Huron University College

Financial Statements
April 30, 2010

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June 24, 2010

Auditors' Report

To the Executive Board of Huron University College

We have audited the statement of financial position of **Huron University College** (the "University") as at April 30, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Licensed Public Accountants

Huron University College

Statement of Financial Position

As at April 30, 2010

	2010 $	2009 $
Assets		
Current assets		
Cash (note 2)	4,769,362	3,209,510
Short-term investments	857,278	302,675
Accounts receivable	243,493	220,088
Prepaid expenses	44,802	25,314
Due from Huron University College Foundation	38,830	730
	5,953,765	3,758,317
Capital assets (note 4)	14,765,548	14,870,859
	20,719,313	18,629,176
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,088,720	804,744
Advanced tuition and residence deposits	739,784	860,482
Deferred revenue	189,664	184,271
Current portion of long-term debt (note 7)	46,805	44,333
	2,064,973	1,893,830
Long-term accrued liabilities	-	320,971
Deferred capital contributions (note 6)	4,455,741	4,441,883
Deferred revenue	530,177	92,840
Long-term debt (note 7)	1,606,199	1,651,161
Employee future benefits (note 8)	983,671	616,307
	9,640,761	9,016,992
Net assets		
Invested in capital assets	8,967,081	8,857,902
Internally restricted (note 16)	1,701,941	12,691
Unrestricted	409,530	741,591
	11,078,552	9,612,184
	20,719,313	18,629,176

Approved by Board of Directors

Huron University College

Statement of Operations

For the year ended April 30, 2010

	2010 $	2009 $
Revenue		
Student fees	7,626,869	6,717,072
Government grants	6,147,160	5,797,999
	13,774,029	12,515,071
Ancillary revenue (note 10)	2,922,238	3,191,549
External trust	64,852	60,040
Research fund	269,939	229,052
Foundation transfer (note 11)	665,485	849,360
	3,922,514	4,330,001
Other revenue (note 12)	1,315,925	1,171,197
	19,012,468	18,016,269
Expenditures		
Salaries and benefits - faculty	6,291,453	5,856,300
Salaries and benefits - staff	1,847,318	1,981,677
Registrarial	712,299	710,016
Academic instructional	783,782	622,410
UWO fees	971,075	897,362
	10,605,927	10,067,765
Ancillary expenses (note 10)	1,882,970	2,180,495
Scholarship and bursaries	1,295,563	1,253,870
Building costs - academic	562,507	543,571
General administration	1,265,276	906,074
Research grant expenses	312,303	235,023
Alumni development	527,558	480,738
	5,846,177	5,599,771
	16,452,104	15,667,536
Excess of revenues over expenditures before undernoted	2,560,364	2,348,733
Depreciation	1,093,996	1,095,697
Excess of revenues over expenditures	1,466,368	1,253,036

Huron University College

Statement of Changes in Net Assets

For the year ended April 30, 2010

	2010				2009			
	Invested in Capital Assets $	**Unrestricted $**	**Internally Restricted $**	**Total $**	**Invested in Capital Assets $**	**Unrestricted $**	**Internally Restricted $**	**Total $**
Balance, beginning of year	8,857,902	741,591	12,691	9,612,184	8,675,503	(419,472)	103,117	8,359,148
Excess of revenues over expenditures	-	1,466,368	-	1,466,368	-	1,253,036	-	1,253,036
Depreciation of capital assets	(1,093,996)	1,093,996	-	-	(1,095,697)	1,095,697	-	-
Amortization of deferred contributions	283,266	(283,266)	-	-	288,860	(288,860)	-	-
Capital assets acquired from own funds	864,728	(864,728)	-	-	749,730	(749,730)	-	-
Interfund transfer (note 16)	12,691	(1,701,941)	1,689,250	-	20,854	69,572	(90,426)	-
	66,689	(289,571)	1,689,250	1,466,368	(36,253)	1,379,715	(90,426)	1,253,036
Repayment of long-term debt (note 7)	42,490	(42,490)	-	-	40,023	(40,023)	-	-
Repayment of demand loan (note 5)	-	-	-	-	178,629	(178,629)	-	-
	109,179	(332,061)	1,689,250	1,466,368	182,399	1,161,063	(90,426)	1,253,036
Balance, end of year	8,967,081	409,530	1,701,941	11,078,552	8,857,902	741,591	12,691	9,612,184

