TRENT UNIVERSITY

Financial Statements

April 30, 2014

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY
YEAR ENDED APRIL 30, 2014

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 Chartered Professional Accountants Canada. Management believes the financial statements present fairly the University's financial position as at April 30, 2014 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, 2014 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.

Steven Pillar
Vice-President, Finance & Administration

Leo Groarke, PhD
President and Vice-Chancellor

October 3, 2014

SUMMARY OF TOTAL REVENUE AND EXPENSE

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

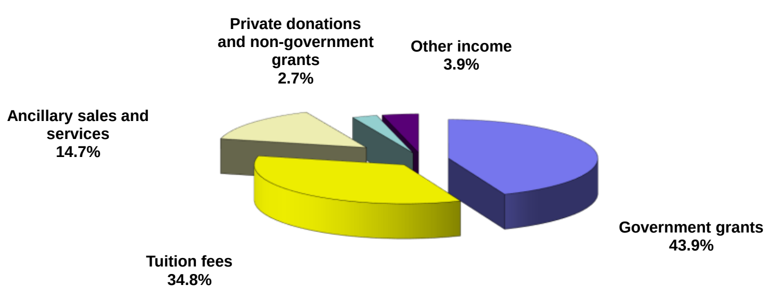
REVENUE

2014	2013	2012	2011	2010		2014	2013	2012	2011	2010
$67.6	$67.0	$66.7	$65.4	$63.2	Government grants	43.9%	45.0%	46.3%	46.7%	47.3%
53.6	50.9	47.5	44.5	41.6	Tuition fees	34.8%	34.3%	32.9%	31.7%	31.1%
22.7	22.2	22.7	22.2	20.4	Ancillary sales and services	14.7%	14.9%	15.7%	15.8%	15.3%
4.1	4.1	2.9	4.2	3.3	Private donations and non-government grants	2.7%	2.8%	2.0%	3.0%	2.5%
6.0	4.4	4.4	3.9	5.1	Other income	3.9%	3.0%	3.1%	2.8%	3.8%
$154.0	$148.6	$144.2	$140.2	$133.6		100.0%	100.0%	100.0%	100.0%	100.0%

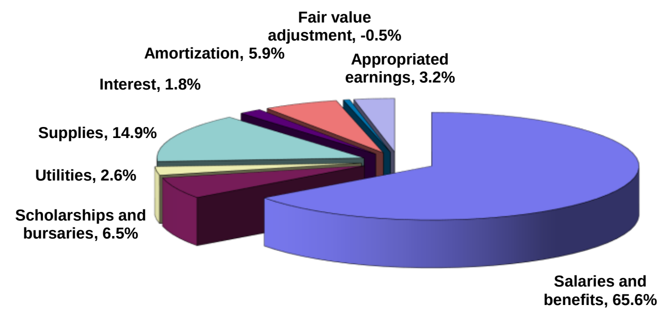
EXPENSE

2014	2013	2012	2011	2010		2014	2013	2012	2011	2010
$99.3	$99.8	$97.8	$92.7	$91.3	Salaries and benefits	65.6%	67.6%	67.5%	66.5%	68.5%
9.9	9.3	9.4	8.9	8.8	Scholarships and bursaries	6.5%	6.3%	6.5%	6.4%	6.6%
3.9	3.3	3.5	2.8	2.4	Utilities	2.6%	2.2%	2.4%	2.0%	1.8%
22.5	23.1	21.8	23.6	22.6	Supplies	14.9%	15.7%	15.0%	16.9%	17.0%
2.7	2.8	2.6	1.6	1.3	Interest	1.8%	1.9%	1.8%	1.1%	1.0%
8.9	9.0	9.9	9.3	8.6	Amortization	5.9%	6.1%	6.8%	6.7%	6.5%
(0.8)	0.1	1.4	0.5	(0.1)	Fair value adjustment	-0.5%	0.1%	1.0%	0.4%	-0.1%
4.9	0.1	(1.5)	0.0	(1.7)	Appropriated earnings	3.2%	0.1%	-1.0%	0.0%	-1.3%
$151.3	$147.5	$144.9	$139.4	$133.2		100.0%	100.0%	100.0%	100.0%	100.0%

