TRENT UNIVERSITY

Financial Statements

April 30, 2013

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY
YEAR ENDED APRIL 30, 2013

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 Canadian accounting standards for not-for-profit organizations developed by the Canadian Institute of Chartered Accountants. Management believes the financial statements present fairly the University's financial position as at April 30, 2013 and 2012 and May 1, 2011 and the results of its operations and cash flows for the years April 30, 2013 and 2012. 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 years ended April 30, 2013 and 2012, 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.

S. Pillar
Vice-President, Finance and Administration

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

October 4, 2013

SUMMARY OF TOTAL REVENUE AND EXPENSE

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

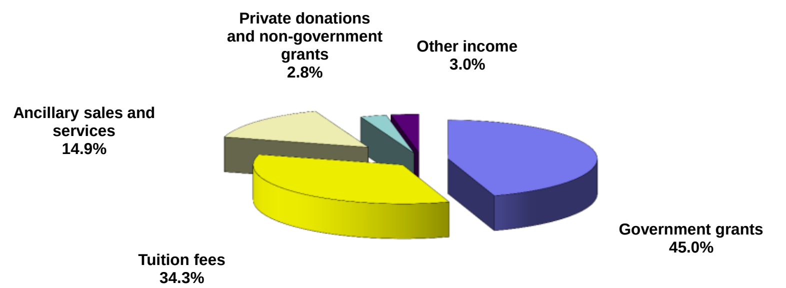
REVENUE

2013	2012	2011	2010	2009		2013	2012	2011	2010	2009
$67.0	$66.7	$65.4	$63.2	$60.1	Government grants	45.0%	46.3%	46.7%	47.3%	47.9%
50.9	47.5	44.5	41.6	38.5	Tuition fees	34.3%	32.9%	31.7%	31.1%	30.8%
22.2	22.7	22.2	20.4	18.5	Ancillary sales and services	14.9%	15.7%	15.8%	15.3%	14.8%
4.1	2.9	4.2	3.3	3.5	Private donations and non-government grants	2.8%	2.0%	3.0%	2.5%	2.8%
4.4	4.4	3.9	5.1	4.6	Other income	3.0%	3.1%	2.8%	3.8%	3.7%
$148.6	$144.2	$140.2	$133.6	$125.2		100.0%	100.0%	100.0%	100.0%	100.0%

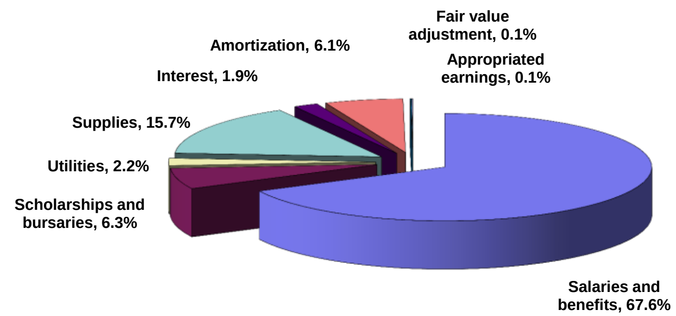
EXPENSE

2013	2012	2011	2010	2009		2013	2012	2011	2010	2009
$99.8	$97.8	$92.7	$91.3	$88.4	Salaries and benefits	67.6%	67.5%	66.5%	68.5%	68.7%
9.3	9.4	8.9	8.8	7.7	Scholarships and bursaries	6.3%	6.5%	6.4%	6.6%	6.0%
3.3	3.5	2.8	2.4	2.7	Utilities	2.2%	2.4%	2.0%	1.8%	2.1%
23.1	21.8	23.6	22.6	22.9	Supplies	15.7%	15.0%	16.9%	17.0%	17.8%
2.8	2.6	1.6	1.3	1.4	Interest	1.9%	1.8%	1.1%	1.0%	1.1%
9.0	9.9	9.3	8.6	8.4	Amortization	6.1%	6.8%	6.7%	6.5%	6.5%
0.1	1.4	0.5	(0.1)	(0.1)	Fair value adjustment	0.1%	1.0%	0.4%	-0.1%	-0.1%
0.1	(1.5)	0.0	(1.7)	(2.7)	Appropriated earnings	0.1%	-1.0%	0.0%	-1.3%	-2.1%
$147.5	$144.9	$139.4	$133.2	$128.7		100.0%	100.0%	100.0%	100.0%	100.0%

