

Financial Statements

April 30, 2024



TRENT UNIVERSITY
Financial Statements
April 30, 2024

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TRENT UNIVERSITY
Statement of Administrative Responsibility
Year Ended April 30, 2024

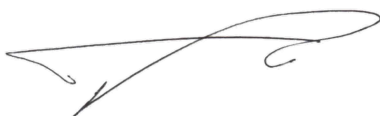
The management of Trent University (the University) is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this financial report.

Management has prepared the financial statements in accordance with Canadian accounting standards for not-for-profit organizations developed by Chartered Professional Accountants of Canada. Management believes the financial statements present fairly the University's financial position as at April 30, 2024 and the results of its operations and cash flows for the year then ended. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and judgements were employed.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reasonable basis for the preparation of the financial statements.

The University's Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for approving the financial statements. The Board of Governors carries out its responsibility for review of the financial statements and the financial report principally through its Audit and Investment Committee. The majority of the members of the Audit and Investment Committee are not officers or employees of the University. The Audit and Investment Committee meets regularly with management as well as with the external auditors to discuss the results of audit examinations and financial reporting matters, and to satisfy itself that each party is properly discharging its responsibilities. The external auditors have full access to the Audit and Investment Committee with and without the presence of management.

The financial statements for the year ended April 30, 2024 have been reported on by KPMG LLP, the auditors appointed by the Board of Governors. The Independent Auditor's Report outlines the scope of their audit and their opinion on the presentation of the information in the financial statements.



Tariq Al-Idrissi
Vice-President, Finance and Administration

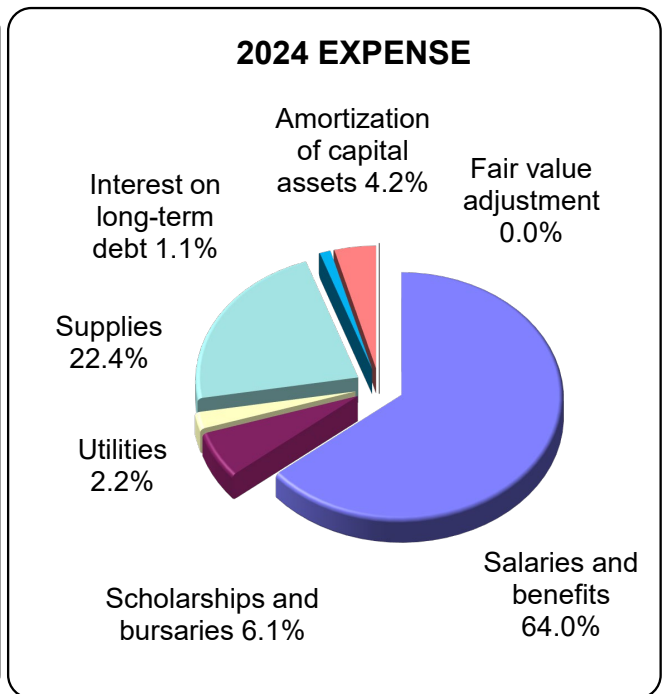
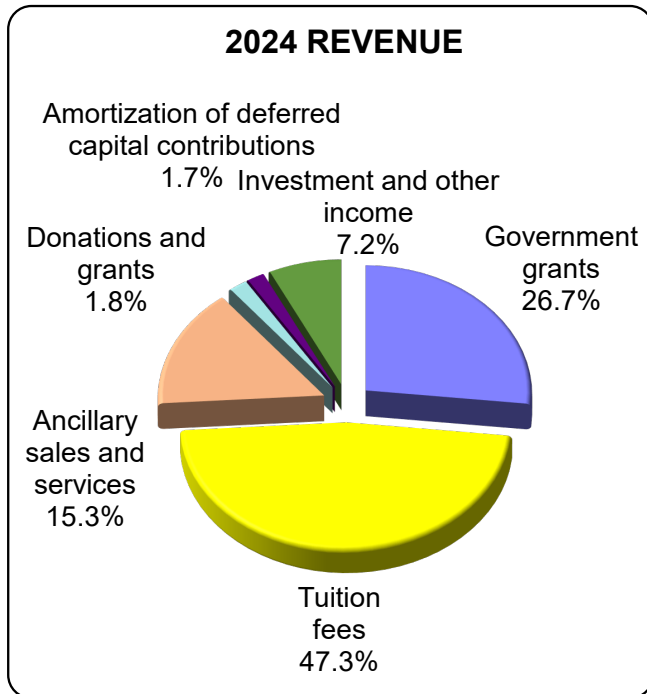