Huron University College

Statement of Cash Flows

For the year ended April 30, 2010

	2010 $	2009 $
Cash flows from operating activities		
Excess of revenues over expenditures	1,466,368	1,253,036
Items not involving cash:		
Depreciation of capital assets	1,093,996	1,095,697
Amortization of deferred capital contributions	(283,266)	(288,860)
Employee future benefits	367,364	118,316
(Decrease) increase in long-term accrued liabilities	(320,971)	176,323
Increase (decrease) in deferred revenue	442,730	(204,382)
Change in non-cash working capital items (note 13)	82,285	750,854
	2,848,506	2,900,984
Cash flows from investing activities		
Additions to capital assets	(988,685)	(1,673,738)
Increase in short-term investment	(554,603)	(150,003)
Increase in deferred capital contributions	297,124	740,897
	(1,246,164)	(1,082,844)
Cash flows from financing activities		
Repayment of long-term debt	(42,490)	(40,023)
Repayment of demand loans	-	(178,629)
	(42,490)	(218,652)
Increase in net cash for the year	1,559,852	1,599,488
Cash - beginning of year	3,209,510	1,610,022
Cash - end of year	4,769,362	3,209,510

1 Purpose of the organization

Huron University College (the "University") is a university institution with undergraduate programs in Arts and Social Sciences, and graduate programs in Theology. The University is affiliated with the University of Western Ontario ("UWO") and closely associated with the Anglican Church of Canada. The University is incorporated under the statutes of the Province of Ontario. The University is a not-for-profit organization under the Income Tax Act.

2 Summary of significant accounting policies

The financial statements have been prepared in accordance with the Canadian generally accepted accounting principles and include the following significant accounting policies.

Revenue recognition

The University follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

Capital assets

Capital assets are carried at cost. When an asset is sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is recognized in operations for the year.

The carrying amount of a capital asset not being depreciated because it is under construction or development is classified as work-in-progress. Depreciation expense is calculated upon completion of construction and allocation of the asset to its appropriate capital asset account.

Depreciation expense is calculated on all depreciable assets based on the following methods, utilizing estimated lives according to Canadian Association of University Business Officers guidelines for Canadian colleges and universities as follows:

Buildings	5% declining balance
Equipment and furniture	10 years straight line
Computer equipment	4 years straight line
Library books	5 years straight line
Food court	5% declining balance

Cash

Included in cash are balances in the amount of $1,140,284 (2009 - $600,936) that relate to deferred revenue, deferred capital contributions, and other unspent amounts included in current liabilities.

Deferred capital contributions

Effective May 1, 1997 contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital assets. Contributions related to capital assets acquired prior to fiscal 1998 are not reasonably determined and therefore, the change in policy was applied prospectively.

Employee future benefits

The University provides a Retirement Gratuity Plan, which is a defined benefit plan. Benefits from the Gratuity Plan are provided only to participants who had benefits under the London Life and/or Standard Life Group or Group Annuity plan as of December 31, 1986, only if the participant invests his/her defined contribution account in accordance with plan provisions and meets all other conditions necessary for receiving such benefits. The service cost and accrued benefit obligation of the Gratuity Plan is actuarially determined by using a modified form of the projected unit credit actuarial cost method pro-rated on services. The employees of the University are also eligible to be members of the UWO Academic and Staff/Management Pension Plan, which is a defined contribution plan.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial instruments

On May 1, 2007, the University adopted CICA Section 3855, *Financial Instruments – Recognition and Measurements*. This standard establishes the recognition and measurement criteria for financial assets, liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related-party transactions.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized as soon as the University becomes a party to the contractual provisions of the financial instrument. Upon initial recognition financial instruments are measured at fair value. The fair value of a financial instrument is the estimated amount that the University would receive or pay to terminate the instrument agreement at the reporting date. The following methods and assumptions were used to estimate the fair value of each type of financial instrument by reference to various market value data and other valuation techniques as appropriate.

Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivable" or "other financial liabilities" as defined by the standard.

Cash and short-term investments

Cash and short-term investments consist primarily of cash on hand and certificates of deposits with an original term of up to twelve months and are classified as held for trading. These instruments have been accounted for at fair value. Carrying values approximate fair values for these instruments due to their short-term maturity.

Loans and receivables

Loans and receivables are non-derivative financial assets that represent amounts due from others with fixed or determinable payments that are not quoted in an active market including accounts receivable and due from Huron University College Foundation. After initial recognition, loans and receivables are subsequently carried at amortized cost using the effective interest method less any impairment losses, if necessary. Gains and losses are recognized in the statement of operations when the loans and receivables are derecognized or impaired. Interest effects on the application of the effective interest method are also recognized in the statement of operations.

- The carrying value of accounts receivable and due from Huron University College Foundation approximates their fair values due to the short-term maturity of these financial instruments.

Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed payments or determinable payments that are not quoted in an active market including accounts payable and accrued liabilities and long-term debt. After initial recognition, other financial liabilities are subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of operations when other financial liabilities are derecognized or impaired. Interest effects on the application of the effective interest method are also recognized in the statement of operations.

- The carrying value of accounts payable and accrued liabilities approximates their fair values due to the short-term maturity of these financial instruments.

- The carrying value of the demand loan in 2010 approximated its fair value given its variable interest rate and short-term maturity.

- Long term debt is recorded at amortized cost. The fair value of the long-term debt at year-end, based on an estimate of the University's borrowing rate as at April 30, 2010 for debt with similar terms and maturity is $1,688,963 (2009 - $1, 683,947).

Interest rate risk

The University's exposure to interest rate risk relates to its cash and short-term investments.

Credit risk

Management monitors its credit risk related to its accounts receivable balances which are primarily from student and government sources.

Foreign exchange risk

The University has no significant exposure to fluctuations in the value of foreign currencies.

3 Change in accounting policies in the current year

Section 4400, *Financial Statement Presentation by Not-for-profit Organizations.* This section has been amended to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and instead, permit such an amount as a category of internally restricted net assets. The amended section requires that all revenues and expenses be presented on a gross basis when a not-for-for profit organization is acting as a principal in transactions. The University has elected to treat net assets invested in capital assets as a separate component of net assets. The University has also presented all revenues and expenses on a gross basis in the statement of operations.

Section 4460, *Disclosure of Related Party Transactions by Not-for-profit Organizations.* This section established disclosure standards for related party transactions in the financial statements of not-for-profit organizations. The section has been amended to be consistent with the disclosure requirements of Section 3840, *Related Party Transactions.* The adoption of this standard did not have a material impact on the University’s statements of financial position and operations.

Section 4470, *Disclosure of Allocated Expenses by Not-for-profit Organizations.* This new section establishes disclosure standards for non-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. Organizations which allocate fundraising and general support expenses to other functions within the organization require disclosure of the policies for allocation of expenses, nature of the expenses being allocated and the basis on which the allocations have been made. Additionally, the amounts allocated and the functions to which they have been allocated must also be disclosed. The adoption of this standard did not have a material impact on the University’s statements of financial position and operations.

Section 1540, *Cash Flow Statements.* This standard requires the disclosure of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement that classifies cash flows during the period arising form operating, investing and financing activities. The standard has been amended to require that interim and annual financial statements of not-for-profit organizations be prepared in accordance with the requirements of this section effective with fiscal years beginning on or after January 1, 2009. The adoption of this standard did not have a material impact on the University’s statements of financial position and operations.

