Financial Statements of

TRINITY COLLEGE

Years ended April 30, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Members of the Corporation of Trinity College

We have audited the accompanying financial statements of Trinity College, which comprise the statements of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended April 30, 2013 and April 30, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Trinity College as at April 30, 2013, April 30, 2012 and May 1, 2011, and its results of operations, the changes in its net assets and its cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

October 3, 2013
Toronto, Canada

TRINITY COLLEGE

Statements of Financial Position
(In thousands of dollars)

April 30, 2013, April 30, 2012 and May 1, 2011

	April 30, 2013	April 30, 2012	May 1, 2011
Assets			
Current assets:			
Cash and short-term investments	$ 679	$ 1,082	$ 1,267
Accounts receivable	818	674	1,193
Prepaid expenses	84	145	136
	1,581	1,901	2,596
Investments (note 3)	76,561	72,188	72,663
Capital assets (note 4)	16,041	12,569	13,181
Construction-in-progress (note 4)	–	752	46
	$ 94,183	$ 87,410	$ 88,486
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities (note 5)	$ 1,557	$ 2,263	$ 2,042
Current portion of loan payable (note 6)	22	22	22
	1,579	2,285	2,064
Accrued pension liability (note 9)	76	1,111	77
Accrued post-employment health plan liability (note 9)	8,055	7,403	5,970
Loan payable (note 6)	196	218	240
Deferred contributions (note 7)	6,148	5,627	5,353
Deferred capital contributions (note 8)	8,987	9,211	9,984
	25,041	25,855	23,688
Net assets:			
Invested in capital assets	6,836	3,118	2,935
Endowments (note 11)	47,359	43,871	43,577
Unrestricted net assets	14,947	14,566	18,286
	69,142	61,555	64,798
Commitment and contingency (note 15)			
	$ 94,183	$ 87,410	$ 88,486

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

"Evan Howard" Member "Gerry Noble" Member

TRINITY COLLEGE

Statements of Operations
(In thousands of dollars)

Years ended April 30, 2013 and 2012

	2013	2012
Revenue:		
Student fees	$ 5,767	$ 5,572
Grants from University of Toronto (note 2)	2,948	2,722
Government and other grants	336	285
Unrestricted donations and bequests	1,094	832
Grants, donations and investment income used for restricted purposes (note 7)	2,400	2,311
Sales, services and sundry	2,203	2,049
Amortization of deferred capital contributions (note 8)	1,077	1,094
	15,825	14,865
Expenses:		
Salaries and current benefits	8,135	7,556
Future benefits	550	3,349
Supplies and services	1,796	1,724
Repairs and maintenance	820	865
Utilities	650	615
Amortization of capital assets	1,649	1,480
Student awards	986	966
Food service and catering	2,096	2,018
	16,682	18,573
Excess of expenses over revenue before investment income	(857)	(3,708)
Investment income (note 3)	4,956	171
Excess of revenue over expenses (expenses over revenue)	$ 4,099	$ (3,537)

See accompanying notes to financial statements.

TRINITY COLLEGE

Statements of Changes in Net Assets
(In thousands of dollars)

Years ended April 30, 2013 and 2012

2013	Invested in capital assets (note 10)	Endowments (note 11)	Unrestricted net assets	Total
Net assets, May 1, 2012	$ 3,118	$ 43,871	$ 14,566	$ 61,555
Excess of revenue over expenses (expenses over revenue)	(572)	–	4,671	4,099
Net change in investments in capital assets	4,290	–	(4,290)	–
Preservation of capital (note 3)	–	2,668	–	2,668
Endowment grants and other contributions	–	2	–	2
Donations and bequests	–	591	–	591
Transfer from deferred contributions (notes 7 and 11)	–	227	–	227
Net assets, April 30, 2013	$ 6,836	$ 47,359	$ 14,947	$ 69,142

2012	Invested in capital assets (note 10)	Endowments (note 11)	Unrestricted net assets	Total
Net assets, May 1, 2011	$ 2,935	$ 43,577	$ 18,286	$ 64,798
Excess of expenses over revenue	(386)	–	(3,151)	(3,537)
Net change in investments in capital assets	569	–	(569)	–
Preservation of capital (allocation to endowments) (note 3)	–	(691)	–	(691)
Endowment grants and other contributions	–	213	–	213
Donations and bequests	–	602	–	602
Transfer from deferred contributions (notes 7 and 11)	–	170	–	170
Net assets, April 30, 2012	$ 3,118	$ 43,871	$ 14,566	$ 61,555

See accompanying notes to financial statements.