2013 REVENUE



2013 EXPENSE



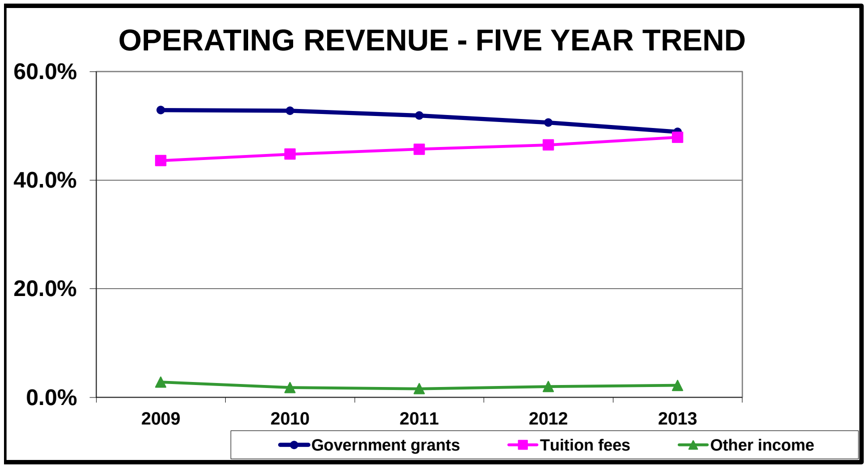
SUMMARY OF OPERATING REVENUE AND EXPENSE
(millions of dollars)

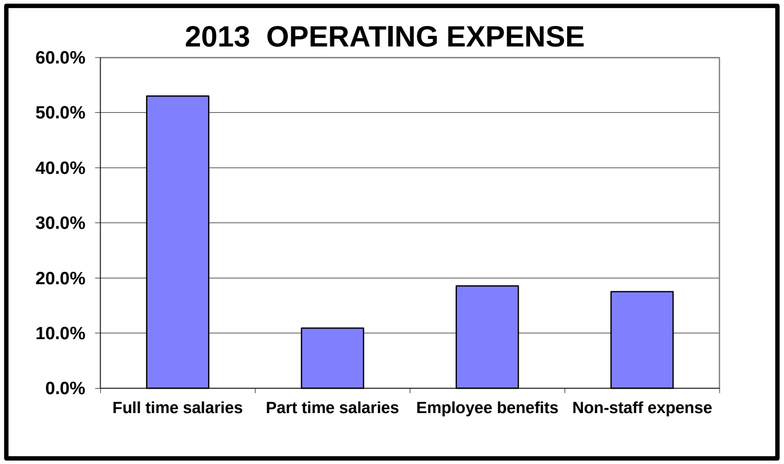
REVENUE

2013	2012	2011	2010	2009		2013	2012	2011	2010	2009
$51.8	$51.7	$50.4	$48.9	$46.6	Government grants	48.9%	50.6%	51.9%	52.8%	52.9%
50.8	47.5	44.5	41.6	38.4	Tuition fees	47.9%	46.5%	45.7%	44.8%	43.6%
1.1	0.9	0.8	0.6	0.6	Donations and grants	1.0%	0.9%	0.8%	0.6%	0.7%
2.3	2.0	1.6	1.7	2.5	Other income	2.2%	2.0%	1.6%	1.8%	2.8%
$106.0	$102.1	$97.3	$92.8	$88.1		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENSE

2013	2012	2011	2010	2009		2013	2012	2011	2010	2009
$85.7	$84.1	$79.5	$79.1	$77.8	Salaries and benefits	82.5%	82.8%	82.7%	86.1%	85.1%
6.6	6.4	6.2	6.2	5.6	Scholarships and bursaries	6.4%	6.3%	6.4%	6.7%	6.1%
2.3	2.3	1.9	1.6	1.8	Utilities	2.2%	2.3%	2.0%	1.7%	2.0%
6.0	5.6	5.9	5.9	6.9	Supplies	5.8%	5.5%	6.1%	6.4%	7.5%
1.3	1.0	0.7	0.4	0.4	Interest	1.3%	1.0%	0.7%	0.4%	0.4%
(0.1)	0.1	(0.1)	(0.4)	0.3	Fair value adjustment	-0.1%	0.1%	-0.1%	-0.4%	0.3%
2.0	2.0	2.1	(0.8)	(1.3)	Appropriated earnings	1.9%	2.0%	2.2%	-0.9%	-1.4%
$103.8	$101.5	$96.2	$92.0	$91.5		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 statements of financial position as at April 30, 2013 and 2012, and May 1, 2011, and the statements of changes in net assets, operations and deficit and cash flows for the years ended April 30, 2013 and 2012, 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 accounting standards for not-for-profit organizations, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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, 2013 and 2012, and May 1, 2011 and the results of its operations and its cash flows for the years ended April 30, 2013 and 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

