Trinity College

Financial Statements
April 30, 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
PO Box 82
Royal Trust Tower, Suite 3000
Toronto Dominion Centre
Toronto, Ontario
Canada M5K 1G8
Telephone +1 416 863 1133
Facsimile +1 416 365 8215

September 24, 2009

Auditors' Report

To the Members of Corporation of
Trinity College

We have audited the statement of financial position of **Trinity College** (the College) as at April 30, 2009 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 College'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 College as at April 30, 2009 and the results of its operations, the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Trinity College

Statement of Financial Position

As at April 30, 2009

(in thousands of dollars)

	2009 $	2008 $
Assets		
Current assets		
Cash and short-term investments	1,917	1,031
Accounts receivable	990	767
Prepaid expenses	132	126
	3,039	1,924
Investments (note 3)	58,793	70,014
Capital assets (note 5)	13,346	13,652
	75,178	85,590
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,657	1,678
Current obligations under capital lease (note 6)	-	18
	1,657	1,696
Accrued pension liability (note 12)	383	357
Post-employment health plan liability (note 12)	5,993	5,595
Deferred contributions (note 7)	6,235	5,277
Deferred capital contributions (note 9)	10,735	10,911
	25,003	23,836
Net Assets		
Capital assets	2,609	2,738
Endowments (note 8)	32,634	39,618
Unrestricted net assets	14,932	19,398
	50,175	61,754
	75,178	85,590

Approved by the Board of Trustees

_______________ Member _______________ Member

Trinity College

Statement of Operations

For the year ended April 30, 2009

(in thousands of dollars)

	2009 $	2008 $
Revenue		
Student fees	5,132	4,912
Grants from University of Toronto	2,447	2,384
Government and other grants	308	345
Unrestricted donations and bequests (note 10)	2,392	1,481
Grants, donations and investment income used for restricted purposes (note 7)	2,691	2,722
Sales, services and sundry	1,933	1,886
Amortization of deferred capital contributions (note 9)	1,272	1,262
	16,175	14,992
Expenses		
Salaries and benefits	8,323	8,050
Supplies and services	1,990	1,897
Repairs and maintenance	962	767
Utilities	861	912
Amortization of capital assets	1,618	1,682
Student awards	1,183	1,183
Food service and catering	1,821	1,813
Investment deficit (note 3)	4,012	459
	20,770	16,763
Deficiency of revenue over expenses for the year, before internal allocations (to) from unrestricted net assets	(4,595)	(1,771)
Internal allocation of unrestricted bequests to unrestricted net assets (note 10)	(1,618)	(549)
Internal allocation of investment deficit from unrestricted net assets (note 4)	5,468	2,130
Deficiency of revenue over expenses for the year	(745)	(190)

Trinity College

Statement of Changes in Net Assets

For the year ended April 30, 2009

(in thousands of dollars)

	Capital assets $	Endowments $	Unrestricted net assets $	Total $
Net assets - April 30, 2007	2,816	41,259	21,091	65,166
(Deficiency) excess of revenue over expenses for the year	(420)	-	230	(190)
Allocation of unrestricted bequests (note 10)	-	-	549	549
Allocation of investment deficit (notes 3 and 4)	-	(4,441)	(2,130)	(6,571)
Unrestricted funds invested in capital assets	342	-	(342)	-
Endowment grants	-	75	-	75
Donations and bequests (note 10)	-	2,564	-	2,564
Other endowment contributions	-	6	-	6
Transfer from deferred contributions (note 7)	-	155	-	155
	(78)	(1,641)	(1,693)	(3,412)
Net assets - April 30, 2008	2,738	39,618	19,398	61,754
Deficiency of revenue over expenses for the year	(346)	-	(399)	(745)
Allocation of unrestricted bequests (note 10)	-	-	1,618	1,618
Allocation of investment deficit (notes 3 and 4)		(7,807)	(5,468)	(13,275)
Unrestricted funds invested in capital assets	217	-	(217)	-
Endowment grants	-	82	-	82
Donations and bequests (note 10)	-	871	-	871
Other endowment contributions	-	6	-	6
Transfer from deferred contributions (note 7)	-	168	-	168
Transfer to external charity	-	(304)	-	(304)
	(129)	(6,984)	(4,466)	(11,579)
Net assets - April 30, 2009	2,609	32,634	14,932	50,175

