Financial Statements of

# TRINITY COLLEGE

Year ended April 30, 2014

**KPMG LLP**
Yonge Corporate Centre
4100 Yonge Street Suite 200
Toronto ON M2P 2H3
Canada

Telephone (416) 228-7000
Fax (416) 228-7123
Internet www.kpmg.ca

# 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 statement of financial position as at April 30, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Trinity College as at April 30, 2014, and its results of operations, the changes in its net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

October 2, 2014
Toronto, Canada

# TRINITY COLLEGE

Statement of Financial Position
(In thousands of dollars)

April 30, 2014, with comparative information for 2013

| | 2014 | 2013 (Restated - note 9) |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and short-term investments | $ 1,037 | $ 679 |
| Accounts receivable | 661 | 818 |
| Prepaid expenses | 78 | 84 |
| | 1,776 | 1,581 |
| Investments (note 3) | 81,417 | 76,561 |
| Pension asset (note 9) | 2,122 | – |
| Capital assets (note 4) | 15,397 | 16,041 |
| Construction-in-progress (note 4) | 74 | – |
| | $ 100,786 | $ 94,183 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 5) | $ 1,917 | $ 1,557 |
| Current portion of loan payable (note 6) | 22 | 22 |
| | 1,939 | 1,579 |
| Pension liability (note 9) | – | 76 |
| Post-employment health plan liability (note 9) | 5,625 | 6,091 |
| Loan payable (note 6) | 175 | 196 |
| Deferred contributions (note 7) | 6,001 | 6,148 |
| Deferred capital contributions (note 8) | 8,583 | 8,987 |
| | 22,323 | 23,077 |
| Net assets: | | |
| Invested in capital assets (note 10(a)) | 6,618 | 6,836 |
| Endowments (note 11) | 51,468 | 47,359 |
| Unrestricted net assets | 20,377 | 16,911 |
| | 78,463 | 71,106 |
| Commitment and contingency (note 14) | | |
| | $ 100,786 | $ 94,183 |

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

"Gerry Noble" Member "Evan Howard" Member

# TRINITY COLLEGE

Statement of Operations
(In thousands of dollars)

Year ended April 30, 2014, with comparative information for 2013

| | 2014 | 2013 |
|---|---|---|
| | | (Restated - note 9) |
| Revenue: | | |
| Student fees | $ 6,019 | $ 5,767 |
| Grants from University of Toronto (note 2) | 3,042 | 2,948 |
| Government and other grants | 245 | 336 |
| Unrestricted donations and bequests | 991 | 1,094 |
| Grants, donations and investment income used for restricted purposes (note 7) | 2,470 | 2,400 |
| Sales, services and sundry | 2,247 | 2,203 |
| Amortization of deferred capital contributions (note 8) | 891 | 1,077 |
| | 15,905 | 15,825 |
| Expenses: | | |
| Salaries and current benefits | 8,171 | 8,135 |
| Future benefits | 1,233 | 1,217 |
| Supplies and services | 1,813 | 1,796 |
| Repairs and maintenance | 751 | 820 |
| Utilities | 699 | 650 |
| Amortization of capital assets | 1,489 | 1,649 |
| Student awards | 952 | 986 |
| Food service and catering | 2,044 | 2,096 |
| | 17,152 | 17,349 |
| Excess of expenses over revenue before investment income | (1,247) | (1,524) |
| Investment income (note 3) | 1,574 | 4,956 |
| Excess of revenue over expenses | $ 327 | $ 3,432 |

See accompanying notes to financial statements.

# TRINITY COLLEGE

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

Year ended April 30, 2014, with comparative information for 2013

| | Invested in capital assets (note 10) | Endow-ments (note 11) | Unrestricted net assets | 2014 Total | 2013 Total (Restated - note 9) |
|---|---|---|---|---|---|
| Net assets, beginning of year (restated - note 9) | $ 6,836 | $ 47,359 | $ 16,911 | $ 71,106 | $ 63,189 |
| Excess of revenue over expenses (expenses over revenue) | (598) | – | 925 | 327 | 3,432 |
| Net change in investments in capital assets | 380 | – | (380) | – | – |
| Preservation of capital (note 3) | – | 1,288 | – | 1,288 | 2,668 |
| Endowment grants and other contributions | – | 13 | – | 13 | 2 |
| Donations and bequests | – | 1,614 | – | 1,614 | 591 |
| Transfer from deferred contributions (notes 7 and 11) | – | 1,194 | – | 1,194 | 227 |
| Change in employee future benefits | – | – | 2,921 | 2,921 | 997 |
| Net assets, end of year | $ 6,618 | $ 51,468 | $ 20,377 | $ 78,463 | $ 71,106 |

See accompanying notes to financial statements.