McColl Turner LLP

Licensed Public Accountants

Peterborough, Ontario
October 4, 2013

Statement 1

Trent University

Statements of Financial Position
April 30, 2013
(with comparative figures for April 30, 2012)
(thousands of dollars)

	2013	2012	May 1, 2011
ASSETS			
Current			
Cash and cash equivalents	$ 18,180	$ 5,116	$ 7,901
Accounts receivable (note 3)	10,199	11,930	10,704
Inventories	51	51	49
Prepaid expenses and deposits	963	939	862
	29,393	18,036	19,516
Investments (note 4)	46,667	42,377	42,166
Capital assets (note 2 (a) and 5)	211,564	226,971	223,568
	$ 287,624	$ 287,384	$ 285,250
LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS			
Current			
Accounts payable and accrued liabilities (note 6)	$ 18,833	$ 19,201	$ 15,663
Current portion of long term debt	1,855	2,474	3,822
Deferred revenue (note 7)	16,661	16,262	15,717
	37,349	37,937	35,202
Long term debt (note 8)	64,521	65,491	61,865
Deferred capital contributions (note 9)	98,175	101,320	103,431
	200,045	204,748	200,498
NET ASSETS			
Deficit (note 10)	(11,845)	(12,939)	(12,282)
Internally restricted (note 11)	12,092	9,580	8,843
Investment in capital assets (note 2 (a) and 12)	43,622	46,070	48,269
Endowments (note 13)	43,710	39,925	39,922
	87,579	82,636	84,752
	$ 287,624	$ 287,384	$ 285,250

Approved by the Board of Governors

Governor B Annie Knight Governor ____________

Contingent Liabilities and Commitments (note 16)
The accompanying notes are an integral part of the financial statements

Trent University

Statements of Changes in Net Assets
Year Ended April 30, 2013
(with comparative figures for April 30, 2012)
(thousands of dollars)

	2013					2012
	Deficit	Internally Restricted	Investment in Capital Assets	Endowments	Total	Total
Net assets (deficit), beginning of year (note 2 (a))	$ (12,939)	$ 9,580	$ 46,070	$ 39,925	$ 82,636	$ 84,752
Excess (deficiency) of revenue over expense	1,158	-	-	-	1,158	(2,119)
Change in internally restricted net assets	(2,512)	2,512	-	-	-	-
Change in investment in capital assets	2,448	-	(2,448)	-	-	-
Change in endowments	-	-	-	3,785	3,785	3
Net assets (deficit), end of year	$ (11,845)	$ 12,092	$ 43,622	$ 43,710	$ 87,579	$ 82,636

The accompanying notes are an integral part of the financial statements

Statement 3

Trent University

Statements of Operations and Deficit

Year Ended April 30, 2013

(with comparative figures for April 30, 2012)

(thousands of dollars)

	2013	2012
REVENUE		
Government grants	$ 66,999	$ 66,744
Tuition fees	50,868	47,467
Ancillary sales and services	22,201	22,658
Donations and grants	4,077	2,948
Investment income	1,706	1,621
Miscellaneous	2,739	2,785
	148,590	144,223
EXPENSE		
Salaries and benefits	99,748	97,807
Scholarships and bursaries	9,311	9,351
Utilities	3,329	3,512
Supplies	23,129	21,841
Interest	2,816	2,598
Amortization of capital assets	9,010	9,860
Change in fair value of financial instruments	89	1,373
	147,432	146,342
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE FOR THE YEAR	1,158	(2,119)
Change in internally restricted net assets	(2,512)	(737)
Change in investment in capital assets	2,448	2,199
DECREASE (INCREASE) IN DEFICIT FOR THE YEAR	1,094	(657)
DEFICIT – beginning of year	(12,939)	(12,282)
DEFICIT – end of year	$ (11,845)	$ (12,939)

The accompanying notes are an integral part of the financial statements

Statement 4

Trent University

Statements of Cash Flows
Year Ended April 30, 2013
(with comparative figures for April 30, 2012)
(thousands of dollars)