TRINITY COLLEGE

Statements of Cash Flows
(In thousands of dollars)

Years ended April 30, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	$ 4,099	$ (3,537)
Adjustments for non-cash and non-operating items:		
Unrealized loss (gain) in value of pooled fund investments	(5,626)	315
Net realized gain on sale of investments	(2,298)	(421)
Allocation to endowments	2,668	(691)
Amortization of capital assets	1,649	1,480
Amortization of deferred capital contributions	(1,077)	(1,094)
Pension and post-employment benefit expenses	550	3,327
Pension and post-employment benefits funding	(933)	(882)
Change in non-cash operating working capital and deferred contribution balances (note 12)	627	1,439
	(341)	(64)
Financing activities:		
Increase in deferred capital contributions	185	79
Endowment grants	2	213
Endowment donations and bequests	591	602
Loan payable	(22)	(22)
	756	872
Investing activities:		
Net sale of investments	3,551	581
Purchase of capital assets	(4,369)	(868)
Expenditure on construction-in-progress	–	(706)
	(818)	(993)
Decrease in cash and short-term investments	(403)	(185)
Cash and short-term investments, beginning of year	1,082	1,267
Cash and short-term investments, end of year	$ 679	$ 1,082
Represented by:		
Cash	$ 158	$ 281
Short-term investments	521	801
	$ 679	$ 1,082

See accompanying notes to financial statements.

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).

On May 1, 2012, the College adopted Canadian Accounting Standards for Not-For-Profit Organizations ("ASNPO") in Part III of The Canadian Institute of Chartered Accountants' ("CICA") Handbook. These are the first financial statements prepared in accordance with the new not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, the College has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is May 1, 2011 and all comparative information provided has been presented by applying not-for-profit standards.

A summary of transitional adjustments recorded to net assets and excess of revenue over expenses (excess of expenses over revenue) is provided in note 16.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian ASNPO in Part III of CICA Handbook.

(a) Revenue recognition and contributions:

The College follows the deferral method of accounting for contributions. Externally restricted contributions other than endowment contributions are recorded as deferred contributions in the statements of financial position and recognized as revenue in the year in which the corresponding expense is incurred.

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 related capital assets.

1. Significant accounting policies (continued):

Unrestricted contributions, including unrestricted bequests, are recorded as revenue when received.

Endowment contributions are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Student fees, sales, services and sundry revenue are recognized when the services are provided or the goods are sold.

(b) Cash and short-term investments:

Cash consists of cash on hand and deposits in bank accounts. Short-term investments are investments that are readily convertible into cash, which are highly liquid with original maturities of less than three months.

(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 held in cash are recorded at their estimated fair values.

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

(d) Allocation of investment gains/losses:

Investment gains or losses are allocated in different ways, depending on the type of fund, as follows:

(i) Deferred contributions:

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

1. Significant accounting policies (continued):

Unspent expendable balances from endowments and non-endowed funds with small balances receive no allocation of investment gains or losses. Other deferred contributions are generally allocated investment income based on the 91-day treasury bill rate for the previous year (2013 - 1.03%; 2012 - 0.94%). For large balances, a 40% premium is applied (2013 - 0.41%; 2012 - 0.38%).

(ii) 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 endowed funds (notes 7 and 11). The objective of the College's policy on allocation of investment gains or losses is to preserve the real value of endowments over time. To achieve this objective, investment gains or losses are allocated as follows:

- 4.00% (2012 - 4.00%), 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 (this constitutes the endowment's investment income); and
- the rate of return for the year ended March 31, minus the 4.00% (2012 - 4.00%) expendable draw and a 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, 2013 was 11.09% (2012 - 3.39%).

(iii) Operations:

The balance of investment gains or losses, after deducting the allocations above, is recorded as investment income in the statements of operations (note 3).

1. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The College has elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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

(i) Market risk:

Market risk arises from the possibility that changes in market prices will affect the value of financial instruments. Cash, short-term deposits, receivables and payables are not subject to significant market risk. The College manages the market risk of its investment portfolio by investing in pooled funds in a widely diversified group of asset classes managed by external investment managers. The College monitors the performance of investment managers and their compliance with investment policies on a regular basis.

