

Financial Statements of

TRINITY COLLEGE

Year ended April 30, 2016



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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 statement of financial position as at April 30, 2016, 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.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Trinity College as at April 30, 2016, and its results of operations, 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 6, 2016
Vaughan, Canada

TRINITY COLLEGE

Statement of Financial Position
(In thousands of dollars)

April 30, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash and short-term investments	\$ —	\$ 61
Accounts receivable	480	704
Prepaid expenses	67	69
	<u>547</u>	<u>834</u>
Investments (note 3)	87,626	90,732
Pension asset (note 9)	1,544	2,847
Capital assets (note 4)	13,777	14,938
Construction-in-progress (note 4)	2,242	490
	<u>\$ 105,736</u>	<u>\$ 109,841</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 2,165	\$ 1,868
Current portion of loan payable (note 6)	22	22
	<u>2,187</u>	<u>1,890</u>
Post-employment health plan liability (note 9)	7,301	6,957
Loan payable (note 6)	131	153
Deferred contributions (note 7)	7,755	7,002
Deferred capital contributions (note 8)	7,474	8,312
	<u>24,848</u>	<u>24,314</u>
Net assets:		
Invested in capital assets (note 10(a))	6,150	6,451
Endowments (note 11)	54,813	57,279
Unrestricted net assets	19,925	21,797
	<u>80,888</u>	<u>85,527</u>
Commitment and contingency (note 14)		
	<u>\$ 105,736</u>	<u>\$ 109,841</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

TRINITY COLLEGE

Statement of Operations
(In thousands of dollars)

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Student fees	\$ 6,488	\$ 6,164
Grants from University of Toronto (note 2)	3,103	3,097
Government and other grants	271	280
Unrestricted donations and bequests	2,119	1,056
Grants, donations and investment income used for restricted purposes (note 7)	2,999	2,857
Sales, services and sundry	2,835	2,579
Amortization of deferred capital contributions (note 8)	1,015	1,066
	<u>18,830</u>	<u>17,099</u>
Expenses:		
Salaries and current benefits	9,528	8,772
Future benefits	1,193	1,262
Supplies and services	1,895	1,943
Repairs and maintenance	897	810
Utilities	678	706
Amortization of capital assets	1,622	1,680
Student awards	1,098	1,117
Food service and catering	2,359	2,187
	<u>19,270</u>	<u>18,477</u>
Excess of expenses over revenue before investment income (loss)	(440)	(1,378)
Investment income (loss) (note 3)	(326)	3,049
Excess of revenue over expenses (expenses over revenue)	<u>\$ (766)</u>	<u>\$ 1,671</u>

See accompanying notes to financial statements.

TRINITY COLLEGE

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

Year ended April 30, 2016, with comparative information for 2015

				2016	2015
	Invested in capital assets (note 10(b))	Endowments (note 11)	Unrestricted net assets (note 10(a))	Total	Total
Net assets, beginning of year	\$ 6,451	\$ 57,279	\$ 21,797	\$ 85,527	\$ 78,463
Excess of revenue over expenses (expenses over revenue)	(607)	–	(159)	(766)	1,671
Net change in investments in capital assets	306	–	(306)	–	–
Preservation of capital (note 3)	–	(5,104)	–	(5,104)	4,037
Endowment grants and other contributions	–	1	–	1	2
Donations and bequests	–	2,602	–	2,602	1,562
Transfer from deferred contributions (notes 7 and 11)	–	35	–	35	109
Change in employee future benefits	–	–	(1,407)	(1,407)	(317)
Net assets, end of year	\$ 6,150	\$ 54,813	\$ 19,925	\$ 80,888	\$ 85,527

See accompanying notes to financial statements.