# TRINITY COLLEGE

Statement of Cash Flows
(In thousands of dollars)

Year ended April 30, 2014, with comparative information for 2013

| | 2014 | 2013 |
|---|---|---|
| | | (Restated - note 9) |
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenses | $ 327 | $ 3,432 |
| Adjustments for non-cash and non-operating items: | | |
| Unrealized gain in value of pooled fund investments | (3,545) | (5,626) |
| Net realized gain on sale of investments | (232) | (2,298) |
| Allocation to endowments | 1,288 | 2,668 |
| Amortization of capital assets | 1,489 | 1,649 |
| Amortization of deferred capital contributions | (891) | (1,077) |
| Pension and post-employment benefit expenses | 1,233 | 1,217 |
| Pension and post-employment benefits funding | (976) | (933) |
| Change in non-cash operating working capital and deferred contribution balances: | | |
| Accounts receivable | 157 | (144) |
| Prepaid expenses | 6 | 61 |
| Accounts payable and accrued liabilities | 360 | (706) |
| Net change in deferred contributions | 1,429 | 1,416 |
| | 645 | (341) |
| Financing activities: | | |
| Increase in deferred capital contributions | 105 | 185 |
| Endowment grants | 13 | 2 |
| Endowment donations and bequests | 1,614 | 591 |
| Loan payable | (21) | (22) |
| | 1,711 | 756 |
| Investing activities: | | |
| Net sale (purchase) of investments | (1,079) | 3,551 |
| Purchase of capital assets | (845) | (4,369) |
| Expenditure on construction-in-progress | (74) | – |
| | (1,998) | (818) |
| Increase (decrease) in cash and short-term investments | 358 | (403) |
| Cash and short-term investments, beginning of year | 679 | 1,082 |
| Cash and short-term investments, end of year | $ 1,037 | $ 679 |
| Represented by: | | |
| Cash | $ 1,037 | $ 158 |
| Short-term investments | – | 521 |
| | $ 1,037 | $ 679 |

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).

**1. Significant accounting policies:**

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Chartered Professional Accountants of Canada ("CPA Canada") 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 statement 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.

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 recorded as deferred contributions in the statement of financial position and 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.

**1. Significant accounting policies (continued):**

(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 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.

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 (2014 - 1.00%; 2013 - 1.03%). For large balances, a 0.40% premium is applied (2013 - 0.40%).

**1. Significant accounting policies (continued):**

(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 College's policy is to preserve the real value of endowments over time. To achieve this objective, investment gains or losses are allocated as follows:

- 4.00% (2013 - 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% (2013 - 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, 2014 was 7.72% (2013 - 11.09%).

(iii) Operations:

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

(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.

**1. Significant accounting policies (continued):**

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.

(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.

**1. Significant accounting policies (continued):**

(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 over the estimated useful lives as follows:

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

(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.

**1. Significant accounting policies (continued):**

(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 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.

Effective May 1, 2013, the College adopted CPA Canada Handbook Accounting Part III Section 3463, Reporting Employee Future Benefits by Not-for-Profit Organizations ("Section 3463"), which incorporates Section 3462, Employee Future Benefits.

Under the new standard, actuarial gains and losses and past service costs are no longer recorded through operations. The annual benefit cost is recorded in the statement of operations while actuarial gains and losses and past service costs are recognized in the statement of changes in net assets. The benefit liability (or net benefit asset if applicable) continues to be recorded in the statement of financial position.

The accrued benefit obligation for both plans is determined using the discount rate used for the pension plan’s going concern funding valuation. An actuarial valuation report for the pension plan’s funding is required at least every three years. An actuarial valuation for the health care plan is recommended every three years. In years between valuations, the College uses a roll-forward technique to estimate the accrued benefit obligation using most recent valuation assumptions.