Trinity College

Statement of Cash Flows

For the year ended April 30, 2009

(in thousands of dollars)

	2009 $	2008 $
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses for the year	(745)	(190)
Allocation of unrestricted bequests	1,618	549
Allocation of investment deficit	(5,468)	(2,130)
	(4,595)	(1,771)
Adjustments for non-cash and non-operating items		
Unrealized loss in value of pooled fund investments	12,738	7,372
Net realized gain on sale of investments	(443)	(2,005)
Allocation of investment deficit from endowments	(7,807)	(4,441)
Amortization of capital assets	1,618	1,682
Amortization of deferred capital contributions	(1,272)	(1,262)
Pension and post-employment benefit expenses	1,150	1,117
Pension and post-employment benefits funding	(726)	(682)
Net change in non-cash working capital and deferred contribution balances	1,850	1,352
	2,513	1,362
Financing activities		
Endowment grants	82	75
Net endowment contributions and donations	573	2,570
Repayment of capital lease	(18)	(47)
	637	2,598
Investing activities		
Net purchase of investments	(1,075)	(2,691)
Purchase of capital assets	(1,190)	(1,230)
Expenditure on construction-in-progress	1	44
	(2,264)	(3,877)
Increase in cash and short-term investments for the year	886	83
Cash and short-term investments - Beginning of year	1,031	948
Cash and short-term investments - End of year	1,917	1,031

(columnar amounts in thousands of dollars)

Trinity College (the College) is a university federated with the University of Toronto. Degrees in the Faculty of Arts and Science are awarded, under the terms of federation, by the University of Toronto. Degrees in the Faculty of Divinity are awarded conjointly with the University of Toronto. Affiliated with the College is St. Hilda's College, which provides services for women students at the College.

The College is exempt from income taxes and is a registered charity pursuant to the provisions of the Income Tax Act (Canada).

1 Summary of significant accounting policies and disclosure

The accounting policies followed by the College and the disclosure of its financial information conform with Canadian generally accepted accounting principles.

a) Financial instruments

On May 1, 2007, the College adopted the provisions of The Canadian Institute of Chartered Accountants (CICA) Handbook Sections 3855, Financial Instruments - Recognition and Measurement, and 3865, Hedges.

These standards require that all financial assets be classified as held-for-trading (HFT), available-for-sale (AFS), held-to-maturity (HTM) or loans and receivables. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument are expensed. Furthermore, these standards require that all financial assets be measured at fair value, with the exception of loans and receivables, debt securities, HTM and AFS assets, which do not have quoted market prices in active markets.

Changes in the unrealized fair value of financial assets designated as HFT are reported in the excess or deficiency of revenues over expenses for the year in the statement of operations.

Classification of financial instruments

i) HFT financial assets and financial liabilities

HFT financial assets are measured at fair value at the statement of financial position date. Fair value is determined based on quoted market prices or where market prices are not readily available, on quoted market prices for similar securities or other third party evidence. Both realized and unrealized gains and losses from changes in fair value are recorded in the statement of operations.

ii) AFS financial assets

AFS financial assets are those non-derivative financial assets that are designated as AFS or that are not classified as loans and receivables, HTM, HFT or designated as fair value financial assets and which are not subject to significant influence. AFS securities are generally carried at fair values with unrealized gains and losses being included in unrestricted net assets. Where available, fair value is determined using quoted market prices from active markets. The College has not designated any such financial assets.

