

NIPISSING UNIVERSITY

ANNUAL FINANCIAL STATEMENTS

APRIL 30, 2010

Nipissing University
April 30, 2010
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Auditors' Report

To the Board of Governors of Nipissing University

We have audited the statement of financial position of Nipissing 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 University'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.

The financial statements as at April 30, 2009 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated September 10, 2009.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario
July 16, 2010

Nipissing University

STATEMENT OF FINANCIAL POSITION

[in thousands]

As at April 30	2010 \$	2009 \$
ASSETS		[as restated – see note 18]
Current		
Cash and short-term investments	15,904	18,096
Cash held in trust – student levies [note 3]	1,908	1,295
Accounts receivable	9,278	3,053
Accrued interest	866	911
Other assets	471	467
	26,519	23,822
Investments [note 4]	33,535	20,950
Capital assets, net [note 5]	84,268	78,012
	146,230	122,784
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	10,376	9,046
Student levies held in trust [Note 3]	1,908	1,295
Accrued sick leave obligation	201	282
Deferred revenue	7,368	4,909
Current portion of long-term debt [note 6]	4,044	1,003
	23,897	16,535
Long-term obligations		
Long-term debt [note 6]	33,087	33,122
Interest rate swap payable [notes 2 and, 6]	4,804	7,145
Deferred contributions [note 7]	4,515	265
Deferred capital contributions [note 8]	52,048	51,923
	94,454	92,455
	118,351	108,990
Net assets		
Unrestricted	1,247	1,247
Internally restricted [Note 9]	13,799	8,308
Investment in capital assets [Note 10]	3,321	3,709
Interest rate swaps	(4,804)	(7,145)
Endowments [Note 11]	14,316	7,675
	27,879	13,794
	146,230	122,784

Commitments see note 14
Subsequent event see note 15
Contingency see note 3
See accompanying notes

Signed on behalf of the
Board of Governors


Governor

Governor

Nipissing University

STATEMENT OF OPERATIONS

[in thousands]

Year ended April 30	2010	2009
	\$	\$
REVENUE		
Student fees	28,159	26,166
Government grants	32,311	21,963
Sales and services	5,811	5,471
Other	5,375	4,070
Amortization of deferred capital contributions	2,568	2,561
Investment	378	283
Donations	403	541
Scholarship fund	52	56
	75,057	61,111
EXPENSES		
Academic	34,657	32,241
Administrative services	7,070	6,115
Plant	5,107	5,241
Amortization of capital assets	3,950	3,854
Academic support	3,432	3,161
Student services	2,912	2,966
Interest	2,423	2,435
Scholarships and bursaries	2,721	2,387
Research	2,259	1,894
Other	2,277	1,882
Alumni and development	1,373	1,809
Library	1,773	1,753
	69,954	65,738
Excess (deficiency) of revenues over expenses before the undernoted	5,103	(4,627)
Change in fair value of interest rate swaps	2,341	(2,459)
Excess (deficiency) of revenues over expenses for the year	7,444	(7,086)

See accompanying notes

Nipissing University

STATEMENT OF CHANGES IN NET ASSETS

[in thousands]

Year ended April 30							
	2010					2009	
	Unrestricted \$	Internally restricted \$	Investment in capital assets \$	Interest rate swaps \$	Endowments \$	Total \$	Total \$
Net assets, beginning of year	1,247	8,308	3,709	(7,145)	7,675	13,794	22,059
Excess (deficiency) of revenues over expenses	8,826	-	(1,382)	-	-	7,444	(7,086)
Net change in investment in capital assets [Note 10]	(994)	-	994	-	-	-	-
Transfer of fair value change of interest rate swaps [Note 6]	(2,341)	-	-	2,341	-	-	-
Transfer of internally restricted funds [Note 9]	(5,491)	5,491	-	-	-	-	-
Endowment contributions (net) [Note 11]	-	-	-	-	6,641	6,641	(1,179)
Net assets, end of year	1,247	13,799	3,321	(4,804)	14,316	27,879	13,794

See accompanying notes

Nipissing University

STATEMENT OF CASH FLOWS

[in thousands]

