklin
President and Vice-Chancellor

September, 2011

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

REVENUE										
2011	2010	2009	2008	2007		2011	2010	2009	2008	2007
\$65.4	\$63.2	\$60.1	\$59.7	\$61.0	Government grants	46.7%	47.3%	48.1%	48.5%	49.3%
44.5	41.6	38.5	37.6	37.2	Tuition fees	31.8%	31.2%	30.8%	30.5%	30.1%
22.2	20.4	18.5	19.0	19.0	Ancillary sales and services	15.8%	15.3%	14.8%	15.4%	15.4%
4.2	3.3	3.5	2.4	2.6	Private donations and non-government grants	3.0%	2.5%	2.8%	1.9%	2.1%
3.8	5.0	4.4	4.5	3.8	Other income	2.7%	3.7%	3.5%	3.7%	3.1%
\$140.1	\$133.5	\$125.0	\$123.2	\$123.6		100.0%	100.0%	100.0%	100.0%	100.0%

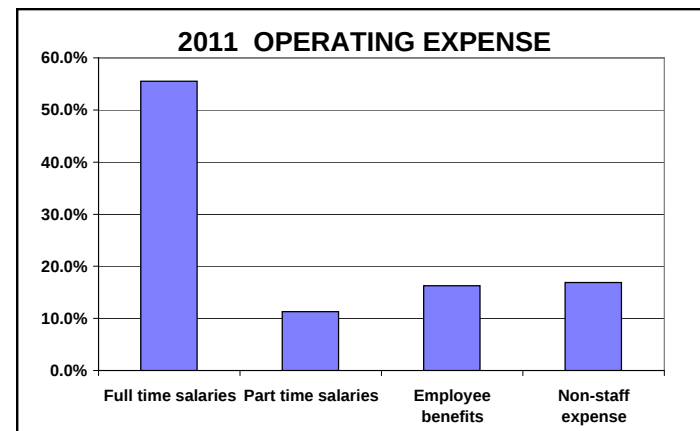
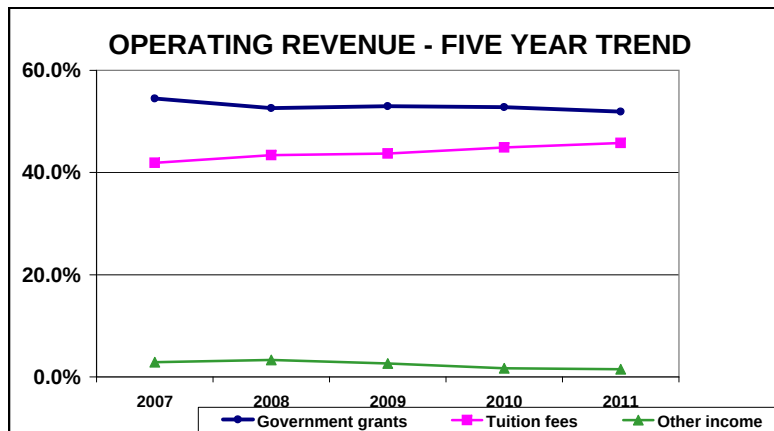
EXPENSE										
2011	2010	2009	2008	2007		2011	2010	2009	2008	2007
\$92.7	\$91.3	\$88.4	\$85.3	\$78.2	Salaries and benefits	66.5%	68.6%	68.8%	68.7%	63.3%
8.9	8.8	7.7	8.1	8.5	Scholarships and bursaries	6.4%	6.6%	6.0%	6.5%	6.9%
2.8	2.4	2.7	2.9	2.8	Utilities	2.0%	1.8%	2.1%	2.3%	2.3%
23.5	22.5	22.7	22.6	22.4	Supplies	16.9%	16.9%	17.7%	18.2%	18.1%
1.6	1.3	1.4	1.4	1.1	Interest	1.1%	1.0%	1.1%	1.1%	0.9%
9.3	8.6	8.4	8.3	7.4	Amortization	6.7%	6.5%	6.5%	6.7%	6.0%
0.5	(0.1)	(0.1)	0.7		Fair value adjustment	0.4%	-0.1%	-0.1%	0.6%	
0.0	(1.7)	(2.7)	(5.1)	3.1	Appropriated earnings	0.0%	-1.3%	-2.1%	-4.1%	2.5%
\$139.3	\$133.1	\$128.5	\$124.2	\$123.5		100.0%	100.0%	100.0%	100.0%	100.0%



SUMMARY OF OPERATING REVENUE AND EXPENSE
(millions of dollars)