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.

**1. Significant accounting policies (continued):**

(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 date of the financial statements and the reported amounts of revenue and expenses during the year. 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.

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.

(In thousands of dollars)

## 3. Investments:

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

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Cost | Fair value | Cost | Fair value |
| Pooled fund investments: | | | | |
| BlackRock Market Advantage | $ 33,898 | $ 40,858 | $ 33,898 | $ 41,530 |
| BlackRock Fixed Income | 3,496 | 3,598 | 10,064 | 10,499 |
| BlackRock Canadian Equity | 9,446 | 10,938 | 8,618 | 8,556 |
| BlackRock U.S. Equity | 4,492 | 7,530 | 4,637 | 6,143 |
| BlackRock EAFE Equity | 5,473 | 7,375 | 5,671 | 6,394 |
| BlackRock Emerging Market Equity | 5,805 | 5,968 | 3,449 | 3,432 |
| Vanguard Small Cap | 1,234 | 1,338 | – | – |
| | 63,844 | 77,605 | 66,337 | 76,554 |
| Cash and cash equivalents | 3,804 | 3,804 | – | – |
| Segregated holdings | – | 8 | – | 7 |
| | $ 67,648 | $ 81,417 | $ 66,337 | $ 76,561 |

Sources and allocations of investment income are as follows:

| | 2014 | 2013 |
|---|---|---|
| Unrealized gain in value of pooled fund investments | $ 3,545 | $ 5,626 |
| Net realized gain on sale of investments | 232 | 2,298 |
| Interest and dividends | 1,096 | 1,566 |
| | 4,873 | 9,490 |
| Investment fees | (41) | (63) |
| Investment gain | 4,832 | 9,427 |
| Deferred for restricted purposes (note 7) | (1,970) | (1,803) |
| Allocation to endowments (preservation of capital) | (1,288) | (2,668) |
| | $ 1,574 | $ 4,956 |

(In thousands of dollars)

## 4. Capital assets and construction-in-progress:

| | Cost | Accumulated amortization | 2014 Net book value | 2013 Net book value |
|---|---|---|---|---|
| Land (note 2) | $ 1 | $ – | $ 1 | $ 1 |
| Buildings | 35,524 | 22,271 | 13,253 | 13,792 |
| Equipment | 7,759 | 6,191 | 1,568 | 1,636 |
| Computer hardware | 444 | 438 | 6 | – |
| Library holdings | 6,329 | 5,760 | 569 | 612 |
| Telephone system | 278 | 278 | – | – |
| | $ 50,335 | $ 34,938 | $ 15,397 | $ 16,041 |

Construction-in-progress as at April 30, 2014 is $74 (2013 - nil).

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $31 (2013 - $45), which includes amounts payable for harmonized sales tax and payroll related taxes.

## 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 $175. The following is a schedule of future payments:

| | |
|---|---|
| 2015 | $ 22 |
| 2016 | 22 |
| 2017 | 22 |
| 2018 | 22 |
| 2019 | 22 |
| Thereafter | 87 |

(In thousands of dollars)

## 7. Deferred contributions:

Changes in the deferred contribution balances are summarized as follows:

| | 2014 | 2013 |
|---|---|---|
| Grants | $ 138 | $ 787 |
| Donations | 1,363 | 752 |
| Allocation of investment income (note 3) | 1,970 | 1,803 |
| Other deferred contributions | 428 | 474 |
| Expenditures included in operations | (2,470) | (2,400) |
| | 1,429 | 1,416 |
| Transfer to endowments | (1,194) | (227) |
| Transfer to deferred capital contributions (note 8) | (382) | (668) |
| Change during the year | (147) | 521 |
| Balance, beginning of year | 6,148 | 5,627 |
| Balance, end of year | $ 6,001 | $ 6,148 |

## 8. Deferred capital contributions:

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

| | 2014 | 2013 |
|---|---|---|
| Donations | $ 105 | $ 185 |
| Transfer from deferred contributions (note 7) | 382 | 668 |
| Amortization of deferred capital contributions | (891) | (1,077) |
| Change during the year | (404) | (224) |
| Balance, beginning of year | 8,987 | 9,211 |
| Balance, end of year | $ 8,583 | $ 8,987 |

(In thousands of dollars)