TRINITY COLLEGE

Statement of Cash Flows
(In thousands of dollars)

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ (766)	\$ 1,671
Adjustments for non-cash and non-operating items:		
Unrealized loss (gain) in value of pooled fund investments	9,074	(4,597)
Net realized gain on sale of investments	(3,805)	(2,857)
Allocation to (from) endowments	(5,104)	4,037
Amortization of capital assets	1,622	1,680
Amortization of deferred capital contributions	(1,015)	(1,066)
Pension and post-employment benefit expenses	1,117	1,262
Pension and post-employment benefits funding	(877)	(972)
Change in non-cash operating working capital and deferred contribution balances:		
Accounts receivable	224	(43)
Prepaid expenses	2	9
Accounts payable and accrued liabilities	297	(49)
Net change in deferred contributions	951	1,507
	1,720	582
Financing activities:		
Increase in deferred capital contributions	14	398
Endowment grants	1	2
Endowment donations and bequests	2,602	1,562
Loan payable	(22)	(22)
	2,595	1,940
Investing activities:		
Net purchase of investments	(2,163)	(1,861)
Purchase of capital assets	(461)	(1,221)
Expenditure on construction-in-progress	(1,752)	(416)
	(4,376)	(3,498)
Decrease in cash and short-term investments	(61)	(976)
Cash and short-term investments, beginning of year	61	1,037
Cash and short-term investments, end of year	\$ —	\$ 61
Represented by:		
Cash	\$ —	\$ 59
Short-term investments	—	2
	\$ —	\$ 61

See accompanying notes to financial statements.

TRINITY COLLEGE

Notes to Financial Statements
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

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 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 corresponding expense is 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.

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

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 (2016 - 0.52%; 2015 - 1.00%). For large balances, a 40% premium is applied (2015 - 0.40%).

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

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% (2015 - 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% (2015 - 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, 2016 was a loss of 3.53% (2015 - income of 12.84%).

(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.

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

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 and short-term investments, accounts receivables and accounts 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 and short-term investments and accounts receivable. The College's credit risk exposure is considered to be low.

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

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.

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

1. Significant accounting policies (continued):

(h) Construction-in-progress:

On completion of the projects, costs are reclassified 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.

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.

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

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.

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

3. Investments:

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

	2016		2015	
	Cost	Fair value	Cost	Fair value
Pooled fund investments:				
BlackRock Market Advantage	\$ 21,755	\$ 27,332	\$ 21,755	\$ 28,796
BlackRock Fixed Income	14,585	14,748	13,972	14,401
BlackRock Canadian Equity	12,731	13,252	11,230	12,919
BlackRock U.S. Equity	3,113	5,758	5,617	10,490
BlackRock U.S. Equity Hedged	3,958	3,896		
BlackRock EAFE Equity	4,494	5,389	6,780	9,399
BlackRock EAFE Hedged	3,742	3,455		
BlackRock Emerging Market Equity	7,330	6,881	6,970	8,230
Vanguard Small Cap	3,951	4,229	2,419	2,863
	75,659	84,940	68,743	87,098
Cash and cash equivalents	2,675	2,675	3,623	3,623
Segregated holdings	—	11	—	11
	\$ 78,334	\$ 87,626	\$ 72,366	\$ 90,732

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

	2016	2015
Unrealized gain (loss) in value of pooled fund investments	\$ (9,074)	\$ 4,597
Net realized gain on sale of investments	3,805	2,857
Interest and dividends	2,165	1,890
	(3,104)	9,344
Investment fees	—	(101)
Investment gain (loss)	(3,104)	9,243
Deferred for restricted purposes (note 7)	(2,326)	(2,157)
Allocation from (to) endowments (preservation of capital)	5,104	(4,037)
Investment income (loss)	\$ (326)	\$ 3,049

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

4. Capital assets and construction-in-progress:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Land (note 2)	\$ 1	\$ –	\$ 1	\$ 1
Buildings	36,114	24,299	11,815	12,592
Equipment	8,105	6,738	1,367	1,571
Computer hardware	488	474	14	32
Library holdings	6,979	6,399	580	742
	<u>\$ 51,687</u>	<u>\$ 37,910</u>	<u>\$ 13,777</u>	<u>\$ 14,938</u>

Construction-in-progress as at April 30, 2016 is \$2,242,221 (2015 - \$490,128), all related to the renovation of the College archives.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$39,813 (2015 - \$79,991), which includes amounts payable for harmonized sales tax and payroll related taxes.