1. Significant accounting policies (continued):

(ii) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument may fail to honour an obligation. The College is exposed to credit risk in cash, short-term deposits, loans and accounts receivable. The College's credit risk exposure is considered to be low.

(iii) Liquidity risk:

Liquidity risk is the risk that an entity will have difficulty raising funds to meet commitments in a timely fashion. The College manages liquidity risk by investing a sufficient amount to meet foreseeable needs in a highly-liquid short-term investment pool. In addition, a large proportion of its investment portfolio is in pooled funds that can be redeemed in a reasonable period should the need arise.

(iv) Foreign exchange risk:

The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

(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 contributed capital assets. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value. Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	25 years
Equipment	10 years
Computer hardware	3 years
Library holdings	5 years

1. Significant accounting policies (continued):

(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 dates of the statements of financial position. Transfers of funds to and from U.S. dollar accounts are translated at the rate of exchange in effect on the date of each transaction. Investment income from U.S. securities is translated at the average rate of exchange for the fiscal year.

(j) Employee future benefits:

The College maintains a defined benefit pension plan and a retirement health care plan covering substantially all of its employees. Pension benefits are based on years of service and best average salary. The health care plan provides retirees with the same health and dental coverage that they enjoyed as active employees.

The College has adopted the immediate recognition approach to account for its retirement benefits. Under this approach, the accrued benefit obligations, net of any plan assets, are recorded in the statements of financial position. The annual cost of the plans including any actuarial gains, losses and past service costs are included as expenses in the statements of operations.

For the pension plan, the accrued obligation is determined by applying the assumptions used for going concern funding purposes and includes a provision for adverse deviations. An actuarial valuation report for funding purposes is required at least every three years. For the health care plan, the accrued obligation is determined using a discount rate based on the yield of long-term high-quality corporate bonds with payment characteristics comparable to those of the plan.

1. Significant accounting policies (continued):

The measurement date of plan assets, which are recorded at fair value, and of the accrued benefit obligations coincides with the College's fiscal year.

In years between valuations, the College uses a roll-forward technique to estimate the accrued benefit obligation using most recent valuation assumptions.

(k) Use of estimates:

The preparation of the financial statements 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 dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

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.

(In thousands of dollars)

2. Arrangements with University of Toronto (continued):

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.

3. Investments:

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

	April 30, 2013		April 30, 2012		May 1, 2011	
	Cost	Fair value	Cost	Fair value	Cost	Fair value
Pooled fund investments:						
BlackRock Market Advantage	$ 33,898	$ 41,530	$ 33,898	$ 35,666	$ 33,898	$ 34,653
BlackRock Fixed Income	10,064	10,499	10,740	11,195	12,954	12,994
BlackRock Canadian Equity	8,618	8,556	–	–	–	–
Jarislowsky Fraser (Canadian Equity)	–	–	6,742	8,692	7,256	10,302
BlackRock U.S. Equity	4,637	6,143	5,827	6,689	6,300	6,828
BlackRock EAFE Equity	5,671	6,394	6,712	6,410	6,516	7,085
BlackRock Emerging Market Equity	3,449	3,432	3,671	3,530	–	–
	66,337	76,554	67,590	72,182	66,924	71,862
Cash and cash equivalents	–	–	–	–	826	796
Segregated holdings	–	7	–	6	–	5
	$ 66,337	$ 76,561	$ 67,590	$ 72,188	$ 67,750	$ 72,663

(In thousands of dollars)

3. Investments (continued):

Sources and allocations of investment income are as follows:

	2013	2012
Unrealized gain (loss) in value of pooled fund investments	$ 5,626	$ (315)
Net realized gain on sale of investments	2,298	421
Interest and dividends	1,566	1,257
	9,490	1,363
Investment fees	(63)	(100)
Investment gain	9,427	1,263
Deferred for restricted purposes (note 7)	(1,803)	(1,783)
Allocation to endowments (preservation of capital)	(2,668)	691
	$ 4,956	$ 171

4. Capital assets and construction-in-progress:

April 30, 2013	Cost	Accumulated amortization	Net book value
Land (note 2)	$ 1	$ –	$ 1
Buildings	35,167	21,375	13,792
Equipment	7,545	5,909	1,636
Computer hardware	435	435	–
Library holdings	6,083	5,471	612
Telephone system	278	278	–
	$ 49,509	$ 33,468	$ 16,041

(In thousands of dollars)