## 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 2014 | Pension benefit plan 2013 | Health benefit plan 2014 | Health benefit plan 2013 (Restated - note 9) |
|---|---|---|---|---|
| Accrued benefit obligation | $ (22,554) | $ (21,405) | $ (5,625) | $ (6,091) |
| Fair value of plan assets | 24,676 | 21,329 | – | – |
| Benefit asset (liability) | $ 2,122 | $ (76) | $ (5,625) | $ (6,091) |

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

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Pension benefits | Health benefits | Pension benefits | Health benefits |
| Discount rate | 5.75% | 5.75% | 5.75% | 4.00% |
| Rate of compensation increase | 4.00% | n/a | 4.00% | n/a |

Health care cost trend rate: 6.00% annual increase assumed for 2014 (2013 - 6.50%), decreasing by 0.50% per year to 5.00% for 2017 onward.

Dental care cost trend rate: 4.50% annual increase assumed for 2014 (2013 - 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.

In addition, an actuarial valuation of the health care plan was performed as at July 1, 2013.

(In thousands of dollars)

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

The College implemented Section 3463 retrospectively.  The impact is as follows:

| | As previously presented | Restatements | As restated |
|---|---|---|---|
| Statement of changes in net assets, for the year ended April 30, 2013: | | | |
| Net assets beginning of the year | $ 61,555 | $ 1,634 | $ 63,189 |
| Change in future benefits | – | 997 | 997 |
| Statement of operations, for the year ended April 30, 2013: | | | |
| Future benefits expense | $ 550 | $ 667 | $ 1,217 |
| Statement of financial position, as at April 30, 2013: | | | |
| Post-employment health plan liability | $ 8,055 | $ (1,964) | $ 6,091 |

## 10. Investment in capital assets:

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

| | 2014 | 2013 |
|---|---|---|
| Capital assets | $ 15,397 | $ 16,041 |
| Amounts financed by: | | |
| Deferred capital contributions | (8,583) | (8,987) |
| Loan | (196) | (218) |
| | $ 6,618 | $ 6,836 |

(In thousands of dollars)

## 10. Investment in capital assets (continued):

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

| | 2014 | 2013 |
|---|---|---|
| Excess of revenue over expenses (expenses over revenue): | | |
| Amortization of deferred capital contributions | $ 891 | $ 1,077 |
| Amortization of capital assets | (1,489) | (1,649) |
| | (598) | (572) |
| Net change in investment in capital assets: | | |
| Purchase of capital assets | 845 | 4,369 |
| Transfer of construction-in-progress to capital assets | – | 752 |
| Amounts funded by: | | |
| Deferred capital contributions | (487) | (853) |
| Repayment of loan | 22 | 22 |
| | 380 | 4,290 |
| Change during the year | (218) | 3,718 |
| Balance, beginning of year | 6,836 | 3,118 |
| Balance, end of year | $ 6,618 | $ 6,836 |

## 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 $17 (2013 - $73) 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 (2013 - nil).

(In thousands of dollars)

## 11. Endowments (continued):

As at April 30, endowments comprise:

| | 2014 | 2013 |
|---|---|---|
| Externally restricted funds | $ 43,672 | $ 39,787 |
| Campaign-related restricted funds | 5,237 | 5,081 |
| Internally endowed funds | 2,559 | 2,491 |
| | $ 51,468 | $ 47,359 |

## 12. 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:

| | 2014 | 2013 |
|---|---|---|
| OSOTF 1: | | |
| Fund balance, beginning of year | $ 5,234 | $ 4,931 |
| Allocation from endowment capital | 142 | 300 |
| Additions | 6 | 3 |
| Fund balance, end of year | $ 5,382 | $ 5,234 |
| Expendable balance, beginning of year | $ 251 | $ 238 |
| Investment income | 209 | 197 |
| Bursaries awarded (2014 - 91; 2013 - 135) | (169) | (184) |
| Expendable balance, end of year | $ 291 | $ 251 |

The fair value of the OSOTF 1 endowment as at April 30, 2014 was $5,673 (2013 - $5,485).

## 13. 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 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 $25,000 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, 2013, CURIE had a surplus of $71,331 (2012 - $60,500), of which the College's pro rata share is 0.21% (2012 - 0.22%).

## 14. 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.