Cathy Bruce, PhD
President and Vice-Chancellor

October 18, 2024

TRENT UNIVERSITY
Summary of Revenue and Expense - All Funds
Year Ended April 30, 2024
(millions of dollars)

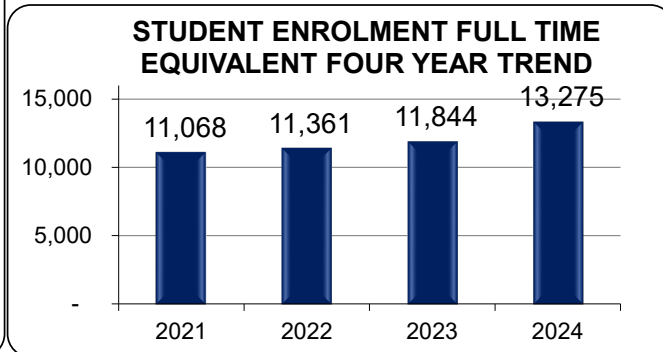
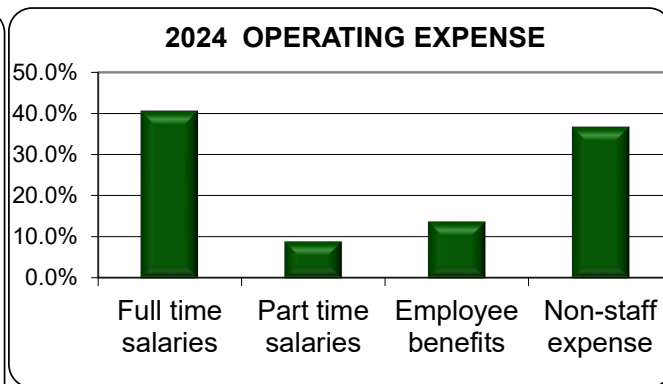
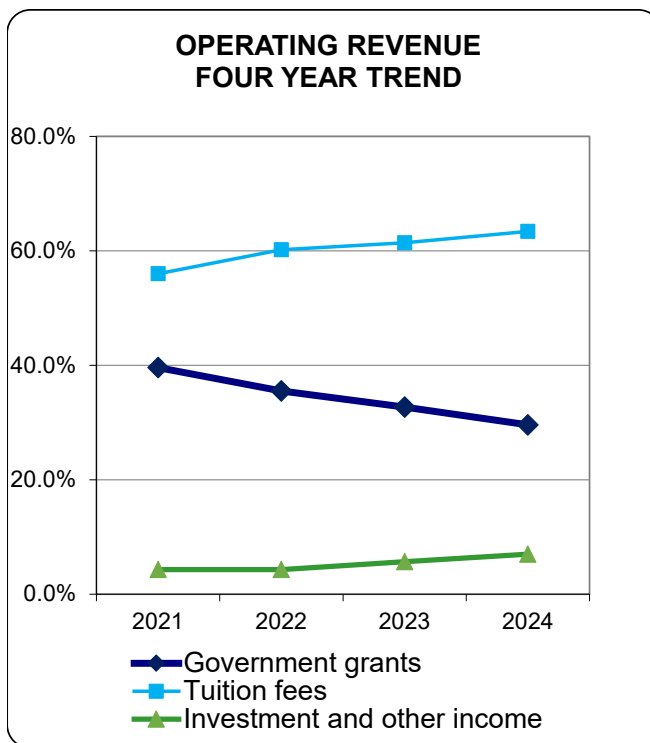
| 2024 | 2023 | 2022 | 2021 | | 2024 | 2023 | 2022 | 2021 |
|----------------|----------------|----------------|----------------|--|---------------|---------------|---------------|---------------|
| \$79.4 | \$70.1 | \$67.0 | \$70.1 | Government grants | 26.7% | 28.5% | 30.5% | 35.7% |
| 141.0 | 110.6 | 97.2 | 88.9 | Tuition fees | 47.3% | 44.9% | 44.2% | 45.3% |
| 45.6 | 40.6 | 34.8 | 18.7 | Ancillary sales and services | 15.3% | 16.5% | 15.9% | 9.5% |
| 5.2 | 5.1 | 5.2 | 3.4 | Donations and grants | 1.8% | 2.1% | 2.4% | 1.7% |
| 5.2 | 5.0 | 4.9 | 4.8 | Amortization of deferred capital contributions | 1.7% | 2.0% | 2.2% | 2.5% |
| 21.4 | 14.7 | 10.6 | 10.3 | Investment and other income | 7.2% | 6.0% | 4.8% | 5.3% |
| \$297.8 | \$246.1 | \$219.7 | \$196.2 | | 100.0% | 100.0% | 100.0% | 100.0% |
| \$161.1 | \$141.6 | \$133.6 | \$126.9 | Salaries and benefits | 64.0% | 64.3% | 64.9% | 68.5% |
| 15.4 | 14.8 | 14.5 | 13.2 | Scholarships and bursaries | 6.1% | 6.7% | 7.0% | 7.1% |
| 5.6 | 4.9 | 4.3 | 4.0 | Utilities | 2.2% | 2.2% | 2.1% | 2.2% |
| 56.3 | 46.4 | 40.2 | 29.1 | Supplies | 22.4% | 21.1% | 19.5% | 15.7% |
| 2.9 | 2.9 | 2.9 | 2.9 | Interest on long-term debt | 1.1% | 1.3% | 1.4% | 1.6% |
| 10.6 | 9.7 | 9.6 | 9.7 | Amortization of capital assets | 4.2% | 4.4% | 4.7% | 5.2% |
| 0.0 | 0.0 | 0.7 | (0.5) | Fair value adjustment | 0.0% | 0.0% | 0.4% | (0.3%) |
| \$251.9 | \$220.3 | \$205.8 | \$185.3 | | 100.0% | 100.0% | 100.0% | 100.0% |