2014 REVENUE



2014 EXPENSE



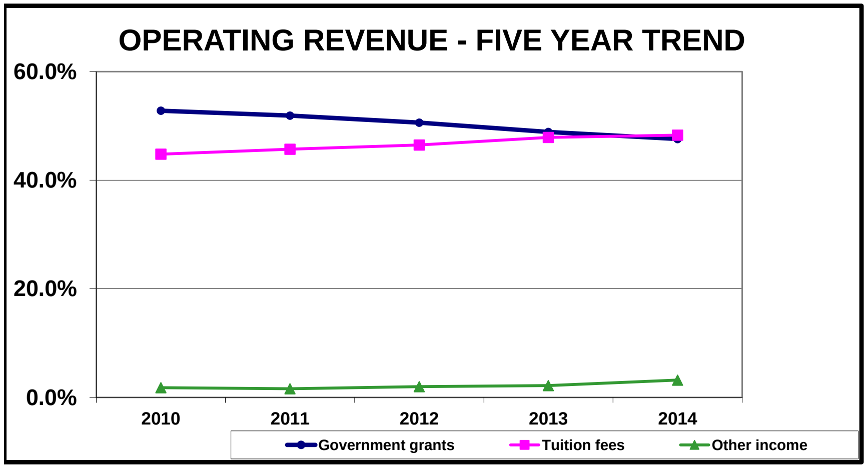
SUMMARY OF OPERATING REVENUE AND EXPENSE
(millions of dollars)

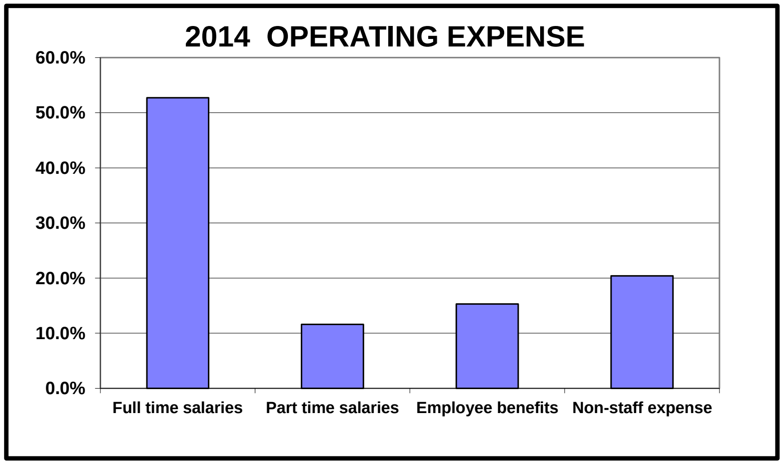
REVENUE

2014	2013	2012	2011	2010		2014	2013	2012	2011	2010
$52.8	$51.8	$51.7	$50.4	$48.9	Government grants	47.6%	48.9%	50.6%	51.9%	52.8%
53.6	50.8	47.5	44.5	41.6	Tuition fees	48.3%	47.9%	46.5%	45.7%	44.8%
1.0	1.1	0.9	0.8	0.6	Donations and grants	0.9%	1.0%	0.9%	0.8%	0.6%
3.6	2.3	2.0	1.6	1.7	Other income	3.2%	2.2%	2.0%	1.6%	1.8%
$111.0	$106.0	$102.1	$97.3	$92.8		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENSE

2014	2013	2012	2011	2010		2014	2013	2012	2011	2010
$85.5	$85.7	$84.1	$79.5	$79.1	Salaries and benefits	79.6%	82.5%	82.8%	82.7%	86.1%
7.3	6.6	6.4	6.2	6.2	Scholarships and bursaries	6.8%	6.4%	6.3%	6.4%	6.7%
2.8	2.3	2.3	1.9	1.6	Utilities	2.6%	2.2%	2.3%	2.0%	1.7%
5.3	6.0	5.6	5.9	5.9	Supplies	4.9%	5.8%	5.5%	6.1%	6.4%
1.2	1.3	1.0	0.7	0.4	Interest	1.1%	1.3%	1.0%	0.7%	0.4%
(0.1)	(0.1)	0.1	(0.1)	(0.4)	Fair value adjustment	-0.1%	-0.1%	0.1%	-0.1%	-0.4%
5.5	2.0	2.0	2.1	(0.8)	Appropriated earnings	5.1%	1.9%	2.0%	2.2%	-0.9%
$107.5	$103.8	$101.5	$96.2	$92.0		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, 2014, 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 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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

McColl Turner LLP
Licensed Public Accountants

Peterborough, Ontario
October 3, 2014

Statement 1

Trent University

Statement of Financial Position
April 30, 2014
(with comparative figures for April 30, 2013)
(thousands of dollars)