(columnar amounts in thousands of dollars)

iii) Loans and accounts receivable

Loans and accounts receivable are accounted for at amortized cost.

iv) HTM financial assets

Financial assets designated as HTM comprise non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and accounts receivable that the College has the intent and ability to hold to maturity. HTM financial assets are recorded at amortized cost. The College has not designated any such financial assets.

Financial liabilities

Financial liabilities include all liabilities, other than derivatives and HFT financial liabilities relating to securities sold short or liabilities, which have been designated at fair value on initial recognition. Financial liabilities are recorded at amortized cost.

Other handbook provisions

As permitted by the Accounting Standards Board of the CICA, the College has opted not to adopt the following provisions: CICA Section 1535, Capital Disclosures; CICA Section 3862, Financial Instruments - Disclosures; and CICA Section 3863, Financial Instruments - Presentation.

b) Cash and short-term investments

Short-term investments are investments that are readily convertible into cash, are subject to insignificant risk of changes in value and have original maturities of three months or less.

c) Investments

The College's managed pooled funds and segregated investments are recorded at their estimated fair values, which are based on quoted market prices. Investments in hedge funds are recorded at their estimated fair values, as determined by the College's hedge fund managers.

Investment earnings are measured on a total return basis, which includes both realized and unrealized capital gains and losses. The allocation of investment income (deficit) depends on the source and use of funds, as described in section (e) below.

d) Revenue recognition of contributions

The College follows the deferral method of accounting for contributions. Contributions that are restricted as to purpose are recorded as deferred contributions in the statement of financial position and recognized as revenue in the year in which the corresponding expense is incurred.

(columnar amounts in thousands of dollars)

Contributions for the purchase of capital assets or for construction projects are recorded as deferred contributions until expended or until the project is complete and are then recorded as deferred capital contributions and amortized on the same basis as the assets purchased.

Unrestricted contributions, including unrestricted bequests, are recorded as revenue in the current year.

e) Allocation of investment income

Investment income is allocated in different ways, depending on the type of fund.

Deferred contributions

Deferred contributions consist of the unspent accumulation of expendable donations and grants for restricted purposes and the unspent expendable income from endowments.

Unspent expendable income from endowments and non-endowed funds with small balances receive no allocation of investment income. Other deferred contributions are generally allocated investment income based on the 91-day treasury bill rate for the previous year (2009: 2.40%; 2008: 4.60%). For large balances, a premium is applied (2009: 40.00%; 2008: 2 percentage points).

Endowments

Endowments consist mainly of funds, including lectureships, scholarships, prizes and bursaries subject to externally imposed restrictions that the capital be maintained. Endowments include some internally restricted funds (note 8). The objective of the College's policy on allocation of investment income is to preserve the real value of endowments over time. To achieve this objective, investment income is allocated as follows:

- 4.00% (2008: 5.00%) (the expected long-term real rate of return) of the opening balance of each endowment is made available annually for the purpose of the endowment;

- 1.00% of the opening balance of each endowment is taken as an administrative fee; and

- the rate of return for the year ended March 31, minus the 4.00% (2008: 5.00%) expendable draw and the 1.00% administrative fee, is applied to the opening balance of each endowment as capital preservation (indexation). Indexation may be positive or negative.

The actual rate of return on invested funds for the year ended March 31, 2009 was negative 14.91% (2008: negative 4.79%).

Unrestricted net assets

Unrestricted net assets, also known as the general endowment, are the accumulation of unrestricted donations, bequests and other unrestricted funds. Unrestricted net assets include some internally designated funds.

(columnar amounts in thousands of dollars)

Unrestricted net assets generate an important source of operating revenue for the College. Accordingly, they are treated in a manner similar to endowments with the objective of preserving their real value over time. To achieve this objective, the College seeks to achieve a balanced operating budget, based on drawing 4.00% (2008: 5.00%) (the expected long-term real rate of return) annually from invested assets earning unrestricted revenue. To smooth market fluctuations, the rate is applied to a five-year average of inflation-adjusted market prices.