	2013	2012
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expense for the year	$ 1,158	$ (2,119)
Add (deduct) non-cash items:		
Amortization of capital assets	9,010	9,860
Amortization of deferred capital contributions	(4,767)	(5,197)
Change in VER and post-retirement benefits liability	49	(465)
Change in fair value of financial instruments	89	1,373
	5,539	3,452
Change in non-cash working capital items	1,737	2,778
	7,276	6,230
ENDOWMENT ACTIVITIES		
Net increase in endowments	1,367	965
Purchase of long term investments, net of disposals	(1,831)	(1,340)
	(464)	(375)
FINANCING AND INVESTING ACTIVITIES		
Purchase of long term investments, net of disposals	40	82
Purchase of capital assets, net of disposals	6,397	(13,263)
Proceeds from long term debt	-	3,729
Accrued construction holdbacks	(666)	(1,284)
Repayment of long term debt	(1,141)	(990)
Deferred capital contributions received	1,622	3,086
	6,252	(8,640)
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	13,064	(2,785)
CASH POSITION - beginning of year	5,116	7,901
CASH POSITION - end of year	$ 18,180	$ 5,116

The accompanying notes are an integral part of the financial statements

1. AUTHORITY

Trent University operates under the authority of The Trent University Act, 1962-63. The University is dedicated to academic research and to providing post-secondary and post-graduate education. 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 Accounting Standards Board of the CICA has issued Part III of the CICA Handbook that sets out the accounting standards for not-for-profit organizations. First-time adoption is mandatory for fiscal years beginning on or after January 1, 2012. The University has adopted these standards effective for its fiscal year beginning on May 1, 2012 and has restated the opening balances as of May 1, 2011 for comparative purposes.

CICA Part III, Section 1501.10 provides that the University may elect to use certain exemptions related to standards in Part II. The University has elected to restate land values to fair value as of May 1, 2011 and to use that fair value as its deemed cost. The adjustment in land values of $24,841 has been recognized directly in net assets at the date of transition. Capital Assets increased from $198,727 to $223,568 and Investment in Capital Assets increased from $23,428 to $48,269 based on appraised values as of May 1, 2011.

The University has also elected to carry forward unrecognized actuarial losses and past service costs that were determined previously in accordance with Employee Future Benefits, Part V Section 3461 and to continue to use a “corridor” approach for its defined benefit plans that leaves some actuarial losses unrecognized.

(b) General

The financial statements of the University have been prepared by management in accordance with Part III of the Canadian Institute of Chartered Accountants’ Handbook which sets out generally accepted accounting principles for not-for-profit organizations in Canada.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

- 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.

(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

Consistent with CICA Part III, the University has exercised its option to revalue its land to fair market value retrospectively to May 1, 2011, the transition date, as set out in note 2 (a). Other capital assets are recorded at cost, or in the case of donated assets, at fair market value on the date of the donation.

Other 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		

Costs of capital projects in progress, including interest, are capitalized. Interest costs are capitalized during the construction period. Amortization is not recognized until project completion.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

- 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(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.

(k) Financial instruments

The University has applied CICA Part II Section 3856 *Financial Instruments* to its financial instruments. The transition from Part V Section 3861 resulted in no change to the opening values.

The University's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and long term debt.

Financial assets and liabilities are initially recognized at fair value. They are subsequently measured at amortized cost which approximates fair value due to their short term maturities, except for investments, which are quoted in an active market and are measured at fair value, and an interest rate swap which is included in long term debt and is measured at fair value.

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.

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. Fair value is 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. Losses and gains are reported in net income as expense or income. The University does not enter into financial instruments for speculative purposes.

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 University is exposed to liquidity risk and manages this risk by ensuring sufficient liquid resources are 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, 2013, the University has met its objective of having sufficient liquid resources to meet its current obligations.

(thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

The University has an available line of credit of up to $12,000 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.

(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. Significant areas requiring the use of estimates relate to the assumptions used in the determination of fair value of interest rate swap agreement and useful life of capital assets. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The University is exposed to credit risk with respect to the accounts receivable. The University assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Accounts receivable are recorded net of current allowance for doubtful accounts of $2,239 (2012 - $1,617).