6. Loan payable:

In 2010/11, the College obtained a \$262,000 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 \$5,458, with the first payment made July 1, 2011. The current portion is \$21,833. The long-term portion is \$131,000. The following is a schedule of future payments:

2017	\$ 22
2018	22
2019	22
2020	22
Thereafter	65

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

7. Deferred contributions:

Changes in the deferred contribution balances are summarized as follows:

	2016	2015
Grants	\$ 170	\$ 120
Donations	1,079	1,679
Allocation of investment income (note 3)	2,326	2,157
Other deferred contributions	375	408
Expenditures included in operations	(2,999)	(2,857)
	951	1,507
Transfer to endowments	(35)	(109)
Transfer to deferred capital contributions (note 8)	(163)	(397)
Change during the year	753	1,001
Balance, beginning of year	7,002	6,001
Balance, end of year	\$ 7,755	\$ 7,002

8. Deferred capital contributions:

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

	2016	2015
Donations	\$ 14	\$ 398
Transfer from deferred contributions (note 7)	163	397
Amortization of deferred capital contributions	(1,015)	(1,066)
Change during the year	(838)	(271)
Balance, beginning of year	8,312	8,583
Balance, end of year	\$ 7,474	\$ 8,312

TRINITY COLLEGE

Notes to Financial Statements (continued)
 (Tabular amounts in thousands of dollars)

Year ended April 30, 2016

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	
	2016	2015	2016	2015
Accrued benefit obligation	\$ (26,245)	\$ (24,936)	\$ (7,301)	\$ (6,957)
Fair value of plan assets	27,789	27,783	–	–
Benefit asset (liability)	\$ 1,544	\$ 2,847	\$ (7,301)	\$ (6,957)

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

	2016		2015	
	Pension benefits	Health benefits	Pension benefits	Health benefits
Discount rate	5.50%	5.50%	5.50%	5.50%
Rate of compensation increase	4.00%	n/a	4.00%	n/a

Health care cost trend rate: 5.00% annual increase assumed for 2016 (2015 - 5.50%), decreasing by 0.50% per year to 5.00% for 2017 onward.

Dental care cost trend rate: 4.50% annual increase assumed for 2016 (2015 - 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, 2014. The next required funding valuation will be as at July 1, 2017.

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

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

10. Investment in capital assets:

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

	2016	2015
Capital assets	\$ 13,777	\$ 14,938
Amounts financed by:		
Deferred capital contributions	(7,474)	(8,312)
Loan	(153)	(175)
	\$ 6,150	\$ 6,451

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

	2016	2015
Excess of revenue over expenses (expenses over revenue):		
Amortization of deferred capital contributions	\$ 1,015	\$ 1,066
Amortization of capital assets	(1,622)	(1,680)
	(607)	(614)
Net change in investment in capital assets:		
Purchase of capital assets	461	1,221
Amounts funded by:		
Deferred capital contributions	(177)	(795)
Repayment of loan	22	21
	306	447
Change during the year	(301)	(167)
Balance, beginning of year	6,451	6,618
Balance, end of year	\$ 6,150	\$ 6,451

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

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 did not transfer any amount (2015 - \$20) 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 that have been transferred to endowments, along with associated indexation, are recorded below as "internally-endowed funds". There were no such transfers during the years ended 2016 and 2015).

As at April 30, endowments comprise:

	2016	2015
Externally restricted funds	\$ 47,155	\$ 48,872
Campaign-related restricted funds	5,144	5,647
Internally-endowed funds	2,514	2,760
	<u>\$ 54,813</u>	<u>\$ 57,279</u>

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

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:

	2016	2015
OSOTF 1:		
Fund balance, beginning of year	\$ 5,818	\$ 5,382
Allocation to (from) endowment capital	(520)	422
Additions	29	14
Fund balance, end of year	\$ 5,327	\$ 5,818
Expendable balance, beginning of year	\$ 283	\$ 291
Investment income	234	216
Bursaries awarded (2016 - 131; 2015 - 135)	(215)	(224)
Expendable balance, end of year	\$ 302	\$ 283

The fair value of the OSOTF 1 endowment as at April 30, 2016 was \$5,628,434 (2015 - \$6,100,501).

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 \$5,000,000 to a maximum of \$1,245,000,000 per occurrence for property losses and claims in excess of \$5,000,000 to a maximum of \$25,000,000 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.

TRINITY COLLEGE

Notes to Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended April 30, 2016

13. Canadian Universities Reciprocal Insurance Exchange (continued):

As at December 31, 2015, CURIE had a surplus of \$69,879,075 (2015 - \$74,230,527), of which the College's pro rata share is 0.29% (2015 - 0.29%).

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.