Financial Statements
April 30, 2018

TRENT UNIVERSITY

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TRENT UNIVERSITY
Statement of Administrative Responsibility
Year Ended April 30, 2018

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, 2018 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.

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 the presence of management.

The financial statements for the year ended April 30, 2018 have been reported on by KPMG LLP, Chartered Professional 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 and Administration

Leo Groarke, PhD
President and Vice-Chancellor

October 5, 2018

TRENT UNIVERSITY

Summary of Total Revenue and Expense

(Includes unrestricted, internally restricted, externally restricted, investments in capital assets)

Year Ended April 30, 2018

(millions of dollars)

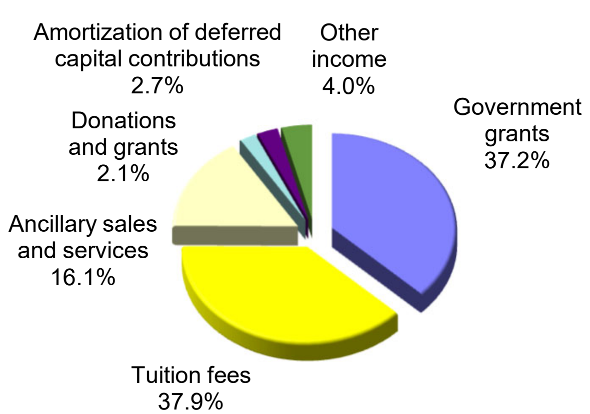
REVENUE

2018	2017	2016	2015	2014		**2018**	2017	2016	2015	2014
$68.4	$65.3	$60.9	$60.7	$63.1	Government grants	**37.2%**	38.8%	38.7%	39.5%	41.0%
69.8	63.4	57.3	55.2	53.6	Tuition fees	**37.9%**	37.6%	36.4%	35.8%	34.8%
29.6	25.8	23.7	22.7	22.7	Ancillary sales and services	**16.1%**	15.3%	15.1%	14.7%	14.7%
3.9	2.9	4.4	3.9	4.1	Donations and grants	**2.1%**	1.7%	2.8%	2.5%	2.7%
4.9	4.5	4.6	4.4	4.5	Amortization of deferred capital contributions	**2.7%**	2.7%	2.9%	2.9%	2.9%
7.4	6.6	6.5	7.1	6.0	Other income	**4.0%**	3.9%	4.1%	4.6%	3.9%
$184.0	$168.5	$157.4	$154.0	$154.0		**100.0%**	100.0%	100.0%	100.0%	100.0%

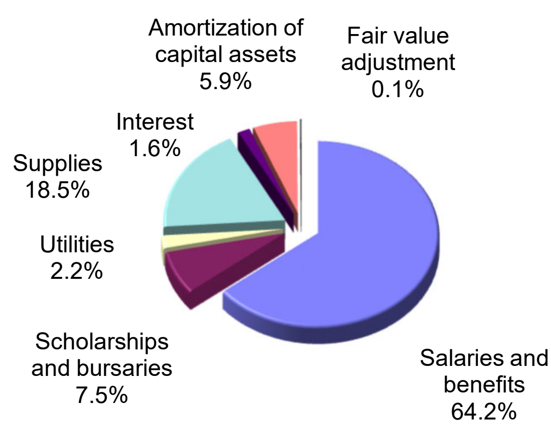
EXPENSE

2018	2017	2016	2015	2014		**2018**	2017	2016	2015	2014
$109.0	$106.8	$98.8	$108.3	$100.5	Salaries and benefits	**64.2%**	63.4%	67.3%	68.4%	68.1%
12.7	11.2	10.5	9.9	9.9	Scholarships and bursaries	**7.5%**	6.7%	7.2%	6.2%	6.7%
3.8	3.2	4.5	4.1	3.9	Utilities	**2.2%**	1.9%	3.1%	2.6%	2.6%
31.5	35.4	22.0	23.7	22.5	Supplies	**18.5%**	21.0%	14.9%	15.0%	15.3%
2.6	2.4	2.6	2.6	2.7	Interest	**1.6%**	1.4%	1.8%	1.6%	1.8%
9.9	9.5	9.2	9.0	8.9	Amortization of capital assets	**5.9%**	5.6%	6.3%	5.7%	6.0%
0.1	0.0	(0.8)	0.8	(0.8)	Fair value adjustment	**0.1%**	0.0%	(0.6%)	0.5%	(0.5%)
$169.6	$168.5	$146.8	$158.4	$147.6		**100.0%**	100.0%	100.0%	100.0%	100.0%