4. INVESTMENTS

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

	2013		2012	
	Fair value	Cost	Fair value	Cost
Cash	$ 1,392	$ 1,408	$ 1,271	$ 1,280
Bonds	17,431	16,862	15,928	15,519
Equities	27,844	23,995	25,178	23,675
	$ 46,667	$ 42,265	$ 42,377	$ 40,474

Investments, at fair value, include investments of endowment funds $43,965 (2012 - $39,715) and of employee early retirement plans $2,702 (2012 - $2,662).

(thousands of dollars)

5. CAPITAL ASSETS

Capital assets and accumulated amortization consists of the following:

	2013			2012		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Land and site improvements	$ 32,425	$ -	$ 32,425	$ 32,425	$ -	$ 32,425
Buildings	237,635	74,402	163,233	237,396	69,194	168,202
Equipment, software	53,620	40,368	13,252	53,290	38,239	15,051
Library books, serials	24,434	22,862	1,572	24,194	22,495	1,699
Work in progress	1,082	-	1,082	9,594	-	9,594
	$ 349,196	$ 137,632	$ 211,564	$ 356,899	$ 129,928	$ 226,971

The net investment in capital assets is set out in note 12.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable for payroll related taxes of $399 (2012 - $2,368).

7. 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:

	2013	2012
Externally restricted donations	$ 6,926	$ 6,246
Student fees	1,824	1,240
Federal and Provincial government grants	7,452	8,183
Other	459	593
	$ 16,661	$ 16,262

(thousands of dollars)

8. LONG TERM DEBT

Long term debt consists of the following:

	2013	2012
Canada Mortgage and Housing Corporation debentures for the residential colleges	$ 2,033	$ 2,182
Gzowski College Residence	14,627	14,696
DNA Building Modules A and B	6,598	6,724
Traill College, Life & Health Sciences Module C & Athletics	21,364	21,721
Oshawa Campus	12,722	12,961
Life & Health Sciences Module D	2,181	2,181
Faculty voluntary early retirement program	4,582	4,810
Future cost of post-retirement benefits	2,080	1,803
Accrued construction holdbacks	40	705
Other	149	182
	66,376	67,965
Amount due within one year shown as current liability	1,855	2,474
	$ 64,521	$ 65,491

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 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 2013 were $974 (2012 - $976). The fair value is based on discounted cash flows at 3.68%. The amortized cost is $10,564 (2012 - $10,802).

Ontario Infrastructure Projects Corporation (OIPC) has provided financing for three capital projects to-date. The DNA Building Modules A and B debenture bears interest at a fixed rate of 5.26% payable in annual blended instalments of $477 to mature on November 2, 2037. The Traill College Reno, Life & Health Sciences Centre Module C and Athletics Reno and New Wing debenture bears interest at a fixed rate of 4.79% payable in annual blended instalments of $1,394 to mature on February 1, 2041. A third debenture for $12,961 was issued on January 16, 2012 for the Oshawa Campus project with a fixed rate of 3.75% payable in annual blended instalments of $723 to mature on January 16, 2042. In addition, construction advances of

(thousands of dollars)

8. LONG TERM DEBT (continued)

$2,181 have been received for the Life & Health Sciences Centre Module D, which will be converted to a debenture on completion at a fixed rate. Interest on advances is based on OIPC's cost of funds and, at April 30, 2013, the posted rate was 1.59% per annum and is charged monthly.

Accrued construction holdbacks for several capital projects total $40 as at April 30, 2013 (2012 - $705). 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 10).

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

2013-2014	$1,855
2014-2015	1,913
2015-2016	1,984
2016-2017	2,060
2017-2018	2,133

9. 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:

	2013	2012
Balance - beginning of year	$ 101,320	$ 103,431
Add contributions received for capital acquisitions	1,622	3,086
Less amortization of deferred capital contributions	(4,767)	(5,197)
Balance - end of year	$ 98,175	$ 101,320

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10. DEFICIT

Details of the deficit are as follows:

	2013	2012
Deficit as per Statement 1	$ (11,845)	$ (12,939)
Deduct: Expenditure of future costs of Faculty voluntary early retirement plan which will be covered by revenues in future years	1,879	2,148
Expenditure of accrued staff vacation pay which will be covered by revenues in future years	1,743	1,617
Balance of deficit including amortization of actuarial pension loss	(8,223)	(9,174)
Amortization of retirement plans actuarial loss over remaining service lifetime as required by CICA Part II 3461.101	9,081	6,620
Balance of surplus (deficit) before amortization of actuarial pension loss	$ 858	$ (2,554)

The change in the balance of deficit including amortization of actuarial pension loss for the current year is $951 decrease in deficit ($9,174 minus $8,223).

11. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of the following:

	2013	2012
Internally restricted research and trust	$ 493	$ (75)
Funds committed for specific purposes	11,599	9,655
	$ 12,092	$ 9,580

(thousands of dollars)

12. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets consists of the following:

	2013	2012
Capital assets (notes 2 (a) and 5)	$ 211,564	$ 226,971
Less:		
Long term debt pertaining to capital assets	(59,714)	(61,352)
Deferred capital contributions (note 9)	(98,175)	(101,320)
Financed internally	(10,053)	(18,229)
	$ 43,622	$ 46,070

13. ENDOWMENTS

Endowments consist of the following:

	2013		2012	
	Fair value	Cost	Fair value	Cost
Student assistance	$ 28,800	$ 26,091	$ 26,010	$ 25,024
General endowment	2,765	1,895	2,657	1,959
Library	1,731	1,213	1,613	1,203
Research	345	304	309	291
Colleges, departments, other	10,069	8,582	9,336	8,440
Reinvested realized earnings		1,430		1,232
	$ 43,710	$ 39,515	$ 39,925	$ 38,149

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

(thousands of dollars)

14. 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, 2013. The OTSS information is for the period ended March 31, 2013.

	2013			2012		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Endowment balance including preservation of capital, beginning of year	$ 6,173	$ 1,517	$ 9,802	$ 6,192	$ 1,529	$ 9,084
Donations	-	-	59	40	-	337
Matching funds from MTCU	-	-	-	-	-	376
Transfers to/from other Endowments	3	-	10	-	-	(6)
Preservation of capital	(37)	(10)	95	(59)	(12)	11
Endowment balance, end of year	$ 6,139	$ 1,507	$ 9,966	$ 6,173	$ 1,517	$ 9,802

(thousands of dollars)

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

	2013			2012		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Expendable funds available for bursaries, beginning of year	$ 473	$ 107	$ 546	$ 491	$ 104	$ 464
Investment income	242	55	366	243	56	357
Transfer to/from Expendable	-	-	3	-	-	-
Transfers to/from Endowment	(3)	-	(10)	(10)	-	(4)
Bursaries awarded	(260)	(72)	(431)	(251)	(53)	(271)
Expendable funds available for bursaries in subsequent years	$ 452	$ 90	$ 474	$ 473	$ 107	$ 546
Endowment total based on book value	$ 6,591	$ 1,597	$ 10,440	$ 6,646	$ 1,624	$ 10,348
Market value, end of year	$ 6,934	$ 1,572	$ 10,324	$ 6,543	$ 1,495	$ 9,710
Number of bursaries awarded	189	98	449	217	88	335

(thousands of dollars)

15. RETIREMENT PLANS

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

	2013		2012	
	Faculty	Non-faculty	Faculty	Non-faculty
Fair value of plan assets	$ 148,150	$ 91,337	$ 138,785	$ 84,144
Accrued benefit obligations	247,809	134,845	217,218	116,427
Funded status – deficit	(99,659)	(43,508)	(78,433)	(32,283)
Portion of deficit funded by member contributions	1,545	-	1,710	-
Amortization of actuarial loss	6,103	2,978	4,470	2,150
Unamortized actuarial loss	$ (92,011)	$ (40,530)	$ (72,253)	$ (30,133)

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

	2013	2012
Discount rate	3.90%	4.70%
Rate of compensation increase	3.25%	4.00%
Rate of inflation	2.50%	2.50%

The current year's charge to operations was $11,151 (2012 - $12,019) 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, 2011 for the Non-faculty plan. The next required actuarial valuations will be July 1, 2013 and July 1, 2014 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.

16. 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, 2012, CURIE had a surplus of $58,472 (2011 - $47,887).

b) 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, 2013, 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.

c) In November 2012, the University finalized the Lease, Acquisition and Transfer Agreement, Shareholders' Agreement, General Conveyance and Indemnity Agreement transactions with a wholly-owned subsidiary of Peterborough Utilities Inc. for the lease of the powerhouse site and existing structure and for the transfer of the redevelopment project to-date. The Transferee assumed responsibility for the completion of the project and the operation of the redeveloped facility. At the end of the twenty year lease term, the University will exchange its interest in the project site for a 50% ownership of the Total Project.

17. COMPARATIVE FIGURES

Certain 2012 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2013.