4 Capital assets

			2010
	Cost **$**	**Accumulated depreciation** **$**	**Net book value** **$**
Land	325,458	-	325,458
Building	22,841,937	11,164,683	11,677,254
Equipment and furniture	4,928,932	3,776,785	1,152,147
Computer equipment	859,670	739,907	119,763
Library books	1,976,272	1,620,756	355,516
Food court	2,357,245	1,221,835	1,135,410
	33,289,514	18,523,966	14,765,548

			2009
	Cost **$**	**Accumulated depreciation** **$**	**Net book value** **$**
Land	325,458	-	325,458
Building	22,303,321	10,550,091	11,753,230
Equipment and furniture	4,736,837	3,552,222	1,184,615
Computer equipment	826,165	670,122	156,043
Library books	1,856,209	1,489,964	366,245
Food court	2,252,839	1,167,571	1,085,268
	32,300,829	17,429,970	14,870,859

5 Demand loan

The University has a credit facility in the amount of $1,800,000 from Scotiabank. All borrowings are payable on demand and bear interest at a rate of Prime minus .25% per annum interest payable monthly. The credit facility is secured by a general security agreement constituting a first ranking security interest in all personal property of the University. As at April 30, 2010, the outstanding balance of the demand loan was $Nil (2009 - $Nil).

6 Deferred capital contributions

	2010 $	2009 $
Deferred capital contributions		
Balance – beginning of year	3,036,590	2,383,565
Facility renewal/infrastructure capital grant	54,736	487,503
Facility renewal applied from prior year	-	286,677
Huron University College Foundation Capital contribution	13,052	73,939
Other Capital contributions	-	11,556
Total contributions received	67,788	859,675
Amortized to operations	(203,742)	(206,650)
	2,900,636	3,036,590

Unapplied deferred capital contributions	2010 $	2009 $
Balance – Beginning of year	124,420	286,677
Contributions expended during the year	-	(286,677)
Graduate expansion capital grant	42,920	24,420
Huron University College Foundation Capital contribution	142,938	100,000
Balance – End of year	310,278	124,420

Deferred Superbuild capital contributions	**2010 $**	**2009 $**
Balance – Beginning of year	1,280,873	1,319,604
Contributions	43,478	43,478
Amortized to operations	(79,524)	(82,209)
Balance – End of year	1,244,827	1,280,873
Total deferred capital contributions	4,455,741	4,441,883

Deferred contributions related to capital assets represent restricted contributions to fund capital projects.

7 Long-term debt

	2010 $	**2009 $**
Southwest residence loan Non-revolving term bank loan bearing interest at 5.98% due January 31, 2015 with blended principal and interest payments of $11,916 required until the maturity date, with a final payment of the balance of principal and interest outstanding due on the maturity date. No specific security has been pledged but the university agrees not to encumber any real estate assets without the bank's prior written consent.	1,653,004	1,695,494
Less: Current portion	46,805	44,333
	1,606,199	1,651,161

Principal repayments on the Southwest residence loan during the year were as follows:

	2010 $	**2009 $**
Southwest residence loan	42,490	40,023

The principal repayments over the remaining term of the loan are as follows:

	$
2011	46,805
2012	49,529
2013	52,412
2014	55,462
2015	58,690
Thereafter	1,390,106
	1,653,004

8 Employee future benefits

The University operates a defined benefit plan and participates in a defined contribution pension plan operated by the University of Western Ontario. The University does not provide any other material post retirement non-pension benefits or post-employment benefits to its employees.

Employer contributions made to the defined contribution plan during the year amounted to $492,826 (2009 - $476,977)

Retirement Gratuity Plan

The Retirement Gratuity Plan (the "Plan") is a defined benefit type of pension plan. Benefits under the Plan are not funded in advance, but are paid from operating revenues as benefits come due.

The accrued benefit obligation was measured as at April 30, 2010.

Information about the University's retirement gratuity plan as at April 30, is as follows:

	2010 $	**2009** $
Funded status		
Funded status – deficit	2,677,724	2,086,167
Unamortized experience losses	(1,701,941)	(1,485,637)
Unamortized transition asset	7,888	15,777
Net accrued benefit liability	983,671	616,307

The Retirement Gratuity Plan has no assets. There were no contributions made during the year and no settlement payments were paid out of the Plan. Benefit payments of $40,321 (2009 - $ Nil) were paid during the year by the University.