REVENUE										
2011	2010	2009	2008	2007		2011	2010	2009	2008	2007
\$50.4	\$48.9	\$46.6	\$45.6	\$48.3	Government grants	51.9%	52.8%	53.0%	52.6%	54.5%
44.5	41.6	38.4	37.6	37.2	Tuition fees	45.8%	44.9%	43.7%	43.4%	41.9%
0.8	0.6	0.6	0.6	0.6	Donations and grants	0.8%	0.6%	0.7%	0.7%	0.7%
1.5	1.6	2.3	2.9	2.6	Other income	1.5%	1.7%	2.6%	3.3%	2.9%
\$97.2	\$92.7	\$87.9	\$86.7	\$88.7		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENSE										
2011	2010	2009	2008	2007		2011	2010	2009	2008	2007
\$79.5	\$79.1	\$77.8	\$75.4	\$69.0	Salaries and benefits	82.7%	86.2%	85.3%	85.9%	77.9%
6.2	6.2	5.6	5.9	6.2	Scholarships and bursaries	6.5%	6.7%	6.1%	6.7%	7.0%
1.9	1.6	1.8	1.8	1.6	Utilities	2.0%	1.7%	2.0%	2.1%	1.8%
5.8	5.8	6.7	6.4	7.2	Supplies	6.0%	6.3%	7.3%	7.3%	8.1%
0.7	0.4	0.4	0.4	0.1	Interest	0.7%	0.4%	0.4%	0.5%	0.1%
(0.1)	(0.4)	0.3	0.4		Fair value adjustment	-0.1%	-0.4%	0.3%	0.5%	
2.1	(0.8)	(1.3)	(2.6)	4.5	Appropriated earnings	2.2%	-0.9%	-1.4%	-3.0%	5.1%
\$96.1	\$91.9	\$91.3	\$87.7	\$88.6		100.0%	100.0%	100.0%	100.0%	100.0%





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INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Trent University

Report on the Financial Statements

We have audited the accompanying financial statements of Trent University, which comprise the statement of financial position as at April 30, 2011, and the statements of changes in net assets, operations and deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2011, and its financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McColl Turner LLP

Licensed Public Accountants

Peterborough, Ontario
September 29, 2011

Statement 1

Trent University
Statement of Financial Position
April 30, 2011
(with comparative figures for April 30, 2010)
(thousands of dollars)

	2011	2010
ASSETS		
Current		
Cash and cash equivalents	\$ 7,901	\$ 14,793
Accounts receivable	10,704	8,187
Inventories	49	38
Prepaid expenses and deposits	<u>862</u>	<u>923</u>
	19,516	23,941
Long term investments (note 3)	42,166	36,097
Capital assets (note 4)	<u>198,727</u>	<u>167,997</u>
	<u>\$ 260,409</u>	<u>\$ 228,035</u>
LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS		
Current		
Accounts payable and accrued liabilities	\$ 15,663	\$ 18,060
Current portion of long term debt	3,822	3,692
Deferred revenue (note 5)	<u>15,717</u>	<u>17,124</u>
	35,202	38,876
Long term debt (note 6)	<u>61,865</u>	<u>45,771</u>
	97,067	84,647
Deferred capital contributions (note 7)	<u>103,431</u>	<u>88,361</u>
NET ASSETS		
Deficit (note 8)	(12,282)	(13,059)
Internally restricted (note 9)	8,843	5,947
Investment in capital assets (note 10)	23,428	26,257
Endowments (note 11)	<u>39,922</u>	<u>35,882</u>
	<u>59,911</u>	<u>55,027</u>
	<u>\$ 260,409</u>	<u>\$ 228,035</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, 2011
(with comparative figures for April 30, 2010)
(thousands of dollars)

	2011					2010
	Deficit	Internally Restricted	Investment in Capital Assets	Endowments	Total	Total
Net assets (deficit), beginning of year	\$ (13,059)	\$ 5,947	\$ 26,257	\$ 35,882	\$ 55,027	\$ 51,945
Excess of revenue over expense (expense over revenue) for the year	844	-	-	-	844	(1,289)
Change in internally restricted net assets	(2,896)	2,896	-	-	-	-
Change in investment in capital assets	2,829	-	(2,829)	-	-	-
Change in endowments	-	-	-	4,040	4,040	4,371
Net assets (deficit), end of year	<u>\$ (12,282)</u>	<u>\$ 8,843</u>	<u>\$ 23,428</u>	<u>\$ 39,922</u>	<u>\$ 59,911</u>	<u>\$ 55,027</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, 2011
(with comparative figures for April 30, 2010)
(thousands of dollars)