4. Capital assets and construction-in-progress (continued):

April 30, 2012	Cost	Accumulated amortization	Net book value
Land (note 2)	$ 1	$ –	$ 1
Buildings	31,212	20,338	10,874
Equipment	6,758	5,639	1,119
Computer hardware	435	435	–
Library holdings	5,752	5,177	575
Telephone system	278	278	–
	$ 44,436	$ 31,867	$ 12,569

May 1, 2011	Cost	Accumulated amortization	Net book value
Land (note 2)	$ 1	$ –	$ 1
Buildings	30,663	19,410	11,253
Equipment	6,717	5,499	1,218
Computer hardware	435	433	2
Library holdings	5,540	4,833	707
Telephone system	278	278	–
	$ 43,634	$ 30,453	$ 13,181

Construction-in-progress as at April 30, 2013 is nil (April 30, 2012 - $752; May 1, 2011 - $46). Construction-in-progress is the value of work to April 30, 2012 on the Strachan Hall kitchen renovation project. During the year, a further $3,536 was spent on the project. The project was completed during the year and the total spent was added to capital assets. The project was primarily funded from operations.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $45 (April 30, 2012 - $39; May 1, 2011 - $29), which includes amounts payable for HST and payroll related taxes.

(In thousands of dollars)

6. Loan payable:

In 2010/11, the College obtained a $262 interest-free loan from the City of Toronto in connection with its solar panel project. The loan is repayable in 48 equal quarterly instalments of $5.5, with the first payment made July 1, 2011. The current portion is $22. The long-term portion is $196. The following is a schedule of future payments:

2014	$ 22
2015	22
2016	22
2017	22
2018	22
Thereafter	108

7. Deferred contributions:

Changes in the deferred contribution balances are summarized as follows:

	2013	2012
Grants	$ 787	$ 69
Donations	752	738
Allocation of investment income (note 3)	1,803	1,783
Other deferred contributions	474	407
Expenditures included in operations	(2,400)	(2,311)
Transfer to endowments	(227)	(170)
Transfer to deferred capital contributions (note 8)	(668)	(242)
Change during the year	521	274
Balance, beginning of year	5,627	5,353
Balance, end of year	$ 6,148	$ 5,627

(In thousands of dollars)

8. Deferred capital contributions:

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

	2013	2012
Donations	$ 185	$ 79
Transfer from deferred contributions (note 7)	668	242
Amortization of deferred capital contributions	(1,077)	(1,094)
Change during the year	(224)	(773)
Balance, beginning of year	9,211	9,984
Balance, end of year	$ 8,987	$ 9,211

9. 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:

	Pension benefit plan			Health benefit plan		
	April 30, 2013	April 30, 2012	May 1, 2011	April 30, 2013	April 30, 2012	May 1, 2011
Accrued benefit obligation	$ (21,405)	$ (20,416)	$ (19,449)	$ (8,055)	$ (7,403)	$ (5,970)
Fair value of plan assets	21,329	19,305	19,372	–	–	–
Employee future benefit liability	$ (76)	$ (1,111)	$ (77)	$ (8,055)	$ (7,403)	$ (5,970)

(In thousands of dollars)

9. Pension and post-employment health benefits (continued):

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

	2013		2012	
	Pension benefits	Health benefits	Pension benefits	Health benefits
Discount rate	5.75%	4.00%	5.75%	4.25%
Rate of compensation increase	4.00%	n/a	4.00%	n/a

Health care cost trend rate: 6.50% annual increase assumed for 2013 (2012 - 7.00%), decreasing by 0.50% per year to 5.00% for 2017 onward.

Dental care cost trend rate: 4.50% annual increase assumed for 2013 (2012 - 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 pension actuarial valuation for funding purposes was performed as at July 1, 2011. The next required funding valuation will be as at July 1, 2014.

10. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	April 30, 2013	April 30, 2012	May 1, 2011
Capital assets	$ 16,041	$ 12,569	$ 13,181
Amounts financed by:			
Deferred capital contributions	(8,987)	(9,211)	(9,984)
Loan	(218)	(240)	(262)
	$ 6,836	$ 3,118	$ 2,935

(In thousands of dollars)

10. Investment in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2013	2012
Excess of revenue over expenses (expenses over revenue):		
Amortization of deferred capital contributions	$ 1,077	$ 1,094
Amortization of capital assets	(1,649)	(1,480)
	$ (572)	$ (386)
Net change in investment in capital assets:		
Purchase of capital assets	$ 4,369	$ 868
Transfer of construction-in-progress to capital assets	752	–
Amounts funded by:		
Deferred capital contributions	(853)	(321)
Repayment of loan	22	22
	$ 4,290	$ 569

11. Endowments:

Undesignated capital campaign donations and unrestricted net assets are, from time to time, transferred to endowments in connection with matching agreements and other arrangements.