2018 REVENUE



2018 EXPENSE



TRENT UNIVERSITY

Summary of Operating Revenue and Expense

Year Ended April 30, 2018

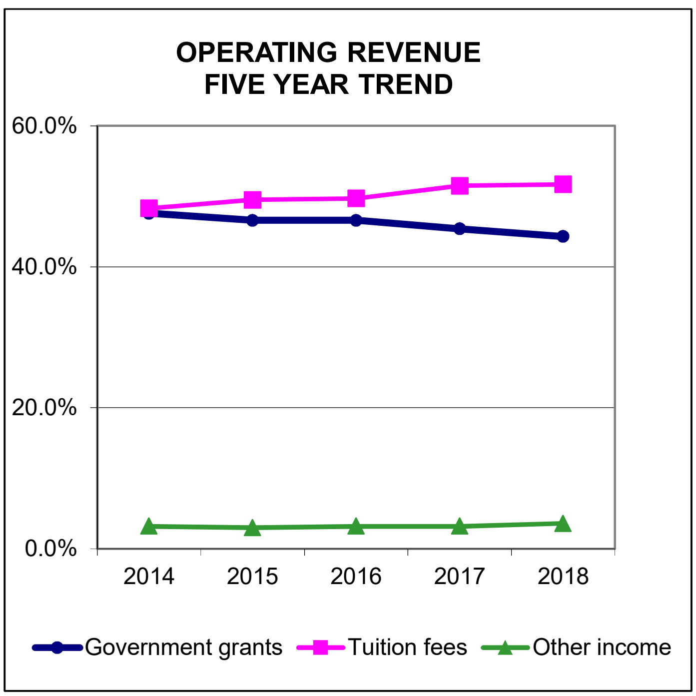
(millions of dollars)

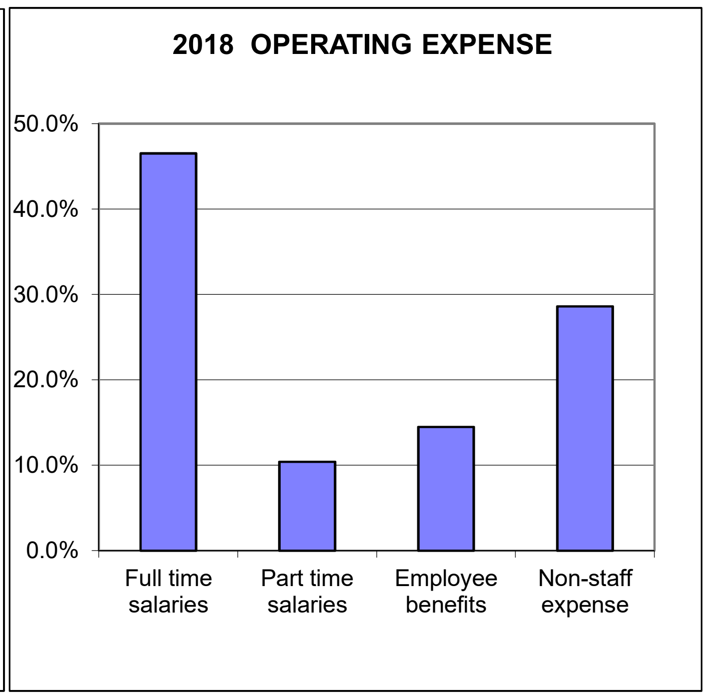
REVENUE

2018	2017	2016	2015	2014		**2018**	2017	2016	2015	2014
$59.8	$56.0	$53.7	$52.0	$52.8	Government grants	**44.3%**	45.4%	46.6%	46.6%	47.6%
69.7	63.4	57.3	55.2	53.6	Tuition fees	**51.7%**	51.5%	49.7%	49.5%	48.3%
0.6	(0.1)	0.5	1.0	1.0	Donations and grants	**0.4%**	(0.1%)	0.5%	0.9%	0.9%
4.8	3.9	3.7	3.4	3.6	Other income	**3.6%**	3.2%	3.2%	3.0%	3.2%
$134.9	$123.2	$115.2	$111.6	$111.0		**100.0%**	100.0%	100.0%	100.0%	100.0%

EXPENSE

2018	2017	2016	2015	2014		**2018**	2017	2016	2015	2014
$94.9	$93.5	$85.7	$95.0	$86.7	Salaries and benefits	**71.5%**	76.0%	80.0%	86.0%	79.7%
9.6	8.5	7.4	7.3	7.3	Scholarships and bursaries	**7.2%**	6.9%	6.9%	6.6%	6.7%
2.7	1.9	3.2	2.9	2.8	Utilities	**2.0%**	1.5%	3.0%	2.6%	2.6%
8.3	15.2	5.3	7.0	5.3	Supplies	**6.3%**	12.4%	4.9%	6.3%	4.9%
1.7	1.8	1.8	1.2	1.2	Interest	**1.3%**	1.5%	1.7%	1.1%	1.1%
0.1	(0.1)	0.2	(0.1)	(0.1)	Fair value adjustment	**0.1%**	(0.1%)	0.2%	(0.1%)	(0.1%)
9.8	2.3	3.5	(2.8)	5.5	Appropriated earnings	**7.4%**	1.8%	3.3%	(2.5%)	5.1%
5.6	-	-	-	-	Transfer to endowments	**4.2%**	0.0%	0.0%	0.0%	0.0%
$132.7	$123.0	$107.1	$110.5	$108.7		**100.0%**	100.0%	100.0%	100.0%	100.0%