This policy is accounted for as follows:

- total investment income, after allocations for endowments and deferred contributions, is recorded as revenue in the statement of operations (note 3);
- the 4.00% draw on funds earning unrestricted revenue, the 1.00% administrative fee on endowments and income allocated to internally designated funds are deducted (note 4); and
- the balance, which may be positive or negative, is allocated to unrestricted net assets in the statement of operations (note 4).

f) Capital assets

Capital assets are stated at cost at the date of purchase or fair value at the date of acquisition in the case of gifts. They are amortized over their useful lives on the following bases:

Buildings	25 years straight-line
Equipment	10 years straight-line
Computer hardware	3 years straight-line
Library holdings	5 years straight-line
Telephone system - capital lease	5 years straight-line

g) Collections

Collections consist of archival materials, works of art and silver and are not recorded in the financial statements. Donation receipts are issued for fair value in accordance with the guidelines of the Canada Revenue Agency.

h) Construction-in-progress

On completion of the projects, costs are added to the respective capital asset categories and amortized in accordance with the College's policy.

i) Foreign currency exchange

Assets and liabilities are translated at the rate of exchange in effect as at the date of the statement of financial position. Transfers of funds to and from US dollar accounts are translated at the rate of exchange in effect on the date of each transaction. Investment income from US securities is translated at the average rate of exchange for the fiscal year.

(columnar amounts in thousands of dollars)

j) Employee benefit plans

The College accrues its obligations under employee benefit plans net of plan assets. The College has adopted the following policies in respect of the calculation of its obligations and expenses under these plans:

- the cost of pensions and other post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on years of service and management's best estimate of expected plan performance, salary escalation, retirement ages of employees and expected health care costs;

- for the purpose of calculating the expected return on benefit plan assets, those assets are valued at fair value;

- past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment; and

- the excess of net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of benefit plan assets is amortized over the average remaining service period of active employees.

2 Arrangements with University of Toronto

Under a 1910 agreement with the University of Toronto and subsequent amending agreements, most of the lands occupied by the College are assigned for its use for as long as the College is federated with the University of Toronto. These lands include the areas occupied by the main building on Hoskin Avenue, the Larkin Academic Building, the main and north wings of St. Hilda's College, the tennis courts, the parking lot and the playing field. No value is recorded for this assignment. The remaining lands (the Devonshire property and the area occupied by the southern portion of St. Hilda's College) are owned freehold by the College.

The financial relationship between the College and the University of Toronto in Arts and Science is governed by a memorandum of agreement under which the University of Toronto receives credit for government grants and tuition fees generated by the College's students, and in return reimburses the College for space and services provided by the College to Arts and Science students. The reimbursement comes through a block grant which funds library, registrarial, academic support, physical plant and other services on a formula basis, and an instructional grant, which funds part of the cost of College academic programs. The College supplements these grants with its own resources.

A separate agreement between the University of Toronto, the Toronto School of Theology (T.S.T.) and its member institutions establishes the financial arrangements for the Faculty of Divinity at the College. All government grants for divinity students flow through the University of Toronto to the T.S.T. where they are distributed to each member institution according to an agreed formula. Tuition and related fees for divinity students, which must comply with regulations of the Ministry of Training, Colleges and Universities (Ontario), are set by the College in consultation with the T.S.T. and are recognized as revenue to the College.

(columnar amounts in thousands of dollars)

3 Investments

The College's investments consist of:

	2009 $	2008 $
Segregated holdings	3	5
Managed pooled funds	48,884	60,232
Hedge funds	9,906	9,777
	58,793	70,014

The College's pooled fund investments and hedge funds are managed by independent investment counsel. A summary of the holdings is set out below:

	Cost		Fair value	
	2009 $	2008 $	2009 $	2008 $
Pooled fund investments				
Addenda Capital	20,835	24,488	21,016	25,328
Jarislowsky Fraser	10,285	9,268	11,806	14,992
Legg Mason	11,934	10,811	6,824	9,561
Barclays Global Investors	15,028	11,999	9,238	10,351
	58,082	56,566	48,884	60,232
Hedge funds				
Pine Grove Offshore Fund	4,871	4,871	4,900	4,929
K2 Master Fund	4,790	4,790	5,006	4,848
	9,661	9,661	9,906	9,777

(columnar amounts in thousands of dollars)

Sources and allocations of investment income (deficit) are as follows:

	2009 **$**	**2008** **$**
Unrealized loss in value of pooled fund investments	(12,738)	(7,372)
Net realized gain on sale of investments	443	2,005
Interest and dividends	2,298	2,898
	(9,997)	(2,469)
Investment fees	(183)	(245)
	(10,180)	(2,714)
Deferred for restricted purposes (note 7)	(1,639)	(2,186)
Allocation from endowments (indexation)	7,807	4,441
Investment deficit	(4,012)	(459)

4 Allocation of investment (deficit) income to unrestricted net assets

Investment (deficit) income included in expenses in the statement of operations is allocated for the purposes of capital preservation of unrestricted net assets as follows:

	2009 **$**	**2008** **$**
Investment deficit (note 3)	(4,012)	(459)
Less		
Expected long-term real rate of return on unrestricted net assets (4.00%; 2008: 5.00%)	1,053	1,230
Administrative fee on endowments	392	420
Allocation to internally designated funds	11	21
	1,456	1,671
Allocation of investment deficit from unrestricted net assets	(5,468)	(2,130)

(columnar amounts in thousands of dollars)

5 Capital assets

	2009			2008		
	Cost $	**Accumulated amortization $**	**Net carrying value $**	**Cost $**	**Accumulated amortization $**	**Net carrying value $**
Capital assets						
Land	1	-	1	1	-	1
Buildings	29,289	17,704	11,585	28,439	16,850	11,589
Equipment	5,867	4,896	971	5,705	4,515	1,190
Computer hardware	429	409	20	403	395	8
Library holdings	4,886	4,119	767	4,612	3,751	861
Telephone system	278	278	-	278	278	-
	40,750	27,406	13,344	39,438	25,789	13,649
Construction-in-progress						
Steamline	2	-	2	-	-	-
Backfield	-	-	-	3	-	3
	2	-	2	3	-	3
	40,752	27,406	13,346	39,441	25,789	13,652

The College owns the land on which certain of its buildings have been constructed. This land has been included in capital assets at a nominal value, since it is not practicable to generate an original cost figure.

6 Capital lease

During the year ended April 30, 2004, the College entered into lease arrangements with CitiCapital Technology Finance Ltd. to acquire a telephone system. The following is an analysis of the equipment under capital lease:

	$
Current obligations under capital lease	
Balance - Beginning of year	18
Less: Lease payment	(18)
Balance - End of year	-

The capital lease expired on August 31, 2008, and the telephone system was purchased by the College for its residual value.

(columnar amounts in thousands of dollars)

7 Deferred contributions

Changes in the deferred contribution balances are summarized as follows:

	2009 $	2008 $
Grants	1,096	584
Donations (note 10)	1,692	1,003
Allocation of investment income (note 3)	1,639	2,186
Other deferred contributions	364	361
Expenditure included in operations	(2,691)	(2,722)
Transfer to endowments	(168)	(155)
Transfer to deferred capital contributions (note 9)	(974)	(888)
Change during the year	958	369
Balance - Beginning of year	5,277	4,908
Balance - End of year	6,235	5,277

8 Endowments

As a result of donation matching agreements and the College's decisions to use unrestricted bequests in support of certain capital campaigns, unrestricted net assets are, from time to time, transferred to endowments and classified as internally restricted funds. These funds are not available for other purposes without the approval of the College's Board of Trustees.

Undesignated donations made in the connection with the College's Spirit of Leadership Capital Campaign (1996-2004) were transferred to campaign-related endowments. These donations and associated indexation are known as campaign-restricted funds. While restricted to the objects of the campaign, these donations may, by decision of the Board of Trustees, be transferred among campaign-related endowments. No such donations were received during the year or the previous year.