Year ended April 30	2010	2009
	\$	\$
Cash provided by (used in):		<i>[as restated – see note 18]</i>
Operations:		
Excess (deficiency) of revenues over expenses	7,444	(7,086)
Items not involving cash:		
Amortization of capital assets	3,950	3,854
Amortization of deferred capital contributions	(2,568)	(2,561)
Change in fair value of interest rate swaps	(2,341)	2,459
Change in non-cash operating working capital:		
Accounts receivable	(6,225)	92
Accrued interest	45	(808)
Other assets	(4)	(168)
Accounts payable and accrued liabilities	1,330	(563)
Student levies held in trust	613	(434)
Accrued sick leave obligation	(81)	20
Deferred revenue	2,459	(183)
	4,622	(5,378)
Financing and investing:		
Net endowment contributions	6,641	(1,179)
Proceeds of long-term debt	4,000	-
Long-term debt principal repayments	(994)	(1,367)
Purchase of capital assets	(10,206)	(14,813)
Investments, net	(12,585)	(16,742)
Cash held in trust	(613)	434
Deferred contributions	4,250	-
Deferred capital contributions	2,693	14,255
	(6,814)	(19,412)
Net decrease in cash and short-term investments during the year	(2,192)	(24,790)
Cash and short-term investments, beginning of year	18,096	42,886
Cash and short-term investments, end of year	15,904	18,096

See accompanying notes

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

1. DESCRIPTION

Nipissing University [the 'University'] was incorporated as a university in 1992 under the laws of the Province of Ontario. Its mission is to provide undergraduate programs in Liberal Arts, Science, Business and undergraduate and graduate programs in Education. The University aspires to fulfil the best traditions of scholarship and to provide an environment committed to the ideals of free inquiry and expression. As a university with predominantly undergraduate programming and roots in teacher education, the University places priority on the highest ideals of instructional excellence.

These financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all of the operations and organizations controlled by the University. Accordingly, these financial statements include the academic, administrative and other operating expenditures funded by fees, grants and other general revenue; restricted purpose endowment funds; and the ancillary operations, such as residences.

The University is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized below:

Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants. 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. Unrestricted donations are recorded on a cash basis since pledges are not legally enforceable claims. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets. Endowment contributions are recognized as direct increases in net assets in the year in which they are received. Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at point of sale or when the service has been provided.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and short-term investments

Cash and short-term investments consist of cash and short term money market funds with maturities of less than three months from their date of acquisition.

Financial instruments

The University accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of three categories: held-for-trading, loans and receivables or other financial liabilities. All financial instruments, including derivatives, are measured in the statement of financial position at fair value except for loans and receivables and other financial liabilities which are measured at amortized cost. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the statement of operations.

In accordance with Canadian generally accepted accounting principles, the University has undertaken the following:

- (i) Cash and short-term investments, investments, and interest rate swap payable are designated as held-for-trading, being measured at fair value.
- (ii) Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Accounts payable and accrued liabilities, and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

No financial recognition is given to embedded derivatives or non-financial contracts with derivative characteristics.

The University also complies with CICA 3861, "Financial Instruments – Disclosure and Presentation", for the presentation and disclosure of financial instruments and non-financial derivatives.

The fair value of investments is determined as follows:

Publicly traded bonds and equities are determined based on quoted market values based on the latest bid prices. Investments in pooled funds are valued at their unit values.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded as follows:

Unrestricted investment income is recognized as revenue in the statement of operations in the year it is earned.

Externally restricted investment income(loss) designated for endowments (referred to as capital protection) is recognized as a direct increase(decrease) of endowments in net assets.

Externally restricted investment income, other than that designated for endowments (referred to as capital protection), is recognized as revenue in the statement of operations, when the related expenses are incurred. All externally restricted investment income, other than that designated for endowments, which is in excess of related expenses incurred, is recorded as deferred contributions.

Investment income that is internally restricted is recorded as a transfer from unrestricted to internally restricted net assets in the statement of changes in net assets.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are capitalized at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis over the estimated useful lives as follows:

Buildings	40 years
Equipment and furnishings	5-10 years
Library books	5 years

Costs of construction in progress, including interest, are capitalized. Amortization is not recognized until project completion.