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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Trent University

We have audited the accompanying financial statements of Trent University, which comprise the statement of financial position as at April 30 2018, the statements of changes in net assets, operations, and cash flows for the year then ended, and notes, comprising 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 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 our 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, we consider 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 Trent University as at April 30, 2018, its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative information

Without modifying our opinion, we draw attention to note 19 to the financial statements which indicates that the comparative information presented as at and for the year ended April 30, 2017 has been restated.

The financial statements of Trent University as at and for the year ended April 30, 2017, excluding the adjustments described in note 19 to the financial statements were audited by another auditor who expressed an unmodified opinion on these statements on October 13, 2017.

As part of the audit of the financial statements as at and for the year ended April 30, 2018, we audited the adjustments described in note 19 that were applied to restate the comparative information presented as at and for the year ended April 30, 2017. In our opinion, the restatement is appropriate and has been properly applied.

We were not engaged to audit, review or apply any procedures to the financial statements for the year ended April 30, 2017, other than with respect to the adjustments described in note 19 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

October 5, 2018

TRENT UNIVERSITY
Statement of Financial Position
April 30, 2018
(thousands of dollars)

	2018	2017 (restated, note 19)
ASSETS		
Current		
Cash and cash equivalents	**$ 44,883**	$ 35,788
Accounts receivable (note 3)	**15,259**	13,917
Prepaid expenses and inventories	**1,946**	1,771
	62,088	51,476
Investments (note 4)	**62,323**	60,435
Capital assets (note 5)	**231,144**	215,528
	$ 355,555	$ 327,439
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (note 6)	**$ 20,323**	$ 16,758
Current portion of long term debt (note 8)	**29**	28
Deferred revenue (note 7)	**26,908**	25,589
	47,260	42,375
Long term debt (note 8)	**71,000**	71,029
Deferred capital contributions (note 9)	**105,616**	94,201
Employee future benefits (note 10)	**78,988**	56,794
	302,864	264,399
Net Assets		
Unrestricted deficiency	**(98,855)**	(75,275)
Internally restricted (note 11)	**24,498**	14,819
Investment in capital assets (note 12)	**62,434**	66,288
Endowments (note 13)	**64,614**	57,208
	52,691	63,040
Contingent liabilities and commitments (note 16)		
	$ 355,555	$ 327,439

The accompanying notes are an integral part of the financial statements.

Approved by the Board of Governors

Governor

Governor

TRENT UNIVERSITY
Statement of Changes in Net Assets
Year Ended April 30, 2018
(thousands of dollars)

	2018				
	Unrestricted	**Internally Restricted**	**Investment in Capital Assets**	**Endowments**	**Total**
Net assets (deficit), beginning of year	$ (54,809)	$ 14,819	$ 47,507	$ 57,208	$ 64,725
Correction of an error (note 19)	(20,466)	-	18,781	-	(1,685)
Net assets (deficit), beginning of year, as restated	**(75,275)**	**14,819**	**66,288**	**57,208**	**63,040**
Excess of revenue over expense	**14,415**	**-**	**-**	**-**	**14,415**
Change in internally restricted net assets	**(9,679)**	**9,679**	**-**	**-**	**-**
Change in investment in capital assets	**3,854**	**-**	**(3,854)**	**-**	**-**
Internally endowed amounts	**(5,708)**	**-**	**-**	**5,708**	**-**
Employee future benefits remeasurements (note 10)	**(26,462)**	**-**	**-**	**-**	**(26,462)**
Change in endowments	**-**	**-**	**-**	**1,698**	**1,698**
Net assets (deficit), end of year	**$ (98,855)**	**$ 24,498**	**$ 62,434**	**$ 64,614**	**$ 52,691**

	2017				
	Unrestricted	Internally Restricted	Investment in Capital Assets	Endowments	Total
Net assets (deficit), beginning of year	$ (74,875)	$ 13,524	$ 44,622	$ 51,127	$ 34,398
Correction of an error (note 19)	(13,618)	-	16,331	-	2,713
Net assets (deficit), beginning of year, as restated	(88,493)	13,524	60,953	51,127	37,111
Excess of revenue over expense	41	-	-	-	41
Change in internally restricted net assets	(1,295)	1,295	-	-	-
Change in investment in capital assets	(5,335)	-	5,335	-	-
Employee future benefits remeasurements (note 10)	19,807	-	-	-	19,807
Change in endowments	-	-	-	6,081	6,081
Net assets (deficit), end of year	$ (75,275)	$ 14,819	$ 66,288	$ 57,208	$ 63,040

The accompanying notes are an integral part of the financial statements.