Change in accrued benefit obligation	**2010** **$**	**2009** **$**
Accrued benefit obligation – May 1	2,086,167	871,113
Current service cost	71,686	25,728
Interest cost	134,540	47,084
Actuarial loss	425,652	1,142,242
Benefits paid	(40,321)	-
Accrued benefit obligation – April 30	2,677,724	2,086,167

The University's net benefit plan expense includes the following components:

	2010 **$**	**2009** **$**
Current service cost	71,686	25,728
Interest cost	134,540	47,084
Actuarial loss	425,652	1,142,242
Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	631,878	1,215,054
Adjustment to recognize the long-term nature of employee future benefit cost:		
Difference between actuarial (gain) loss recognized and actual actuarial loss (gain) on accrued benefit obligation	(216,304)	(1,088,849)
Amortization of transitional asset	(7,889)	(7,889)
Net pension costs recognized	407,685	118,316

The significant weighted-average assumptions used are as follows:

	2010 **%**	**2009** **%**
Accrued benefit obligation as at April 30		
Discount rate	4.82	6.32
Rate of compensation increase	3.60	2.75
Benefit costs for the year ended April 30		
Discount rate	6.32	5.25
Rate of compensation increase	2.75	3.25

9 Commitments

Lease obligation

The University is obligated to make a series of payments on leases with respect to certain office equipment. The minimum lease payments are as follows:

	$
2011	39,305
2012	31,507

10 Ancillary operations

Ancillary operations include the operations of residence, conference facilities and parking facilities. The operations of these facilities are included in the Statement of Operations and are summarized as follows:

	2010 $	2009 $
Ancillary revenue		
Residence fees and rentals	2,104,490	2,013,290
Conference	428,636	633,105
Parking	311,237	327,279
Food court	77,875	217,875
	2,922,238	3,191,549
Ancillary expenditures		
Interest on long-term debt	100,504	106,433
Residence salary and benefits	291,713	457,409
Conference salary and benefits	66,559	67,743
Building costs	1,104,772	1,027,176
Conference food costs	127,085	277,367
Other costs	192,337	244,367
	1,882,970	2,180,495
Excess of revenue over expenditures for ancillary operations	1,039,268	1,011,054

11 Transactions with Huron University College Foundation

The purpose of Huron University College Foundation ("the Foundation") is to administer money received for the benefit of the University. The Foundation was incorporated in Ontario on June 12, 1979 as a not-for-profit organization and is a registered charity under the Income Tax Act. The Foundation administers certain Trust and Endowment Funds on behalf of the University for the purposes of pooling investment funds to maximize return and minimize costs. The decision-making as to the use of the University Trust and Endowment income rests with the Executive Board of the University.

The Board of Directors of the Foundation approved the transfer to Huron University College of $864,953 (2009 - $1,066,777) for the year ended April 30, which can be detailed as follows:

	2010 **$**	**2009** **$**
Huron University College Foundation		
Trust and Endowment Fund	105,293	158,783
Foundation Fund	560,192	690,577
Foundation Superbuild	43,478	43,478
Capital contributions	155,990	173,939
	864,953	1,066,777
Deferred capital contributions	(199,468)	(217,417)
	665,485	849,360

The University has a significant economic interest in the Foundation in that the Foundation solicits funds in the name of and with the expressed or implied approval of the University and substantially all of the funds solicited are intended by the contributor to be to the University.

The Foundation has not been consolidated in the University's financial statements. A financial summary of the Foundation as at December 31, 2009 and December 31, 2008 and for the years then ended is as follows:

	2009 $	2008 $
Balance sheet		
Assets		
Investments, at market	9,916,303	8,255,017
Other assets	227,656	188,208
	10,143,959	8,443,225
Liabilities	108,430	33,055
Fund balances		
Huron University College Trust and Endowment	1,857,741	1,729,302
Foundation	8,177,788	6,680,868
	10,035,529	8,410,170
	10,143,959	8,443,225
Statement of operations		
Revenue	1,961,091	1,531,901
Expenditures	(78,533)	(66,118)
Excess of revenue over expenditures	1,882,558	1,465,783
Disbursed to Huron University College	(1,523,332)	(1,141,947)
Unrealized capital gain (loss)	1,266,133	(2,693,774)
Net increase (decrease) in fund balances	1,625,359	(2,369,938)