Internally restricted net assets

The University restricts use of portions of its operating assets for specific future uses. These internally restricted amounts are not available for other purposes without approval of the Board of Governors.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interest rate swaps

The University is party to interest rate swap agreements used to manage the exposure to market risks from changing interest rates. The University's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The University has not hedged these agreements and the change in the fair value of the swaps is reflected in the statement of operations. The amount recorded on the statement of financial position is recorded at fair value

Employee future benefits

Contributions to both a defined contribution pension plan and a multi-employer defined benefit plan are expensed when due.

Contributed materials and services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed materials and services are not recognized in these financial statements.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles require 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 revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for accounts receivable; and, accounts payable and accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

3. STUDENT LEVIES HELD IN TRUST

Student levies have been collected for the construction of a proposed expanded student centre. In addition, these funds are used to service the debt incurred for the construction of the Muskoka Campus Student Centre. These funds, totalling \$1,908,000 (2009 - \$1,295,000) as at year end, are maintained in a segregated cash fund and are shown as Student levies held in trust. These funds are only to be used toward the specific expansion and renovation capital costs as approved by student referendum held November 3rd and 4th, 2003. During the year, the University was served with an Application to have these funds forwarded to Nipissing University Student Union.

4. INVESTMENTS

Investments consist of the following:

	2010 (\$000)	2009 (\$000)
Bonds and Short-term Pooled Funds	24,712	14,775
Publically traded equities	1,658	—
Sceptre Pooled Funds	7,165	6,175
	33,535	20,950

Investments are recorded at fair value consist of funds held in pooled investment funds managed by Sceptre Investment Counsel Limited, publically traded equities and selected government and corporate bonds.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

5. CAPITAL ASSETS

Capital assets consist of the following:

	2010			2009		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Land	3,533	—	3,533	3,533	—	3,533
Buildings - Operating	53,887	11,043	42,844	45,155	9,696	35,459
- Residence	29,355	5,922	23,433	29,355	5,188	24,167
Equipment and furnishings:						
- Operating	19,738	14,591	5,147	18,918	13,351	5,567
- Residence	2,710	2,259	451	2,710	1,982	728
Library books	8,831	7,912	919	8,546	7,560	986
Construction in Progress	7,941	—	7,941	7,572	—	7,572
	125,995	41,727	84,268	115,789	37,777	78,012

The increase in net book value of capital assets is due to the following:

	2010 (\$000)	2009 (\$000)
Balance, beginning of year	78,590	67,631
Purchase of capital assets internally and debt financed	4,000	1,052
Purchase of capital assets funded by deferred capital contributions	5,628	13,183
Less: amortization of capital assets	(3,950)	(3,854)
Balance, end of year	84,268	78,012

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

6. LONG-TERM DEBT

Long-term debt consists of the following:

	2010 (\$000)	2009 (\$000)
Founders House Student Residence:		
Term loan bearing interest at a variable rate of 0.44% as at April 2010 (converted to effective interest rate of 6.82%) repayable in blended monthly instalments of \$44,500, unsecured due July 2022.	4,352	4,579
Chancellors House Student Residence:		
Term loan bearing interest at a variable rate of 0.44% as at April 2010 (converted to effective interest rate of 7.05%) repayable in blended monthly instalments of \$72,000, unsecured due August 2026.	8,261	8,530
Chancellors House Student Residence Expansion:		
Term loan bearing interest at a variable rate of 0.44% as at April 2010 (converted to effective interest rate of 6.74%) repayable in blended monthly instalments of \$25,400, unsecured due September 2028.	3,163	3,250
Nipissing University Student Athletic Centre:		
6.45% renewable term loan with monthly blended payments of principal and interest of \$23,527 and original principal of \$3,500,000 issued July 30, 2002. Payments were calculated over a 25 year term. This unsecured loan matures July 30, 2010.	2,736	2,838
Governors House Student Residence:		
Term loan bearing interest at a variable rate of 0.44% as at April 2010 (converted to effective interest rate of 6.27%) repayable in blended monthly instalments of \$73,360, unsecured due August 2030.	10,099	10,336
Subtotal Long-term debt	28,611	29,533

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

6. LONG-TERM DEBT (cont'd)

	2010 (\$000)	2009 (\$000)
Subtotal carried forward	28,611	29,533

Brantford Campus Financing:

The University has entered into a ten-year, term loan agreement with a Canadian Chartered Bank in the amount of \$1.2 million to be amortized over twenty-five years. The interest rate for the ten years will be 4.56%. Monthly blended payments of principal and interest will be approximately \$6,700 and commenced July 31, 2005. This unsecured loan matures June 30, 2015.