TRENT UNIVERSITY
Statement of Operations
Year Ended April 30, 2018
(thousands of dollars)

	2018	2017 (restated, note 19)
REVENUE		
Government grants	$ 68,366	$ 65,269
Tuition fees	69,748	63,394
Ancillary sales and services	29,632	25,818
Donations and grants	3,946	2,911
Amortization of deferred capital contributions (note 9)	4,896	4,517
Investment income	2,526	2,409
Miscellaneous	4,917	4,186
	184,031	168,504
EXPENSE		
Salaries and benefits	109,037	106,785
Scholarships and bursaries	12,680	11,183
Utilities	3,793	3,219
Supplies	31,457	35,362
Interest on long-term debt	2,633	2,384
Amortization of capital assets	9,929	9,490
Change in fair value of financial instruments	87	40
	169,616	168,463
EXCESS OF REVENUE OVER EXPENSE	14,415	41
Change in internally restricted net assets	(9,679)	(1,295)
Change in investment in capital assets	3,854	(5,335)
Internally endowed amounts	(5,708)	-
Employee future benefit remeasurement	(26,462)	19,807
INCREASE (DECREASE) IN UNRESTRICTED FUND BALANCE	(23,580)	13,218
UNRESTRICTED FUND BALANCE - beginning of year	(75,275)	(88,493)
UNRESTRICTED FUND BALANCE - end of year	$ (98,855)	$ (75,275)

The accompanying notes are an integral part of the financial statements.

TRENT UNIVERSITY
Statement of Cash Flows
Year Ended April 30, 2018
(thousands of dollars)

	2018	2017 (restated, note 19)
CASH PROVIDED FROM (USED FOR):		
OPERATING ACTIVITIES		
Excess of revenue over expense for the year	**$ 14,415**	$ 41
Add (deduct) non-cash items:		
Amortization of capital assets	**9,929**	9,490
Amortization of deferred capital contributions	**(4,896)**	(4,517)
Loss on disposal of capital assets	**1**	12
Change in fair value of financial instruments	**814**	176
Employee future benefits contributions	**(13,800)**	(12,221)
Employee future benefits expense (note 10)	**9,532**	10,628
	15,995	3,609
Change in non-cash working capital items (note 15)	**3,367**	1,897
	19,362	5,506
INVESTMENT ACTIVITIES		
Net increase in endowments	**1,698**	2,276
Purchase of endowment long term investments, net of disposals	**(2,099)**	(1,642)
Purchase of other long term investments, net of disposals	**(603)**	(91)
Purchase of capital assets	**(25,546)**	(15,571)
	(26,550)	(15,028)
FINANCING ACTIVITIES		
Proceeds from long term debt	**-**	71,000
Repayment of long term debt	**(28)**	(55,360)
Deferred capital contributions received	**16,311**	5,353
	16,283	20,993
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	**9,095**	11,471
CASH AND CASH EQUIVALENTS POSITION - beginning of year	**35,788**	24,317
CASH AND CASH EQUIVALENTS POSITION - end of year	**$ 44,883**	$ 35,788

The accompanying notes are an integral part of the financial statements.

1. AUTHORITY

Trent University ("the 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 (Canada), 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.

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. Revenue and expense from operating are reported in the statement of operations.

Internally restricted transactions are generally for funds designated for specific activities by University administration. These transactions are reported in the statement of operations.

Externally restricted transactions are associated with funds received from external sources which can only be spent in accordance with the restrictions provided by the funding sources. These transactions are reported in the statement of operations to the extent the funds are spent and restrictions are met.

Endowment transactions include contributions which are designated as endowment by the external source providing the funds and contributions designated as endowment by University administration. 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) Investments

Investments are recorded at fair value. The fair value of investments recorded in the financial statements is determined as follows:

- Short-term investments maturing within one year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.
- Bonds and equities are valued at year-end quoted market prices using closing prices.

(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:

Land and site improvements	no amortization
Buildings	40 years
Equipment and furnishings	10 years
Computer equipment	5 years
Vehicles	5 years
Library books and serials	5 years
Rare collections	no amortization
System software	5 years

Costs of capital projects in progress are capitalized. Interest costs attributable to the construction of major new facilities are capitalized during the construction period. Amortization commences when the project is substantially complete.

(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 unrestricted, externally restricted, or endowments.

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. 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. Sales and services and ancillary revenue is recognized at the point of sale or when the service has been provided.

Externally restricted contributions for purposes other than endowment or the acquisition of capital assets 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(e) Revenue recognition (continued)

Externally restricted endowment contributions and related restricted investment revenue are reported as direct increases in net assets.