12 Other revenue

	2010 $	2009 $
Amortization of deferred contributions	283,266	288,860
Diocesan grant	95,289	104,987
Other academic revenue	293,186	258,919
Miscellaneous revenue	170,256	184,716
Summer course revenue	473,928	333,715
	1,315,925	1,171,197

13 Changes in non-cash working capital items

	2010 $	2009 $
Accounts receivable	(23,405)	449,962
Prepaid expenses	(19,488)	11,299
Due from Huron University College Foundation	(38,100)	35,056
Accounts payable and accrued liabilities	283,976	116,372
Advance tuition and residence deposits	(120,698)	138,165
	82,285	750,854
Interest paid on long-term debt	100,504	106,433

14 Ontario Student Opportunity Trust Funds

The Ontario Student Opportunity Trust Funds ("OSOTF") program was established by the Government of Ontario during 1997 to encourage companies and individuals to contribute finds for Ontario's college and university students. Prior to March 31, 2000, all eligible donations made to the University were matched by the Province on a dollar for dollar basis as cash was received. The matching donations ceased as of March 31, 2000. The Huron University College Foundation allocates investment income to the fund based on its annual opening balance. Activity in this fund is included in the Huron University College Foundation.

The Ministry of Training, Colleges and Universities no longer requires institutions to submit a separate audit report with respect to the OSOTF program, however, it requires that the year-end OSOTF Report must be included in the institution's financial statements, Therefore, these OSOTF schedules have been included with the University's financial statements.

Schedule of Changes in Endowment Fund Balance For the year ended December 31, 2009	**2010 $**	**2009 $**
Fund balance – beginning of year and end of year	491,900	491,900

Schedule of Changes in Expendable Funds Available for Awards For the year ended December 31, 2009	**2009 $**	**2008 $**
Balance – beginning of year	(112,748)	50,943
Net return on investment	56,621	(136,288)
Bursaries awarded	(19,300)	(27,403)
Balance – end of year	(75,427)	(112,748)
Number of awards	21	17

15 Trust Funds

The University is the beneficiary of the income from certain trusts administered on its behalf. The University equally shares the beneficiary of the Colonel Leonard Trust with Upper Canada College.

	2010		**2009**	
	Cost $	**Market value $**	**Cost $**	**Market value $**
Colonel Leonard	547,103	580,034	548,603	560,743
Sarah Leonard	695,162	728,021	700,412	691,743
Diocese of Huron	170,696	219,702	170,696	195,667
Trusts administered on behalf of Huron University College	1,412,961	1,527,757	1,419,711	1,448,153

16 Restrictions on net assets

In 2006, the University's Board of Directors restricted $675,000 of unrestricted net assets of which $75,000 is to be used for facilities renewal and $600,000 is to be used for promotion costs. This restricted amount is not available for other purposes without approval of the board of directors. In 2010, $Nil (2009 - $69,572) was spent on promotion and $12,691 (2009 - $20,854) was spent on facility renewal from the restricted fund.

In 2010, the University's Board of Directors restricted $1,701,941 of unrestricted net assets for purposes of providing a reserve for the unfunded experience losses of the pension plan disclosed in note 8. This restricted amount is not available for other purposes without approval of the Board of Directors.

17 Capital management

The entity's objectives, when managing capital, are to safeguard the entity's ability to continue as a going concern in order to pursue the delivery of a variety of services. In the definition of capital, the entity included the fund balances, as well as the cash and restricted cash. The entity manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the entity may consider raising additional funds or reduce expenses. In order to facilitate the management of its capital requirements, the entity prepares annual and multi-year expenditure budgets that are updated as necessary depending on various factors, including fundraising campaigns and general governmental conditions. The annual and multi-year budgets are approved by the Board of Directors.

The entity has not changed its approach to capital management during the current year. The entity is not subject to any external capital restrictions. The entity expects that it will be necessary to receive funds from the government during the current fiscal year to meet its budgeted operations.

18 Comparative figures

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