	1,061	1,092
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City of Brantford Financing:

In July 2007, the City of Brantford advanced \$2.1 million to the University to assist the University with the renovations of the premises at 50 Wellington Street in Brantford. The advance was made in two parts. The first is an interest-free forgivable loan of \$ 600,000 repayable July 1, 2009. This part of the loan is forgivable once the University has completed certain improvements to the premises. As at April 30, 2009, these improvements were completed and the loan forgiven. The second part of the advance was an interest-free loan of \$1,500,000. The loan was discounted at a rate of 5.11% approximating the market borrowing rate for the University. This loan is to be repaid in three annual instalments of \$150,000 commencing July 1, 2010 and six annual instalments of \$175,000 commencing July 1, 2013.

	1,256	1,223
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Research Complex:

In February, 2010 the University borrowed in the form of a debenture from Ontario Infrastructure Projects Corporation, the principal sum of \$ 4,000,000 with an interest rate of 4.33% calculated semi-annually for a term of 15 years. The University has agreed to repay this unsecured loan in semi-annual blended principal and interest payments of \$182,677 commencing August 16, 2010.

	4,000	-
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Subtotal Long-term debt	34,928	31,848
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Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

6. LONG-TERM DEBT (cont'd)

	2010 (\$000)	2009 (\$000)
Subtotal carried forward	34,928	31,848

Muskoka Campus Financing:

In January, 2008 the University borrowed in the form of a debenture from Ontario Infrastructure Projects Corporation, the principal sum of \$ 2,300,000 with an interest rate of 5.11% calculated semi-annually for a term of 25 years. The Muskoka campus loan was undertaken to finance the construction of dedicated space for Nipissing University Student Union ('NUSU') included in the new building. The University has entered into a formal agreement with NUSU for the University to collect an ancillary student building fee to be applied to the interest and principal payments on this loan as long as the obligation remains outstanding. The University has agreed to repay this unsecured loan in semi-annual blended principal and interest payments of \$81,987 commencing July 15, 2008.

Total long-term debt	2,203	2,277
Less current portion	37,131	34,125
Long-term debt	4,044	1,003
	33,087	33,122

The University has entered into interest rate derivative agreements to manage the volatility of interest rates on long term debt. The University converted the full face value of its variable rate term loans to a fixed rate of interest ranging from 6.27% to 7.05%. The related derivative agreements are in place until the maturity of the associated debt.

The following are the minimum annual debt principal repayments due over the next five years and thereafter:

Years ended April 30,	(\$000)
2011	4,044
2012	1,375
2013	1,456
2014	1,561
2015	1,647
Thereafter	27,048
	37,131

Total interest expense for the year ended April 30, 2010 was \$2,423,000 [2009 -\$2,435,000].

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent the unspent amount of externally restricted donations and grants received for research and other restricted purposes. The change in the deferred contribution balance is as follows:

	2010 (\$000)	2009 (\$000)
Balance, beginning of year	265	265
Add: contributions received during the year	6,476	1,714
Less: amount recognized as revenue	(2,226)	(1,714)
Balance, end of year	4,515	265

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized and unspent amounts of donations, student contributions and grants received for the purchase of capital assets. The amortization of deferred capital contributions, which commence once an asset is put into service, is recorded as revenue in the statement of operations. The change in the deferred capital contribution balance is as follows:

	2010 (\$000)	2009 (\$000)
Balance, beginning of year	51,923	49,973
Add: contributions received in the year	2,693	4,511
Less: amortization of deferred capital contributions	(2,568)	(2,561)
Balance, end of year	52,048	51,923
Comprised of:		
Capital contributions - unamortized	43,816	40,178
Capital contributions - unspent	8,232	11,745
	52,048	51,923

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

9. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted funds are as follows:

	2010 (\$000)	2009 (\$000)
Infrastructure upgrades	1,250	1,250
Scholarship funds	1,229	1,061
Capital projects	6,178	2,103
Native Education program	121	121
Ancillary operations	5,021	3,773
	13,799	8,308

Restricted funds for capital projects include the Active Learning and Physical Health Research Innovation Centre (R.J. Surtees Centre) expansion and vacated library space retrofitting projects.