TRENT UNIVERSITY
Summary of Operating Fund
Year Ended April 30, 2024
(millions of dollars)

April 30, 2024

| 2024 | 2023 | 2022 | 2021 | | 2024 | 2023 | 2022 | 2021 |
|----------------|----------------|----------------|----------------|----------------------------------|---------------|---------------|---------------|---------------|
| \$65.8 | \$58.8 | \$57.4 | \$62.8 | Government grants | 29.6% | 32.7% | 35.5% | 39.6% |
| 141.0 | 110.6 | 97.2 | 88.9 | Tuition fees | 63.4% | 61.4% | 60.2% | 56.0% |
| 0.1 | 0.3 | 0.0 | 0.2 | Donations and grants | 0.0% | 0.2% | 0.0% | 0.1% |
| 15.5 | 10.3 | 6.9 | 6.9 | Investment and other income | 7.0% | 5.7% | 4.3% | 4.3% |
| \$222.4 | \$180.0 | \$161.5 | \$158.8 | | 100.0% | 100.0% | 100.0% | 100.0% |
| \$140.1 | \$123.4 | \$120.9 | \$117.6 | Salaries and benefits | 63.0% | 68.7% | 75.0% | 74.1% |
| 11.8 | 11.3 | 11.0 | 10.4 | Scholarships and bursaries | 5.3% | 6.3% | 6.8% | 6.6% |
| 4.2 | 3.6 | 3.2 | 3.0 | Utilities | 1.9% | 2.0% | 2.0% | 1.9% |
| 18.0 | 11.1 | 8.9 | 9.6 | Supplies | 8.1% | 6.2% | 5.5% | 6.0% |
| 2.0 | 2.0 | 2.0 | 2.0 | Interest on long-term debt | 0.9% | 1.1% | 1.2% | 1.3% |
| 31.1 | 21.2 | 7.5 | 3.4 | Appropriated earnings | 14.0% | 11.8% | 4.7% | 2.1% |
| 13.7 | 6.3 | 7.1 | 10.7 | Interfund transfers | 6.2% | 3.5% | 4.4% | 6.7% |
| 1.4 | 0.7 | 0.7 | 2.0 | Transfer to endowments | 0.6% | 0.4% | 0.4% | 1.3% |
| 222.3 | 179.6 | 161.3 | 158.7 | | 100.0% | 100.0% | 100.0% | 100.0% |
| \$0.1 | \$0.4 | \$0.2 | \$0.1 | Excess (deficit) from operations | | | | |
| 0.0 | 0.0 | (0.2) | (0.2) | Fair value adjustment | | | | |
| 1.0 | 1.2 | 3.8 | 4.9 | Pension actuarial adjustment | | | | |
| \$1.1 | \$1.6 | \$3.8 | \$4.8 | | | | | |





KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Trent University

Opinion

We have audited the financial statements of Trent University, which comprise:

- the statement of financial position as at April 30, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Trent University as at April 30, 2024 and its results of operations, its changes in net assets, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our report.

We are independent of Trent University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor’s report thereon, included in Trent University’s Summary of Revenue and Expense- All Funds and Summary of Operating Fund (“annual report”).

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in Trent University's annual report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Trent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Trent University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Trent University's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



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We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Trent University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Trent University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Trent University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

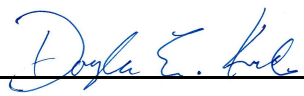
October 18, 2024

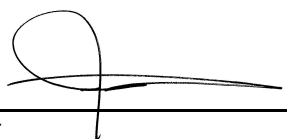
TRENT UNIVERSITY
Statement of Financial Position
April 30, 2024
(thousands of dollars)

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 87,740 | \$ 62,214 |
| Accounts receivable (note 3) | 17,570 | 17,975 |
| Prepaid expenses | 2,909 | 2,285 |
| Current portion of investments (note 4) | 71,797 | 34,342 |
| | <u>180,016</u> | <u>116,816</u> |
| Investments (note 4) | 103,935 | 113,286 |
| Capital assets (note 5) | 238,317 | 234,463 |
| | <u>\$ 522,268</u> | <u>\$ 464,565</u> |
| LIABILITIES AND NET ASSETS | | |
| Current | | |
| Accounts payable and accrued liabilities (note 6) | \$ 28,290 | \$ 25,662 |
| Deferred revenue (note 7) | 62,111 | 61,369 |
| Current portion of capital lease obligation (note 9) | 99 | - |
| | <u>90,500</u> | <u>87,031</u> |
| Long-term debt (note 8(a)) | 71,000 | 71,000 |
| Capital lease obligation (note 9) | 334 | - |
| Deferred capital contributions (note 10) | 103,699 | 99,963 |
| Employee future benefits liability (note 11) | 36,344 | 38,470 |
| | <u>301,877</u> | <u>296,464</u> |
| Net Assets | | |
| Unrestricted | (60,479) | (64,476) |
| Internally restricted (note 12) | 105,616 | 69,431 |
| Investment in capital assets (note 13) | 72,942 | 68,027 |
| Endowments (note 14) | 102,312 | 95,119 |
| | <u>220,391</u> | <u>168,101</u> |
| Contingent liabilities and commitments (note 17) | \$ 522,268 | \$ 464,565 |

The accompanying notes are an integral part of the financial statements.