Contributions for the acquisition of capital assets are deferred and recognized as revenue on the same basis as the related capital assets are amortized.

Pledged donations are not recorded until received due to the uncertainty involved in their collection.

(f) Retirement plans

The University maintains contributory defined benefit pension plans which cover eligible faculty and staff and other retirement and post-employment benefits and accounts for these plans using the immediate recognition approach. Under this approach, the University recognizes the amount of the defined benefit pension obligation net of the fair value of plan assets in the statement of financial position. Current service and finance costs are expensed during the year. Remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs are recognized as a direct increase or decrease in net assets. The pension obligation is measured using actuarial valuations prepared using the funding discount rate at the date of the financial statements.

The cost of pensions is determined using the projected benefit method prorated on services and management's best estimates regarding assumptions about a number of future conditions, including investment returns, salary changes, withdrawals, and mortality rates. The fair market value of assets is used for disclosure and calculation of pension costs, effective on the measurement date which is April 30 of each year.

(g) 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 market and are measured at fair value.

Changes in fair value of long term investments for employee early retirement plans are recognized in the statement of operations. Changes in fair value of long term investments for endowments are recognized in the statement of changes in net assets.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(g) Financial instruments (continued)

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If an indicator of impairment exists, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Fundraising activities

Gifts and grants from fundraising activities are recorded when received.

(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) 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 the useful life of capital assets, valuation allowances for receivables, and obligations related to employee future benefits. Actual results could differ from those estimates.

(thousands of dollars)

3. ACCOUNTS RECEIVABLE

	2018	2017
Student receivables	$ 5,040	$ 6,625
Other receivables	11,837	10,493
	16,877	17,118
Less allowance for doubtful accounts	(1,618)	(3,201)
	$ 15,259	$ 13,917

4. INVESTMENTS

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Short-term investments	$ 1,732	$ 1,769	$ 1,660	$ 1,691
Bonds	22,570	23,312	22,142	22,074
Equities	38,021	28,999	36,633	27,630
	$ 62,323	$ 54,080	$ 60,435	$ 51,395

Investments, at fair value, are allocated as follows:

	2018 Fair Value	2017 Fair Value
Endowment funds	$ 59,010	$ 57,696
Endowment lands funds	2,818	2,739
Sinking funds related to long term debt	495	-
	$ 62,323	$ 60,435

5. CAPITAL ASSETS

	2018		
	Cost	Accumulated Amortization	Net Book Value
Land and site improvements	$ 31,755	$ -	$ 31,755
Buildings	269,256	102,538	166,718
Equipment, vehicles, furnishings and software	63,864	51,072	12,792
Library books and serials	25,184	23,967	1,217
Work in progress	18,662	-	18,662
	$ 408,721	$ 177,577	$ 231,144

(thousands of dollars)

5. CAPITAL ASSETS (continued)

	2017		
	Cost	Accumulated Amortization	Net Book Value
Land and site improvements	$ 31,755	$ -	$ 31,755
Buildings	253,646	96,520	157,126
Equipment, vehicles, furnishings and software	63,244	47,981	15,263
Library books and serials	25,151	23,819	1,332
Work in progress	10,052	-	10,052
	$ 383,848	$ 168,320	$ 215,528

Library books and serials includes a rare book collection valued at $1,202 (2017 - $1,175). Equipment and software includes an art collection comprised of over 600 pieces of artwork valued at $543 (2017 - $498).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is comprised primarily of trade accounts payable, government remittances, and payroll related accruals. The University's government remittances payable at the end of the year were current and amounted to $2,467 (2017 - $2,691).

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:

	2018	2017
Externally restricted donations	$ 2,908	$ 3,342
Trust funds	8,789	7,712
Research funds	6,887	7,437
Student fees	4,477	3,005
Federal and Provincial government grants	419	1,020
Other	3,428	3,073
	$ 26,908	$ 25,589

(thousands of dollars)

8. LONG TERM DEBT

(a) Long term debt

		2018		2017
Series A senior unsecured debentures	$	71,000	$	71,000
Other		29		57
		71,029		71,057
Less current portion		(29)		(28)
	$	71,000	$	71,029

In February 2017, the University refinanced its then existing long term debt by issuing series A senior unsecured debentures, bearing interest at 4.139% per annum, payable semi-annually, with the principal amount maturing on February 17, 2057. The University has established a sinking fund for the repayment of the $71,000 at maturity. At April 30, 2018, the value of the sinking funds is $495 (2017 - $Nil).

Anticipated requirements to meet the principal portion of other long term debt repayments over the next year are as follows:

		2018		2017
2018	$	-	$	28
2019		29		29
	$	29	$	57

(b) Bank credit facility

The University has available an operating line of credit of up to $12,000, which was not utilized at April 30, 2018 (2017 - $Nil). The interest rate on the operating line of credit, when drawn, is the Bank's Prime lending rate from time to time. Amounts are repayable on demand.