	<u>2011</u>	<u>2010</u>
REVENUE		
Government grants	\$ 65,423	\$ 63,186
Tuition fees	44,491	41,642
Ancillary sales and services	22,184	20,357
Donations and grants	4,243	3,275
Investment income	1,744	1,745
Miscellaneous	<u>2,003</u>	<u>3,308</u>
	<u>140,088</u>	<u>133,513</u>
EXPENSE		
Salaries and benefits	92,669	91,311
Scholarships and bursaries	8,893	8,797
Utilities	2,762	2,372
Supplies	23,510	22,536
Interest	1,658	1,318
Amortization	9,289	8,610
Change in fair value of financial instruments	<u>463</u>	<u>(142)</u>
	<u>139,244</u>	<u>134,802</u>
EXCESS OF REVENUE OVER EXPENSE		
(EXPENSE OVER REVENUE) FOR THE YEAR	<u>844</u>	<u>(1,289)</u>
Change in internally restricted net assets	(2,896)	1,005
Change in investment in capital assets	<u>2,829</u>	<u>641</u>
DECREASE IN DEFICIT FOR THE YEAR	777	357
DEFICIT – beginning of year	<u>(13,059)</u>	<u>(13,416)</u>
DEFICIT – end of year	<u><u>\$ (12,282)</u></u>	<u><u>\$ (13,059)</u></u>

The accompanying notes are an integral part of the financial statements

Statement 4

Trent University
Statement of Cash Flows
Year Ended April 30, 2011
(with comparative figures for April 30, 2010)
(thousands of dollars)

	<u>2011</u>	<u>2010</u>
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenue over expense (expense over revenue) for the year	\$ 844	\$ (1,289)
Add (deduct) non-cash items:		
Amortization of capital assets	9,289	8,610
Amortization of deferred capital contributions	(4,904)	(4,813)
Change in VER and post-retirement benefits liability	(110)	(232)
Change in fair value of financial instruments	<u>463</u>	<u>(142)</u>
	5,582	2,134
Change in non-cash working capital items	<u>(6,270)</u>	<u>(9,672)</u>
	<u>(688)</u>	<u>(7,538)</u>
ENDOWMENT ACTIVITIES		
Net increase in endowments	1,642	(3,584)
Purchase of long term investments, net of disposals	<u>(3,615)</u>	<u>480</u>
	<u>(1,973)</u>	<u>(3,104)</u>
FINANCING AND INVESTING ACTIVITIES		
Purchase of long term investments, net of disposals	100	237
Purchase of capital assets, net of disposals	(39,803)	(35,541)
Proceeds from long term debt	16,543	16,932
Accrued construction holdbacks	(216)	2,206
Repayment of long term debt	(829)	(925)
Deferred capital contributions received	<u>19,974</u>	<u>16,719</u>
	<u>(4,231)</u>	<u>(372)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(6,892)	(11,014)
CASH POSITION - beginning of year	<u>14,793</u>	<u>25,807</u>
CASH POSITION - end of year	<u>\$ 7,901</u>	<u>\$ 14,793</u>

The accompanying notes are an integral part of the financial statements

Trent University
Notes to the Financial Statements
April 30, 2011
(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) 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.
- 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.

(b) 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.

(c) Inventories

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

Trent University
Notes to the Financial Statements
April 30, 2011
(thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(d) 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		

(e) 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.
- 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.

(f) 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

Trent University
Notes to the Financial Statements
April 30, 2011
(thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

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.

(g) Fundraising activities

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

(h) Sabbaticals and other leaves

The cost of sabbaticals and leaves are recorded when paid.

(i) 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.

(j) 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.

Trent University
Notes to the Financial Statements
April 30, 2011
(thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(k) 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.

(l) 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, 2011
(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:

	2011		2010	
	Fair value	Cost	Fair value	Cost
Cash	\$ 1,241	\$ 1,241	\$ 1,493	\$ 1,493
Bonds	15,672	15,753	13,246	13,431
Equities	<u>25,253</u>	<u>22,221</u>	<u>21,358</u>	<u>20,776</u>
	<u>\$ 42,166</u>	<u>\$ 39,215</u>	<u>\$ 36,097</u>	<u>\$ 35,700</u>

Long term investments, at fair value, include investments of endowment funds \$39,337 (2010 - \$33,325) and of employee early retirement plans \$2,829 (2010 - \$2,772).