Approved by the Board of Governors


Governor


Governor

TRENT UNIVERSITY
Statement of Changes in Net Assets
Year Ended April 30, 2024
(thousands of dollars)

| | 2024 | | | | |
|--|---------------------|------------------------------|-------------------------------------|-------------------|-------------------|
| | Unrestricted | Internally Restricted | Investment in Capital Assets | Endowments | Total |
| Net assets (deficit), beginning of year | \$ (64,476) | \$ 69,431 | \$ 68,027 | \$ 95,119 | \$ 168,101 |
| Excess of revenue over expense | 45,944 | - | - | - | 45,944 |
| Change in internally restricted net assets (note 12) | (36,185) | 36,185 | - | - | - |
| Change in investment in capital assets (note 13) | (4,915) | - | 4,915 | - | - |
| Employee future benefits remeasurements (note 11) | 1,017 | - | - | - | 1,017 |
| Change in endowments (note 14) | (1,864) | - | - | 7,193 | 5,329 |
| Net assets (deficit), end of year | \$ (60,479) | \$ 105,616 | \$ 72,942 | \$ 102,312 | \$ 220,391 |
| | 2023 | | | | |
| | Unrestricted | Internally Restricted | Investment in Capital Assets | Endowments | Total |
| Net assets (deficit), beginning of year as previously stated | \$ (69,543) | \$ 44,881 | \$ 68,025 | \$ 86,909 | \$ 130,272 |
| Change in accounting policy (note 2(f) and note 11) | 336 | - | - | - | \$ 336 |
| Revised net assets (deficit), beginning of year | (69,207) | 44,881 | 68,025 | 86,909 | 130,608 |
| Excess of revenue over expense | 25,826 | - | - | - | 25,826 |
| Change in internally restricted net assets (note 12) | (24,550) | 24,550 | - | - | - |
| Change in investment in capital assets (note 13) | (2) | - | 2 | - | - |
| Employee future benefits remeasurements (note 11) | 4,671 | - | - | - | 4,671 |
| Change in endowments (note 14) | (1,214) | - | - | 8,210 | 6,996 |
| Net assets (deficit), end of year | \$ (64,476) | \$ 69,431 | \$ 68,027 | \$ 95,119 | \$ 168,101 |

The accompanying notes are an integral part of the financial statements.

TRENT UNIVERSITY
Statement of Operations
Year Ended April 30, 2024
(thousands of dollars)

| | <u>2024</u> | <u>2023</u> |
|--|--------------------|--------------------|
| REVENUE | | |
| Government grants | \$ 79,447 | \$ 70,126 |
| Tuition fees | 140,973 | 110,649 |
| Ancillary sales and services | 45,589 | 40,620 |
| Donations and grants | 5,218 | 5,094 |
| Amortization of deferred capital contributions (note 10) | 5,158 | 4,971 |
| Investment income (note 4) | 11,768 | 6,741 |
| Miscellaneous | 9,669 | 7,960 |
| | <u>297,822</u> | <u>246,161</u> |
| EXPENSE | | |
| Salaries and benefits | 161,057 | 141,595 |
| Scholarships and bursaries | 15,389 | 14,806 |
| Utilities | 5,638 | 4,853 |
| Supplies | 56,268 | 46,451 |
| Interest on long-term debt | 2,939 | 2,939 |
| Amortization of capital assets | 10,575 | 9,684 |
| Change in fair value of employee future benefits financial instruments | 12 | 7 |
| | <u>251,878</u> | <u>220,335</u> |
| EXCESS OF REVENUE OVER EXPENSE | 45,944 | 25,826 |
| Change in internally restricted net assets (note 12) | (36,185) | (24,550) |
| Change in investment in capital assets (note 13) | (4,915) | (2) |
| Employee future benefits remeasurements (note 11) | 1,017 | 5,007 |
| Internally endowed amounts (note 14) | (1,864) | (1,214) |
| | <u>3,997</u> | <u>5,067</u> |
| INCREASE IN UNRESTRICTED FUND BALANCE FOR THE YEAR | 3,997 | 5,067 |
| UNRESTRICTED FUND BALANCE - beginning of year | <u>(64,476)</u> | <u>(69,543)</u> |
| UNRESTRICTED FUND BALANCE - end of year | <u>\$ (60,479)</u> | <u>\$ (64,476)</u> |

The accompanying notes are an integral part of the financial statements.