(thousands of dollars)

9. DEFERRED CAPITAL CONTRIBUTIONS

The changes in the deferred capital contributions balance are as follows:

	2018	2017
Balance at beginning of year	$ 94,201	$ 93,365
Contributions received for capital acquisitions	16,311	5,353
Amortization of deferred capital contributions	(4,896)	(4,517)
Balance at end of year	$ 105,616	$ 94,201

10. EMPLOYEE FUTURE BENEFITS

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

	2018	2017
Discount rate	5.25%	5.60%
Rate of compensation increase	3.75%	3.75%
Rate of inflation	2.00%	2.25%

Information regarding the University's benefit plans is as follows:

	2018			
	Faculty Pension Plan	Non-Faculty Pension Plans	Other Plans	Total
Accrued benefit obligation	$ 261,116	$ 144,087	$ 6,615	$ 411,818
Fair value of plan assets	(201,101)	(128,744)	(2,985)	(332,830)
Accrued benefit liability	$ 60,015	$ 15,343	$ 3,630	$ 78,988
Current service costs	$ 3,969	$ 2,691	$ 62	$ 6,722
Finance costs	2,371	264	175	2,810
Net benefit cost	$ 6,340	$ 2,955	$ 237	$ 9,532
Investment losses	$ (4,821)	$ (3,061)	$ (119)	$ (8,001)
Actuarial loss on accrued benefit obligation	(11,252)	(6,802)	(391)	(18,445)
Past service costs	-	-	(16)	(16)
Net remeasurements losses and other items	$ (16,073)	$ (9,863)	$ (526)	$ (26,462)

(thousands of dollars)

10. EMPLOYEE FUTURE BENEFITS (continued)

	2017			
	Faculty Pension Plan	Non-Faculty Pension Plans	Other Plans	Total
Accrued benefit obligation	$ 244,357	$ 131,873	$ 6,352	$ 382,582
Fair value of plan assets	(197,596)	(125,235)	(2,957)	(325,788)
Accrued benefit liability	$ 46,761	$ 6,638	$ 3,395	$ 56,794
Current service costs	$ 3,904	$ 2,572	$ 98	$ 6,574
Finance costs	3,103	751	200	4,054
Net benefit cost	$ 7,007	$ 3,323	$ 298	$ 10,628
Investment gains	$ 11,556	$ 7,318	$ 103	$ 18,977
Actuarial gain (loss) on accrued benefit obligation	(5)	699	171	865
Past service costs	-	-	(35)	(35)
Net remeasurements gains and other items	$ 11,551	$ 8,017	$ 239	$ 19,807

The latest actuarial valuations for the registered pension plans were performed as of June 30, 2016 for the Faculty plan and July 1, 2017 for the Non-Faculty plan. The next required actuarial valuations will be June 30, 2019 and July 1, 2020 respectively. The University measures its accrued benefit obligations and the fair value of plan assets for financial statement purposes as at April 30 each year.

Regulations governing provincially regulated pension plans establish certain solvency requirements that assume the plans are wound up on the valuation date. During the 2015 fiscal year, the University applied and qualified for stage two of the public sector pension plan temporary solvency funding relief program. Under this program, the University made an election to fund the interest payments only on the solvency deficiency for three years, and make special payments to fund the remaining solvency deficiency over seven years thereafter. On October 31, 2016, the government further amended the regulations for stage two solvency relief for the broader public sector. The new regulations allow for the solvency funding of a modified solvency deficiency over 7 years, with the payment of interest on the balance.

(thousands of dollars)

11. INTERNALLY RESTRICTED NET ASSETS

	2018	2017
Departmental operating budget carryforward funds	$ 7,439	$ 5,889
Operating budget general reserve	1,000	-
Capital and infrastructure projects	6,401	2,234
Contingency reserve	1,000	-
Sinking fund for debenture retirement	500	-
Ancillary operations	4,910	3,840
Research and trust funds	1,438	1,368
Other funds committed for specific purposes	1,810	1,488
	$ 24,498	$ 14,819

12. INVESTMENT IN CAPITAL ASSETS

		2018	2017
Capital assets (note 5)		$ 231,144	$ 215,528
Add:	Unspent long term debt held for future projects	2,549	10,067
	Unspent deferred capital contributions	-	683
Less:	Long term debt pertaining to capital assets	(64,097)	(64,125)
	Deferred capital contributions (note 9)	(105,616)	(94,201)
	Financed internally	(1,546)	(1,664)
		$ 62,434	$ 66,288

(thousands of dollars)

13. ENDOWMENTS

	2018 Fair Value	2018 Cost	2017 Fair Value	2017 Cost
Student assistance	$ 41,210	$ 31,335	$ 37,395	$ 29,252
General endowment	4,389	4,089	3,522	2,112
Library	2,423	1,455	2,304	1,448
Research	842	919	454	345
Colleges, departments, other	15,750	12,753	13,533	9,718
Reinvested realized earnings	-	5,956	-	5,451
	$ 64,614	$ 56,507	$ 57,208	$ 48,326

Reinvested realized earnings is the amount of earnings available for allocation to unit holders based on the Board of Governor'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.