During the year, the Board of Governors restricted funds of \$1,248,000 to be used for future ancillary operations and upgrades, and reserved funds of \$4,075,000 of capital project funds to assist with the leveraging of financing for the completion of the R.J. Surtees Centre expansion and infrastructure improvement projects. In 2009, \$7,094,000 of restricted funds were drawn down to finance the research complex and the Muskoka Campus capital projects.

These internally restricted amounts are not available for other purposes without approval by the Board of Governors.

10. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	2010 (\$000)	2009 (\$000)
Capital assets (net)	84,268	78,012
Less amounts financed by:		
Debt	(37,131)	(34,125)
Deferred capital contributions [note 8]	(43,816)	(40,178)
	3,321	3,709

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

10. INVESTMENT IN CAPITAL ASSETS (cont'd)

Change in net assets invested in capital assets is calculated as follows:

	2010 (\$000)	2009 (\$000)
Excess of revenues over expenses:		
Amortization of deferred contributions related to capital assets	2,568	2,561
Amortization of capital assets	(3,950)	(3,854)
	(1,382)	(1,293)
Net change in investment in capital assets:		
Purchase of capital assets	9,628	14,813
Amounts funded by:		
Deferred capital contributions	(5,628)	(13,761)
Proceeds of debt	(4,000)	-
Repayment of debt	994	1,367
	994	2,419

11. ENDOWMENTS

Endowments consist of externally restricted donations received by the University. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

The Government of Ontario established the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust of Student Support (OTSS) programs to encourage individuals and companies to contribute and endow funds to support post-secondary students. Externally restricted endowments include grants provided by the Government of Ontario from the OSOTF and OTSS matching program. The University established three funds – OSOTF - Phase 1 in fiscal 1997; OSOTF - Phase 2 in fiscal 2004; and OTSS in fiscal 2005. Investment income earned on these funds is used to finance awards to qualified students in need of financial aid.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

11. ENDOWMENTS (cont'd)

OSOTF - Phase 1	2010 (\$000)	2009 (\$000)
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Ontario Student Opportunity Trust Fund balance, beginning and end of year	3,535	3,535
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Expendable balance, beginning of year	(96)	933
Realized investment income, net of direct investment-related expenses	120	152
Unrealized investment gain (loss)	873	(1,026)
Bursaries awarded (2010 – 120 bursaries, 2009 – 125 bursaries)	(150)	(155)

Expendable balance, end of year	747	(96)
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OSOTF – Phase 2	2010 \$	2009 \$
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Endowment balance, beginning and end of year	689,242	689,242
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Expendable balance, beginning of year	(6,111)	239,275
Realized investment income, net of direct investment-related expenses	23,217	29,335
Unrealized investment gain (loss)	91,668	(262,721)
Bursaries awarded (2010 – 12 bursaries, 2009 – 15)	(10,000)	(12,000)

Expendable balance, end of year	98,774	(6,111)
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Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

11. ENDOWMENTS (cont'd)

OTSS	2010 \$	2009 \$
Endowment balance, March 31, 2009	750,046	682,914
Cash donations received within annual matching ceiling	88,704	33,566
Matching funds received or receivable from MTCU	88,704	33,566
Endowment balance, March 31, 2010	927,454	750,046
Cash donations received April	5,690	3,237
Endowment balance, April 30, 2010	933,144	753,283
Expendable balance, beginning of year	(36,049)	31,411
Realized investment income, net of direct investment-related expenses	54,695	(63,660)
Bursaries awarded (2010 – 2 bursaries, 2009 – 4)	(1,000)	(3,800)
Expendable balance, end of year	17,646	(36,049)
Outstanding donations pledged	3,070	15,276
Other endowments	2010 (\$000)	2009 (\$000)
Other endowments, balance beginning of year	2,327	2,230
Donations and contributions	4,301	97
Other endowments, balance end of year	6,628	2,327
Expendable balance, beginning of year	509	758
Realized investment income, net of direct investment-related expenses	707	(199)
Awards	(136)	(50)
Expendable balance, end of year	1,080	509

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

12. EMPLOYEE FUTURE BENEFITS

The majority of the University's employees are members of the Nipissing University Retirement Pension Plan, a defined contribution plan. Certain faculty are members of the Ontario Teacher Pension Plan, a multi-employer defined benefit plan. In addition, the University provides post employment benefits for certain long service retired employees, covering health benefits up to age 65. Contributions to the defined contribution and the multi-employer defined benefit plan are expensed when due.