4. CAPITAL ASSETS

Capital assets and accumulated amortization consists of the following:

	2011			2010		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Land and site improvements	\$ 7,584	\$ -	\$ 7,584	\$ 7,584	\$ -	\$ 7,584
Buildings	212,720	63,869	148,851	168,274	59,334	108,940
Equipment, software	51,733	34,819	16,914	49,194	32,032	17,162
Library books, serials	23,906	22,036	1,870	23,610	21,493	2,117
Work in progress	<u>23,508</u>	<u>-</u>	<u>23,508</u>	<u>32,194</u>	<u>-</u>	<u>32,194</u>
	<u>\$ 319,451</u>	<u>\$ 120,724</u>	<u>\$ 198,727</u>	<u>\$ 280,856</u>	<u>\$ 112,859</u>	<u>\$ 167,997</u>

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

Trent University
Notes to the Financial Statements
April 30, 2011
(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>2011</u>	<u>2010</u>
Externally restricted donations	\$ 5,699	\$ 5,325
Student fees	1,754	1,509
Federal and Provincial Government grants	7,797	9,640
Other	<u>467</u>	<u>650</u>
	<u><u>\$ 15,717</u></u>	<u><u>\$ 17,124</u></u>

6. LONG TERM DEBT

Long term debt consists of the following:

	<u>2011</u>	<u>2010</u>
Canada Mortgage and Housing Corporation debentures for the Residential Colleges	\$ 2,320	\$ 2,449
Physics Building extension	163	306
Gzowski College Residence	13,632	13,223
DNA Building Modules A and B	6,843	6,956
Traill College, Life & Health Sciences Module C & Athletics	22,062	16,932
Oshawa Campus	11,413	0
Faculty voluntary early retirement program	5,403	5,717
Future cost of post-retirement benefits	1,675	1,470
Accrued construction holdbacks	1,990	2,206
Other	<u>187</u>	<u>204</u>
	65,687	49,463
Amount due within one year shown as current liability	<u>3,822</u>	<u>3,692</u>
	<u><u>\$ 61,865</u></u>	<u><u>\$ 45,771</u></u>

Trent University
Notes to the Financial Statements
April 30, 2011
(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 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 2011 were \$947 (2010 - \$926). The fair value is based on discounted cash flows at 4.81%. The amortized cost is \$11,026 (2010 - \$11,237).

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 2, 2037. A second debenture was issued on February 1, 2011 for financing of the Traill College Reno, Life & Health Sciences Centre Module C and Athletics Reno and New Wing projects totalling \$22,062 with a fixed rate of 4.79% payable in annual blended instalments of \$1,394 to mature on February 1, 2041. In addition, construction advances totalling \$11,413 have been received for the Oshawa Campus project to be converted to a debenture at a fixed rate. Interest on advances is based on OIPC's cost of funds and, at April 30, 2011, the posted rate was 1.55% per annum and is charged monthly.

Accrued construction holdbacks for several capital projects total \$1,990 as at April 30, 2011 (2010 - \$2,206). 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:

2011-2012	\$	3,822
2012-2013		1,755
2013-2014		1,805
2014-2015		1,871
2015-2016		1,941

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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>2011</u>	<u>2010</u>
Balance - beginning of year	\$ 88,361	\$ 76,455
Add contributions received for capital acquisitions	19,974	16,719
Less amortization of deferred capital contributions	<u>(4,904)</u>	<u>(4,813)</u>
Balance - end of year	<u>\$ 103,431</u>	<u>\$ 88,361</u>

8. DEFICIT

Details of the deficit are as follows:

	<u>2011</u>	<u>2010</u>
Deficit as per Statement 1	\$ (12,282)	\$ (13,059)
Deduct: Expenditure of future costs of Faculty voluntary early retirement plan which will be covered by revenues in future years	2,574	2,945
Expenditure of accrued staff vacation pay which will be covered by revenues in future years	1,599	1,554
Amortization of retirement plans actuarial loss over remaining service lifetime as required by CICA 3461.088	<u>3,286</u>	<u>3,276</u>
Balance of deficit for general University operations	<u>\$ (4,823)</u>	<u>\$ (5,284)</u>

9. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of the following:

	<u>2011</u>	<u>2010</u>
Internally restricted research and trust	\$ 865	\$ 736
Funds committed for specific purposes	<u>7,978</u>	<u>5,211</u>
	<u>\$ 8,843</u>	<u>\$ 5,947</u>

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10. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets consists of the following:

	<u>2011</u>	<u>2010</u>
Capital assets (note 4)	\$ 198,727	\$ 167,997
Less:		
Long term debt pertaining to capital assets	(58,609)	(42,275)
Deferred capital contributions (note 7)	(103,431)	(88,361)
Financed internally	<u>(13,259)</u>	<u>(11,104)</u>
	<u>\$ 23,428</u>	<u>\$ 26,257</u>