	2014	2013
ASSETS		
Current		
Cash and cash equivalents	$ 18,499	$ 18,180
Accounts receivable (note 3)	13,874	10,199
Inventories	53	51
Prepaid expenses and deposits	1,017	963
	33,443	29,393
Investments (note 4)	53,980	46,667
Capital assets (note 5)	211,678	211,564
	$ 299,101	$ 287,624
LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS		
Current		
Accounts payable and accrued liabilities (note 6)	$ 19,992	$ 18,833
Current portion of long term debt	1,945	1,855
Deferred revenue (note 7)	18,383	16,661
	40,320	37,349
Long term debt (note 8)	62,650	64,521
Deferred capital contributions (note 9)	96,015	98,175
	198,985	200,045
NET ASSETS		
Deficit (note 10)	(9,094)	(11,845)
Internally restricted (note 11)	15,500	12,092
Investment in capital assets (note 12)	45,110	43,622
Endowments (note 13)	48,600	43,710
	100,116	87,579
	$ 299,101	$ 287,624

Approved by the Board of Governors

Governor B. Davies Governor Dorothy Lee

Contingent Liabilities and Commitments (note 17)
The accompanying notes are an integral part of the financial statements

Statement 2

Trent University

Statement of Changes in Net Assets

Year Ended April 30, 2014

(with comparative figures for April 30, 2013)

(thousands of dollars)

	2014					2013
	Deficit	Internally Restricted	Investment in Capital Assets	Endowments	Total	Total
Net assets (deficit), beginning of year	$ (11,845)	$ 12,092	$ 43,622	$ 43,710	$ 87,579	$ 82,636
Excess of revenue over expense	7,647	-	-	-	7,647	1,158
Change in internally restricted net assets	(3,408)	3,408	-	-	-	-
Change in investment in capital assets	(1,488)	-	1,488	-	-	-
Change in endowments	-	-	-	4,890	4,890	3,785
Net assets (deficit), end of year	$ (9,094)	$ 15,500	$ 45,110	$ 48,600	$ 100,116	$ 87,579

The accompanying notes are an integral part of the financial statements

Statement 3

Trent University

Statement of Operations and Deficit
Year Ended April 30, 2014
(with comparative figures for April 30, 2013)
(thousands of dollars)

	2014	2013
REVENUE		
Government grants	$ 67,616	$ 66,999
Tuition fees	53,633	50,868
Ancillary sales and services	22,644	22,201
Donations and grants	4,149	4,077
Investment income	2,190	1,706
Miscellaneous	3,824	2,739
	154,056	148,590
EXPENSE		
Salaries and benefits	99,253	99,748
Scholarships and bursaries	9,895	9,311
Utilities	3,909	3,329
Supplies	22,522	23,129
Interest on long-term debt	2,739	2,816
Amortization of capital assets	8,915	9,010
Change in fair value of financial instruments	(824)	89
	146,409	147,432
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	7,647	1,158
Change in internally restricted net assets	(3,408)	(2,512)
Change in investment in capital assets	(1,488)	2,448
DECREASE IN DEFICIT FOR THE YEAR	2,751	1,094
DEFICIT – beginning of year	(11,845)	(12,939)
DEFICIT – end of year	$ (9,094)	$ (11,845)

The accompanying notes are an integral part of the financial statements

Statement 4

Trent University

Statement of Cash Flows
Year Ended April 30, 2014
(with comparative figures for April 30, 2013)
(thousands of dollars)

	2014	2013
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenue over expense for the year	$ 7,647	$ 1,158
Add (deduct) non-cash items:		
Amortization of capital assets	8,915	9,010
Amortization of deferred capital contributions	(4,530)	(4,767)
Change in VER and post-retirement benefits liability	56	49
Change in fair value of financial instruments	(824)	89
	11,264	5,539
Change in non-cash working capital items (note 14)	(850)	1,737
	10,414	7,276
INVESTING ACTIVITIES		
Net increase in endowments	1,801	1,367
Purchase of endowment long term investments, net of disposals	(2,966)	(1,831)
Purchase of other long term investments, net of disposals	(1,120)	40
Purchase of capital assets, net of disposals	(9,029)	6,397
	(11,314)	5,973
FINANCING ACTIVITIES		
Accrued construction holdbacks	37	(666)
Repayment of long term debt	(1,188)	(1,141)
Deferred capital contributions received	2,370	1,622
	1,219	(185)
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	319	13,064
CASH POSITION - beginning of year	18,180	5,116
CASH POSITION - end of year	$ 18,499	$ 18,180

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) General

The financial statements of the University have been prepared by management in accordance with Part III of the Chartered Professional Accountants Canada (CPA Canada) 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.
- 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. Cash and cash equivalents are reported at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

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

(d) Investments
Investments are recorded at fair 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		

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.