From time to time, the Board of Trustees decides to restrict the use of unrestricted funds by transferring them to specified endowments. These funds are known as internally restricted funds.

As at April 30, endowments consisted of:

	2009 $	2008 $
Externally restricted funds	28,340	34,257
Campaign-related restricted funds	2,268	2,831
Internally restricted funds	2,026	2,530
	32,634	39,618

(columnar amounts in thousands of dollars)

9 Deferred capital contributions

Changes in the deferred capital contribution balances are summarized as follows:

	2009 $	2008 $
Donations (note 10)	122	427
Transfer from deferred contributions (note 7)	974	888
Amortization of deferred capital contributions	(1,272)	(1,262)
Change during the year	(176)	53
Balance - Beginning of year	10,911	10,858
Balance - End of year	10,735	10,911

10 Donations and bequests

During the year, donations and bequests amounting to $5,076,848 (2008: $5,475,153) were received by the College on account of:

	2009 $	2008 $
Operations		
Annual fund	774	932
Unrestricted bequests allocated to unrestricted net assets	1,618	549
	2,392	1,481
Endowment contributions	871	2,564
Deferred contributions (note 7)	1,692	1,003
Deferred capital contributions (note 9)	122	427
	5,077	5,475

11 Ontario Student Opportunity Trust Fund

Endowments include a number of funds established under the following provincial programs, which provided matching grants for eligible donations for student aid:

Ontario Student Opportunity Trust Fund - Phase 1 (OSOTF 1) 1996-2000
Ontario Student Opportunity Trust Fund - Phase 2 (OSOTF 2) 2003-2005
Ontario Trust for Student Support (OTSS) 2005 - ongoing

The University of Toronto matched donations to OSOTF 1 and has matched certain donations to OSOTF 2 and OTSS. Provincial guidelines require disclosure of OSOTF 1 funds in the notes to the College’s financial

(columnar amounts in thousands of dollars)

statements. OSOTF 2 and OTSS funds are required to be reported in the notes to the University of Toronto's financial statements and are reported here for information purposes.

	2009 **$**	**2008** **$**
OSOTF 1		
Fund balance - Beginning of year	5,341	5,987
Allocation from endowment capital	(1,064)	(646)
Fund balance - End of year	4,277	5,341
Expendable balance - Beginning of year	457	427
Investment income (4% of opening capital; 2008: 5%)	214	301
Bursaries awarded (2009: 263; 2008: 155)	(356)	(271)
Expendable balance - End of year	315	457

The fair value of the OSOTF 1 endowment as at April 30, 2009 was $4,592,316 (2008: $5,797,554).

OSOTF 2		
Fund balance - Beginning of year	674	756
Allocation from endowment capital	(134)	(82)
Fund balance - End of year	540	674
Expendable balance - Beginning of year	37	33
Investment income (4% of opening capital; 2008: 5%)	27	37
Bursaries awarded (2009: 16; 2008: 16)	(31)	(33)
Expendable balance - End of year	33	37
OTSS		
Fund balance - Beginning of year	527	435
Transfers in	-	-
Donations	138	64
Matching grants	82	75
Allocation from endowment capital	(105)	(47)
Fund balance - End of year	642	527
Expendable balance - Beginning of year	15	7
Expendable donations	2	-
Investment income (4% of opening capital; 2008: 5%)	23	23
Bursaries awarded (2009: 14; 2008: 8)	(20)	(15)
Expendable balance - End of year	20	15

(columnar amounts in thousands of dollars)

12 Pension and post-employment health benefits

The College provides pension and post-employment health benefits to its employees. Information on these plans is as follows:

	2009		2008	
	Pension benefits $	**Health benefits $**	**Pension benefits $**	**Health benefits $**
Projected benefit obligation				
Projected obligation - Beginning of year	19,960	5,877	19,560	5,763
Current service cost	853	208	912	196
Interest cost	1,051	309	980	291
Benefits paid	(951)	(112)	(827)	(106)
Plan amendment	122	67	-	-
Actuarial gain	(2,537)	(912)	(665)	(267)
Projected obligation - End of year	18,498	5,437	19,960	5,877
Plan assets				
Fair value - Beginning of year	19,103	-	18,801	-
Employer contributions	614	112	576	106
Employee contributions	181	-	184	-
Return on plan assets	(2,713)	-	369	-
Benefits paid	(951)	(112)	(827)	(106)
Fair value - End of year	16,234	-	19,103	-
Projected funded status	(2,264)	(5,437)	(857)	(5,877)
Unamortized past service cost	927	74	911	-
Unamortized (gain) loss	954	(630)	(411)	282
Accrued liability recognized on statement of financial position	(383)	(5,993)	(357)	(5,595)

(columnar amounts in thousands of dollars)

	2009		2008	
	Pension benefits $	**Health benefits $**	**Pension benefits $**	**Health benefits $**
Plan expense				
Current service cost	853	208	912	196
Employee contributions	(181)	-	(184)	-
Interest cost	1,051	309	980	291
Expected return on assets	(1,188)	-	(1,173)	-
Amortization of net loss	105	(7)	95	-
Net plan expense	640	510	630	487
Reconciliation of accrued liability				
Balance - Beginning of year	(357)	(5,595)	(303)	(5,214)
Employer contributions (cash basis)	614	112	576	106
Net plan expense	(640)	(510)	(630)	(487)
Balance - End of year	(383)	(5,993)	(357)	(5,595)

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligations are as follows:

	2009		2008	
	Pension benefits %	**Health benefits %**	**Pension benefits %**	**Health benefits %**
Discount rate	6.25	6.25	5.25	5.25
Expected return on plan assets	6.25	n/a	6.25	n/a
Rate of compensation increase	4.50	n/a	4.50	n/a
Expected average remaining service life	11.0 years	9.8 years	11.5 years	9.8 years

Health care cost trend rate: 8.50% annual increase assumed for 2009 (2008: 9.00%), decreasing by 0.50% per year to 5.00% for 2016 onward.

Dental care cost trend rate: 4.50% annual increase assumed for 2009 (2008: 4.50%) and thereafter.

The College measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at the College's fiscal year-end.

The most recent actuarial valuation for funding purposes was performed as at July 1, 2008. The next required funding valuation will be as at July 1, 2011.

(columnar amounts in thousands of dollars)

Plan assets consist of:

	2009		2008	
	$	%	$	%
Canadian equity securities	3,885	23.93	4,919	25.75
Foreign equity securities	3,229	19.89	3,839	20.10
Debt securities	8,239	50.75	9,310	48.74
Cash	881	5.43	1,035	5.41
	16,234	100.00	19,103	100.00

13 Contingency

The College participates in a reciprocal exchange of insurance risks in association with 50 other Canadian universities named CURIE (the Canadian Universities Reciprocal Insurance Exchange). This self-insurance co-operative involves a contractual agreement to share the property and liability insurance risks of member universities for a term, which expires on December 31, 2012.

The projected cost of claims is funded through members' premiums based on actuarial projections. CURIE has obtained reinsurance from commercial insurers to cover claims in excess of $5,000,000 to a maximum of $1 billion per occurrence for property losses and claims in excess of $5,000,000 to a maximum of $30,000,000 per occurrence for liability and errors and omissions losses. In the event premiums are not sufficient to cover claims settlements, the member universities would be subject to assessments in proportion to their participation.

As at December 31, 2008, CURIE had a surplus of $17,745,000 (2007: $16,572,000), of which the College's pro rata share is approximately 0.29% (2008: 0.32%) on an ongoing basis.

14 Comparative figures

Certain comparative figures have been reclassified to conform to the financial statements' presentation in the current year.