		2018	
	Externally Restricted	Internally Restricted	Total
Balance at beginning of year, at fair value	$ 56,374	$ 834	$ 57,208
Endowment contributions	2,516	5,564	8,080
Investment income, net of fees and expenses	1,467	149	1,616
Transfer to disbursement fund	(2,285)	(5)	(2,290)
Balance at end of year, at fair value	$ 58,072	$ 6,542	$ 64,614

		2017	
	Externally Restricted	Internally Restricted	Total
Balance at beginning of year, at fair value	$ 52,756	$ 8	$ 52,764
Endowment contributions	1,910	748	2,658
Investment income, net of fees and expenses	3,798	84	3,882
Transfer to disbursement fund	(2,090)	(6)	(2,096)
Balance at end of year, at fair value	$ 56,374	$ 834	$ 57,208

(thousands of dollars)

14. ONTARIO STUDENT TRUST FUND

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust for Student Support (OTSS) programs. Under these programs, the government matched endowed donations made to the University.

Phase I - Ontario Student Opportunity Trust Fund

Schedule of changes in expendable funds available for awards for the year ended April 30:

	2018	2017
Expendable funds available for awards, beginning of year	$ 536	$ 427
Net transfers from endowment fund	245	298
Bursaries awarded	(262)	(189)
Expendable funds available for awards, end of year	$ 519	$ 536
Total OSOTF, Phase I, end of year	$ 6,722	$ 6,672
Number of bursaries awarded	180	125

Schedule of changes in endowment fund balance for the year ended April 30:

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Endowment balance, beginning of year	$ 6,947	$ 6,136	$ 6,876	$ 6,131
Unrealized gain for the year	74	-	66	-
Investment income, net of fees and expenses	312	312	303	303
Net transfer to expendable funds	(245)	(245)	(298)	(298)
Endowment balance, end of year	$ 7,088	$ 6,203	$ 6,947	$ 6,136

(thousands of dollars)

14. ONTARIO STUDENT TRUST FUND (continued):

Phase II - Ontario Student Opportunity Trust Fund

Schedule of changes in expendable funds available for awards for the year ended April 30:

	2018	2017
Expendable funds available for awards, beginning of year	$ 105	$ 111
Net transfers from endowment fund	67	46
Bursaries awarded	(47)	(52)
Expendable funds available for awards, end of year	$ 125	$ 105
Total OSOTF, Phase II, end of year	$ 1,606	$ 1,583
Number of bursaries awarded	73	71

Schedule of changes in endowment fund balance for the year ended April 30:

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Endowment balance, beginning of year	$ 1,668	$ 1,478	$ 1,607	$ 1,457
Unrealized gain for the year	11	-	40	-
Investment income, net of fees and expenses	70	70	67	67
Net transfer to expendable funds	(67)	(67)	(46)	(46)
Endowment balance, end of year	$ 1,682	$ 1,481	$ 1,668	$ 1,478

(thousands of dollars)

14. ONTARIO STUDENT TRUST FUND (continued):

Ontario Trust Fund Student Success (OTSS)

Schedule of changes in expendable funds available for awards for the year ended April 30:

	2018	2017
Expendable funds available for awards, beginning of year	$ 778	$ 654
Net transfers from endowment fund	486	477
Bursaries awarded	(387)	(353)
Expendable funds available for awards, end of year	$ 877	$ 778
Total OTSS, end of year	$ 11,355	$ 11,129
Number of bursaries awarded	452	349

Schedule of changes in endowment fund balance for the year ended April 30:

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Endowment balance, beginning of year	$ 11,262	$ 10,351	$ 11,221	$ 10,288
Unrealized gain for the year	(132)	-	(22)	-
Investment income, net of fees and expenses	613	613	540	540
Net transfer to expendable funds	(486)	(486)	(477)	(477)
Endowment balance, end of year	$ 11,257	$ 10,478	$ 11,262	$ 10,351

(thousands of dollars)

15. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

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

	2018	2017
Accounts receivable	$ (1,342)	$ (537)
Prepaid expenses and inventories	(175)	(571)
Accounts payable and accrued liabilities	3,565	2,144
Deferred revenue	1,319	861
	$ 3,367	$ 1,897

16. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Canadian Universities Reciprocal Insurance Exchange

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, 2017, the date of the latest financial statements available, CURIE had a surplus of $81,232 (2016 - $84,908).