- 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.
- Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

- 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.

(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.

(k) Financial instruments
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

SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

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. Changes in fair value 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. There have been no changes to risk exposure in the past year.

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. To assist with operational needs, the University has an available line of credit up to $12,000, if required. As at April 30, 2014, the University has met its objective of having sufficient liquid resources to meet its current obligations. There have been no changes to risk exposure in the past year.

(l) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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, useful life of capital assets, valuation allowances for receivables, accrued liabilities and obligations related to employee future benefits. Actual results could differ from those estimates. The estimates are reviewed periodically and as adjustments become necessary, they are reported in income in the year in which they become known.

(thousands of dollars)

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. There have been no changes to risk exposure in the past year. Accounts receivable are recorded net of current allowance for doubtful accounts of $2,941 (2013 - $2,239).

4. INVESTMENTS

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

	2014		2013	
	Fair value	Cost	Fair value	Cost
Cash	$ 1,611	$ 1,626	$ 1,392	$ 1,408
Bonds	20,027	20,004	17,431	16,862
Equities	32,342	24,721	27,844	23,995
	$ 53,980	$ 46,351	$ 46,667	$ 42,265

Investments, at fair value, include investments of endowment funds $50,019 (2013 - $43,965), employee early retirement plans $2,818 (2013 - $2,702) and endowment lands fund $1,143 (2013 - $0).

Trent University
Notes to the Financial Statements
April 30, 2014
(thousands of dollars)

5. CAPITAL ASSETS

Capital assets and accumulated amortization consists of the following:

	2014			2013		
	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	242,841	79,742	163,099	237,635	74,402	163,233
Equipment, software	56,096	43,096	13,000	53,620	40,368	13,252
Library books, serials	24,667	23,162	1,505	24,434	22,862	1,572
Work in progress	1,649	-	1,649	1,082	-	1,082
	$ 357,678	$ 146,000	$ 211,678	$ 349,196	$ 137,632	$ 211,564

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 $2,537 (2013 - $399).

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:

	2014	2013
Externally restricted donations	$ 7,777	$ 6,926
Student fees	1,810	1,824
Federal and Provincial government grants	7,960	7,452
Other	836	459
	$ 18,383	$ 16,661

(thousands of dollars)

8. LONG TERM DEBT

Long term debt consists of the following:

	2014	2013
Canada Mortgage and Housing Corporation debentures for the residential colleges	$ 1,874	$ 2,033
Gzowski College Residence	13,687	14,627
DNA Building Modules A and B	6,466	6,598
Traill College, Life & Health Sciences Module C & Athletics	20,989	21,364
Oshawa Campus	12,473	12,722
Life & Health Sciences Module D	2,181	2,181
Faculty voluntary early retirement program	4,534	4,582
Future cost of post-retirement benefits	2,185	2,080
Accrued construction holdbacks	77	40
Other	129	149
	64,595	66,376
Amount due within one year shown as current liability	1,945	1,855
	$ 62,650	$ 64,521

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 2014 were $973 (2013 - $974). The fair value is based on discounted cash flows at 4.06%. The amortized cost is $10,311 (2013 - $10,564).

Ontario Infrastructure Projects Corporation (OIPC) has provided financing for three capital projects. 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. The Oshawa Campus debenture bears interest at a fixed rate of 3.75% payable in annual blended instalments of $723 to mature on January 16, 2042. In addition, construction advances of $2,181 have been received for the Life & Health Sciences Centre Module D,

(thousands of dollars)

8. LONG TERM DEBT (continued)

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, 2014, the posted rate was 1.61% per annum and is charged monthly.

Accrued construction holdbacks total $77 as at April 30, 2014 (2013 - $40). These holdbacks will be released on project completion and this expense has been provided for in the business plan of the 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:

2014-2015	$ 1,945
2015-2016	1,939
2016-2017	2,014
2017-2018	2,087
2018-2019	2,155

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:

	2014	2013
Balance - beginning of year	$ 98,175	$ 101,320
Add contributions received for capital acquisitions	2,370	1,622
Less amortization of deferred capital contributions	(4,530)	(4,767)
Balance - end of year	$ 96,015	$ 98,175

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10. DEFICIT

Details of the deficit are as follows:

	2014	2013
Deficit as per Statement 1	$ (9,094)	$ (11,845)
Deduct: Expenditure of future costs of Faculty voluntary early retirement plan which will be covered by revenues in future years	1,716	1,879
Expenditure of accrued staff vacation pay which will be covered by revenues in future years	1,797	1,743
Balance of deficit including amortization of actuarial pension loss	(5,581)	(8,223)
Amortization of retirement plans actuarial loss over remaining service lifetime as required by CPA Canada Part II 3461.101	6,782	9,081
Balance of surplus before amortization of actuarial pension loss	$ 1,201	$ 858

The change in the balance of deficit including amortization of actuarial pension loss for the current year is $2,642 decrease in deficit ($8,223 minus $5,581).

11. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of the following:

	2014	2013
Internally restricted research and trust	$ 1,235	$ 493
Funds committed for specific purposes	14,265	11,599
	$ 15,500	$ 12,092

(thousands of dollars)

12. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets consists of the following:

	2014	2013
Capital assets (note 5)	$ 211,678	$ 211,564
Less:		
Long term debt pertaining to capital assets	(57,876)	(59,714)
Deferred capital contributions (note 9)	(96,015)	(98,175)
Financed internally	(12,677)	(10,053)
	$ 45,110	$ 43,622

13. ENDOWMENTS

Endowments consist of the following:

	2014		2013	
	Fair value	Cost	Fair value	Cost
Student assistance	$ 31,973	$ 26,565	$ 28,800	$ 26,091
General endowment	3,037	1,912	2,765	1,895
Library	1,877	1,204	1,731	1,213
Research	395	323	345	304
Colleges, departments, other	11,318	8,531	10,069	8,277
Reinvested realized earnings		2,782		1,735
	$ 48,600	$ 41,317	$ 43,710	$ 39,515

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. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The change in non-cash working capital items consists of the following:

	2014	2013
Accounts receivable	$ (3,675)	$ 1,731
Inventories	(2)	-
Prepaid expenses and deposits	(54)	(24)
Accounts payable and accrued liabilities	1,159	(369)
Deferred revenue	1,722	399
	$ (850)	$ 1,737

15. RETIREMENT PLANS

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

	2014		2013	
	Faculty	Non-faculty	Faculty	Non-faculty
Fair value of plan assets	$ 166,845	$ 104,313	$ 148,150	$ 91,337
Accrued benefit obligations	258,937	137,623	247,809	134,845
Funded status – deficit	(92,092)	(33,310)	(99,659)	(43,508)
Portion of deficit funded by member contributions	1,446	-	1,545	-
Amortization of actuarial loss	4,946	1,836	6,103	2,978
Unamortized actuarial loss	$ (85,700)	$ (31,474)	$ (92,011)	$ (40,530)

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

	2014	2013
Discount rate	4.20%	3.90%
Rate of compensation increase	3.25%	3.25%
Rate of inflation	2.00%	2.50%

(thousands of dollars)

15. RETIREMENT PLANS (continued)

The current year's charge to operations was $7,362 (2013 - $11,151) for all retirement plans.

The latest actuarial valuations for the registered pension plans were performed as of July 1, 2013 for the Faculty plan and July 1, 2011 for the Non-faculty plan. The next required actuarial valuations will be July 1, 2016 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. 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, 2014. The OTSS information is for the period ended March 31, 2014.

	2014			2013		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Endowment balance including preservation of capital, beginning of year	$ 6,139	$ 1,507	$ 9,966	$ 6,173	$ 1,517	$ 9,802
Donations	-	-	66	-	-	59
Transfers to/from Expendable Trust	-	8	1	3	-	10
Preservation of capital	25	17	82	(37)	(10)	95
Endowment balance, end of year	$ 6,164	$ 1,532	$ 10,115	$ 6,139	$ 1,507	$ 9,966

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

	2014			2013		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Expendable funds available for bursaries, beginning of year	$ 452	$ 90	$ 474	$ 473	$ 107	$ 546
Investment income	250	57	429	242	55	366
Transfer to/from Expendable	-	4	1	-	-	3
Transfers to/from Endowment		(8)	(1)	(3)	-	(10)
Bursaries awarded	(187)	(49)	(266)	(260)	(72)	(431)
Expendable funds available for bursaries in subsequent years	$ 515	$ 94	$ 637	$ 452	$ 90	$ 474
Endowment total based on book value	$ 6,679	$ 1,626	$ 10,752	$ 6,591	$ 1,597	$ 10,440
Market value, end of year	$ 7,578	$ 1,718	$ 11,459	$ 6,934	$ 1,572	$ 10,324
Number of bursaries awarded	97	63	209	189	98	449

17. 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, 2013, CURIE had a surplus of $66,207 (2012 - $58,472).

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, 2014, 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. The Transferee completed the project and operation commenced on June 16, 2013. The Transferee assumed responsibility for 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.