During the year, the College transferred $73 (April 30, 2012 - $57; May 1, 2011 - $165) in Strength-to-Strength campaign donations that had not been designated for one of the campaign's stated goals. The amount was transferred to various endowments in proportion to the original campaign goals. Similar transfers were made in connection with the previous capital campaign (1996 - 2004). These amounts, along with associated indexation, are recorded below as campaign related restricted funds.

Unrestricted net assets which have been transferred to endowments, along with the preservation of capital, are recorded below as internally endowed funds. There were no such transfers during the year (April 30, 2012 - nil; May 1, 2011 - nil).

(In thousands of dollars)

11. Endowments (continued):

As at April 30, endowments comprise:

	April 30, 2013	April 30, 2012	May 1, 2011
Externally restricted funds	$ 39,787	$ 36,802	$ 36,450
Campaign-related restricted funds	5,081	4,721	4,740
Internally endowed funds	2,491	2,348	2,387
	$ 47,359	$ 43,871	$ 43,577

12. Changes in non-cash working capital and deferred contribution balances:

	2013	2012
Accounts receivable	$ (144)	$ 519
Prepaid expenses	61	(9)
Accounts payable	(706)	221
Net change in deferred contributions	1,416	708
	$ 627	$ 1,439

(In thousands of dollars)

13. Ontario Student Opportunity Trust Fund:

Endowments include funds established under the provincial programs which provided matching grants for eligible donations for student aid. Provincial guidelines require the disclosure of funds established under the Ontario Student Opportunity Trust Fund - Phase 1 program ("OSOTF 1") which ran from 1996-2000:

	2013	2012
OSOTF 1:		
Fund balance, beginning of year	$ 4,931	$ 5,011
Allocation from endowment capital	300	(80)
Additions	3	–
Fund balance, end of year	$ 5,234	$ 4,931
Expendable balance, beginning of year	$ 238	$ 262
Investment income	197	200
Bursaries awarded (2013 - 135; 2012 - 116)	(184)	(224)
Expendable balance, end of year	$ 251	$ 238

The fair value of the OSOTF 1 endowment as at April 30, 2013 was $5,485 (2012 - $5,169).

14. Canadian Universities Reciprocal Insurance Exchange:

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 runs from January 1, 2013 to December 31, 2017. The previous term expired on December 31, 2012.

The projected costs of claims are funded through members' premiums based on actuarial projections. CURIE has obtained reinsurance from commercial insurers to cover claims in excess of $5,000 to a maximum of $995,000 per occurrence for property losses and claims in excess of $5,000 to a maximum of $20,000 per occurrence for liability and errors or 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, 2012, CURIE had a surplus of $60,500 (2011 - $48,586), of which the College's pro rata share is 0.22% (2011 - 0.22%).

15. Commitment and contingency:

During the ordinary course of business there may be claims or potential claims in progress at any time. Losses related to those claims are recorded in the year in which a reasonable estimate of the liability can be determined. No provision has been accrued in these financial statements.

(In thousands of dollars)

16. Transitional adjustments:

(a) Net assets:

The following table summarizes the impact of the transition to not-for-profit standards on the College's net assets as of May 1, 2011:

Net assets:		
As previously reported under Canadian generally accepted accounting principles, May 1, 2011	$	63,763
Transition election to recognize all cumulative actuarial gains and losses on employee future benefits		1,035
Restated, May 1, 2011	$	64,798

In accordance with transitional provisions of the not-for-profit standards, the College has elected to recognize all cumulative actuarial gains and losses and past services costs in opening net assets.

(b) Excess of expenses over revenue:

As a result of the above noted elections and the retrospective application of not-for-profit standards, the College recorded the following adjustments to excess of expenses over revenue for the year ended April 30, 2012:

Excess of expenses over revenue:		
As previously reported under Canadian generally accepted accounting principles for the year ended April 30, 2012	$	(1,527)
Increase in employee future benefit expense as a result of electing to recognize all cumulative actuarial gains and losses		(2,010)
Restated for the year ended April 30, 2012	$	(3,537)