11. ENDOWMENTS

Endowments consist of the following:

	<u>2011</u>		<u>2010</u>	
	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>
Student assistance	\$ 25,974	\$ 24,201	\$ 23,149	\$ 22,812
General endowment	2,664	1,887	2,504	1,876
Library	1,653	1,193	1,545	1,178
Research	310	283	188	177
Colleges, departments, other	9,321	8,129	8,496	7,774
Reinvested realized earnings	<u> </u>	<u>1,490</u>	<u> </u>	<u>1,723</u>
	<u>\$ 39,922</u>	<u>\$ 37,183</u>	<u>\$ 35,882</u>	<u>\$ 35,540</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, 2011. The OTSS information is for the period ended March 31, 2011.

	2011			2010		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Endowment balance including preservation of capital, beginning of year	\$ 7,215	\$ 1,755	\$ 6,506	\$ 7,479	\$ 1,815	\$ 6,772
Donations	-	-	748	-	-	928
Matching funds from MTCU	-	-	494	-	-	557
Transfers to/from Expendable Trust	-	-	-	(22)	-	1
Transfers to/from other Endowments	-	-	5	(21)	-	-
Preservation of capital	(1,023)	(226)	1,331	(221)	(60)	(1,752)
Endowment balance, end of year	<u>\$ 6,192</u>	<u>\$ 1,529</u>	<u>\$ 9,084</u>	<u>\$ 7,215</u>	<u>\$ 1,755</u>	<u>\$ 6,506</u>

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

	2011			2010		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Expendable funds available for bursaries, beginning of year	\$ 463	\$ 102	\$ 401	\$ 484	\$ 92	\$ 230
Investment income	255	58	328	265	61	262
Expendable donations	-	-	2	-	-	2
Transfers to/from Endowment	-	-	-	22	-	(1)
Transfers to/from other Expendable	-	-	-	(1)	-	-
Bursaries awarded	<u>(227)</u>	<u>(56)</u>	<u>(267)</u>	<u>(307)</u>	<u>(51)</u>	<u>(92)</u>
Expendable funds available for bursaries in subsequent years	<u>\$ 491</u>	<u>\$ 104</u>	<u>\$ 464</u>	<u>\$ 463</u>	<u>\$ 102</u>	<u>\$ 401</u>
Endowment total based on book value	\$ 6,683	\$ 1,633	\$ 9,548	\$ 7,678	\$ 1,857	\$ 6,907
Market value, end of year	\$ 6,708	\$ 1,536	\$ 9,216	\$ 6,330	\$ 1,453	\$ 7,418
Number of bursaries awarded	173	68	233	178	60	100

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13. RETIREMENT PLANS

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

	2011		2010	
	Faculty	Non-faculty	Faculty	Non-faculty
Fair value of plan assets	\$ 139,734	\$ 84,118	\$ 127,087	\$ 75,598
Accrued benefit obligations	193,884	101,404	177,973	92,783
Funded status – deficit	(54,150)	(17,286)	(50,886)	(17,185)
Portion of deficit funded by member contributions	1,742	-	2,006	-
Amortization of actuarial loss	2,517	770	2,393	884
Unamortized actuarial loss	<u>\$ (49,891)</u>	<u>\$ (16,516)</u>	<u>\$ (46,487)</u>	<u>\$ (16,301)</u>

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

	2011	2010
Discount rate	5.40%	5.75%
Rate of compensation increase	4.00%	4.00%
Rate of inflation	2.25%	2.25%

The current year's charge to operations was \$6,729 (2010 - \$8,012) for all retirement plans.

The latest actuarial valuations for the registered pension plans were performed as of July 1, 2010 for the Faculty plan and July 1, 2008 for the Non-faculty plan. The next required actuarial valuations will be July 1, 2013 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, 2010, CURIE had a surplus of \$40,940 (2009 - \$31,715).
- b) 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 Life & Health Sciences Centre Module D for maximum funds of \$20,700 with substantial completion on March 31, 2011. Costs incurred as of year-end total \$19,961 (2010 - \$3,239).
- c) In October 2010, the University entered into a contract for the design, manufacture and installation of three turbines to replace existing equipment in the Stanley Adamson Powerhouse for total contract value of \$7,600 plus HST. Also in October, a term sheet for \$20,000 was signed with Ontario Infrastructure Projects Corporation (OIPC) to finance the powerhouse redevelopment project. Completion is scheduled for September 2012 and costs incurred as of April 30, 2011 total \$1,332.
- d) 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, 2011, 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. 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, 2011, 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.