Total pension costs incurred for the year were \$1,848,000 [2009 - \$1,570,000].

13. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Fair value:

The carrying values of the University's accounts receivable, accounts payable and accrued liabilities, student levies held in trust, and accrued sick leave obligation approximate their fair values due to the relatively short periods to maturity of these items because they are receivable or payable on demand.

The fair values of the interest rate swaps and related long-term debt approximate their carrying value.

(b) Credit and interest rate risk:

The University's financial instruments do not expose the University to a significant concentration of credit risk.

The University's long-term debt instruments bearing fixed interest rates that are subject to renegotiation as the instruments mature. The University's investments do not expose the University to significant interest rate risks.

14. COMMITMENTS

The University had two capital projects underway as at year end. In July 2009, Canadore College and Nipissing University issued a fixed price contract for the construction of the Learning Library. The contract was issued for \$20,492,000 plus applicable taxes. The joint obligation remaining as at April 30, 2010 was \$10,012,000. The project is financed by government grants, donations and operating funds.

The second project underway as at year end, was the construction of a 52 bed residence at the Muskoka Campus. The commitment remaining as at year-end was \$3,677,000. This project is financed by government grants.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

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15. SUBSEQUENT EVENT

In June 2010, Nipissing University issued a fixed price contract for the expansion of the Active Learning and Physical Health Research Innovation Centre. The contract was issued for \$10,200,000 plus applicable taxes. The project is financed by government grants, donations, operating funds and borrowing proceeds.

As part of the financing of this expansion, the University entered into an interest rate swap agreement with a Canadian chartered bank. This credit facility allows the University to borrow funds under a series of bankers' acceptances to finance the construction phase of this project and then convert the advances up to a maximum of \$12,000,000 into an interest rate swap upon completion of the project. The University has locked in the interest rate under the swap agreement at 5.25% based on a draw date of October 2011 and based on an amortization period of 25 years.

16. FIRST GENERATION MENTORING PROGRAM

The university entered into an agreement with the Province of Ontario to provide assistance to First Generation Students with the goal of enhancing the participation of First Generation students in postsecondary education and increasing the retention and graduation rates for this student population. The program term began January 2009 and was completed June 30, 2010. The financial summary for the project is summarized below:

	\$
Revenue	
Grant Revenue	48,000
Expenditures	
Staffing wages and benefits	22,753
Recruitment and supplies	14,818
Operating supplies	557
	<u>38,128</u>
Surplus funds	<u>9,872</u>

Nipissing University

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17. CAPITAL MANAGEMENT

In managing capital, the University focuses on liquid resources available for operations. The University's objective is to have sufficient liquid resources to continue to operate even if adverse financial events were to occur. The University's mandate is to prepare an annual balanced budget and the levels of liquid resources are considered in the annual budget process. Cash flows are monitored on a daily basis. The University attempts to minimize the use of its line of credit of \$1,000,000 which can be used in the event that sufficient cash flow is not available to cover operating and capital expenditures. The University manages its capital expenditures in accordance with its debt capacity. As at April 30, 2010, the University has met its objective of having sufficient liquid resources to meet its current operations.

18. CHANGE IN ACCOUNTING POLICY

On May 1, 2009, the University retroactively adopted, with restatement of prior periods, the accounting policy for the Learning Library project to include its share of the costs and deferred funding to date. This restatement has had the effect of reducing opening construction in progress by \$578,000, increasing the amount due from Canadore College by \$171,000, reducing investments by \$9,337,000 and reducing deferred capital contributions by \$9,744,000. Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

19. SUPPLEMENTAL INFORMATION

In addition to the information presented in the statement of operations, presented below is a Schedule of Expenses classified by object of expense.

Year ended April 30	2010 (\$000)	2009 (\$000)
EXPENSES		
Employee salaries and benefits	45,393	40,714
Academic supplies and services	6,139	6,380
Plant and operating expenditures	9,268	9,968
Scholarships and bursaries	2,721	2,387
Interest	2,483	2,435
Amortization of capital assets	3,950	3,854
	69,954	65,738