(b) Litigation

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, 2018, administration believes that the University has valid defenses 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. Accordingly, no provision has been made in the financial statements.

(c) Powerhouse Agreement

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. (Transferee) for the lease of the powerhouse site and existing structure and for the transfer of the redevelopment project. The Transferee completed the project and operations 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.

16. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(d) Energy Performance Contract

The University entered into a Tri-Party Energy Performance Contract in December 2015. The Tri-Party agreement requires a $15,490 capital investment from the University with an expected completion date of December 2018. Upon completion, lease payments are contingent on annual energy cost savings, which are expected to be in the amount of $1,540 per year. Only those costs associated with this project that fall outside the Tri-Party agreement are capitalized. As at April 30, 2018 the University has incurred capital costs of $767 (2017 - $441).

(e) Student Centre Loan Guarantee

In December 2015, the University entered into an agreement with the Trent Central Student Association (TCSA) to construct a Student Centre and lease a portion of the building to the TCSA. As part of this agreement, the University has gururanteed payment of a $10,500 loan facility for the TCSA to assist in financing the construction of the Student Centre. The lease began in September 2017, once the construction was complete. The lease will be for a period of 30 years, with the option to extend for seven periods of ten years each.

(f) Bata Library Transformation

In September 2016, the University entered into an agreement with the Ministry of Advanced Education and Skills Development under the Post-Secondary Institutions Strategic Investment Fund (SIF) for funding of up to $8,072 towards the transformation of the Bata Library. The total cost of the project is estimated at $19,523, of which the University has committed to contributing the remaining funds through fundraising and the remaining proceeds from issuance of the debenture in 2017. Construction began in May 2017 and substantial completion of the project is expected by September 2018. As at April 30, 2018, the University has incurred capital costs of $14,589 (2017 - $1,852).

(g) Cleantech Commons and Other Land Development

In November 2015, the University entered into a Memorandum of Understanding with the City of Peterborough (the City) for the development of the Cleantech Commons, a research and innovation park on 85 acres of Trent-owned lands. The University will retain ownership of the Cleantech Commons lands and will enter into a long term head ground lease with the City, which will sublet serviced sites in the research park to mutually agreed upon tenants. In May 2018, the University signed a Development Agreement with the City of Peterborough under which the University transferred 24 acres of other lands to the City for the development of a City-owned Arena Complex and further agreed not to sell, lease or encumber for a 15-year period to December 31, 2032 approximately 23 acres of other Trent-owned lands for the future development of sports fields by the City. The University also agreed to make a $2,000 contribution to the City toward the cost of extending municipal services to the Cleantech Commons, of which $1,500 is due and payable upon execution of the Development Agreement and the remaining $500 is due and payable when the installation of the municipal services are substantially complete.

(thousands of dollars)

16. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(h) Minimum lease payments

The University leases premises for student residence. The future aggregate minimum lease payments for the next five years under operating leases are as follows:

	2018	2017
2018	$ -	$ 1,599
2019	2,461	2,461
2020	2,461	2,461
2021	2,461	2,461
2022	2,461	2,461
2023	2,461	2,461
Thereafter	5,202	5,202
	$ 17,507	$ 19,106

17. FINANCIAL RISKS

(a) Credit risk

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 and investments. 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 this risk exposure in 2018.

(b) Interest rate risk

The University is exposed to interest rate risk on its fixed interest rate financial instruments, which subject the University to a fair value risk. The University manages this risk 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 of Governors. There have been no changes to this risk exposure in 2018.

(c) Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. The University 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. There have been no changes to this risk exposure in 2018.

(thousands of dollars)

17. FINANCIAL RISKS (continued)

(d) Currency risk

The University is exposed to foreign currency risk with respect to its investments. The University manages this risk 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 currency risk exposure in 2018.

18. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year's presentation.

19. CORRECTION OF ERRORS

During the year, management became aware that certain accounts were not recorded at the correct amount. The impact of the correction has been recorded retrospectively and the cumulative effect up to May 1, 2016 has been recorded as a $2,713 increase to net assets. As a result of the correction, the annual excess of revenue over expenses for 2017 as reported on the statement of operations has decreased by $4,398 to $41.

	2018	2017
Unrestricted net assets (deficit), beginning of year, as previously reported	$ (54,809)	$ (74,875)
To correct errors in relation to:		
Inclusion of assets under Tri-party agreement	(5,299)	(888)
Overstatement of deferred capital contributions	3,614	3,601
Understatement of investment in capital assets	(18,781)	(16,331)
Unrestricted net assets (deficit), beginning of year, as restated	$ (75,275)	$ (88,493)

	2017
Excess of revenue over expense, as previously reported	$ 4,439
To correct errors in relation to:	
Inclusion of assets under Tri-party agreement	(4,411)
Understatement of deferred capital contribution amortization	13
Excess of revenue over expense, as restated	$ 41