TRENT UNIVERSITY
Statement of Cash Flows
Year Ended April 30, 2024
(thousands of dollars)

| | <u>2024</u> | <u>2023</u> |
|--|------------------|------------------|
| CASH PROVIDED FROM (USED FOR): | | |
| OPERATING ACTIVITIES | | |
| Excess of revenue over expense for the year | \$ 45,944 | \$ 25,826 |
| Add (deduct) non-cash items: | | |
| Amortization of capital assets | 10,575 | 9,684 |
| Amortization of deferred capital contributions (note 10) | (5,158) | (4,971) |
| Loss on disposal of capital assets | 359 | 34 |
| Change in fair value of financial instruments | (4,119) | (8,365) |
| Change in employee future benefits liability | (2,126) | (6,261) |
| Employee future benefits remeasurements (note 11) | 1,017 | 5,007 |
| | <u>46,492</u> | <u>20,954</u> |
| Change in non-cash working capital items (note 16) | 3,151 | 9,760 |
| | <u>49,643</u> | <u>30,714</u> |
| INVESTMENT ACTIVITIES | | |
| Change in investments | (23,985) | (23,666) |
| Purchase of capital assets | (14,089) | (8,997) |
| | <u>(38,074)</u> | <u>(32,663)</u> |
| FINANCING ACTIVITIES | | |
| Change in external endowments | 5,329 | 6,996 |
| Capital lease payments | (266) | - |
| Deferred capital contributions received (note 10) | 8,894 | 4,556 |
| | <u>13,957</u> | <u>11,552</u> |
| INCREASE IN CASH | 25,526 | 9,603 |
| CASH - beginning of year | <u>62,214</u> | <u>52,611</u> |
| CASH - end of year | <u>\$ 87,740</u> | <u>\$ 62,214</u> |

The accompanying notes are an integral part of the financial statements.

TRENT UNIVERSITY
Notes to the Financial Statements
April 30, 2024
(Tabular amounts in thousands of dollars)

1. AUTHORITY

Trent University (the University) operates under the authority of The Trent University Act, 1962-63. The University is dedicated to academic research and to providing post-secondary and post-graduate education. The University is a registered charity and, under the provisions of section 149 of the Income Tax Act (Canada), is exempt from paying income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

(a) General

The financial statements of the University have been prepared by management in accordance with Part III of the Chartered Professional Accountants Canada (CPA Canada) Handbook which sets out generally accepted accounting principles for not-for-profit organizations in Canada.

The financial statements reflect the assets, liabilities, revenue, expenses and other transactions of all the operations of the University.

The University accounts identify financial activity separately for operating transactions, internally restricted transactions, externally restricted transactions and endowment transactions.

Operating transactions are for general activities. Revenue and expense from operating are reported in the statement of operations.

Internally restricted transactions are generally for funds designated for specific activities by University administration. These transactions are reported in the statement of operations.

Externally restricted transactions are associated with funds received from external sources which can only be spent in accordance with the restrictions provided by the funding sources. These transactions are reported in the statement of operations to the extent the funds are spent and restrictions are met.

Endowment transactions include contributions which are designated as endowment by the external source providing the funds and contributions designated as endowment by University administration. Externally restricted endowment contributions are directly reported on the statement of changes in net assets.

(b) Cash

Cash represents operating cash on deposit and is reported at fair value.

TRENT UNIVERSITY
Notes to the Financial Statements
April 30, 2024
 (Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) Capital assets

Capital assets are recorded at cost, or in the case of donated assets, at fair market value on the date of the donation. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|--|-----------------------|
| Land and site improvements | no amortization |
| Buildings and components | 15 - 40 years |
| Capital lease and leasehold improvements | Initial term of lease |
| Equipment and furnishings | 10 years |
| Computer equipment | 5 years |
| Vehicles | 5 years |
| Library books and serials | 5 years |
| System software | 5 years |

Costs of capital projects in progress are capitalized. Interest costs attributable to the construction of major new facilities are capitalized during the construction period. Amortization commences when the project is substantially complete.

The carrying value of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds its fair value.

The value of artwork and library rare collections have been excluded from the financial statements except for a nominal value which is not amortized. Donated collections are recorded as revenue at values based on appraisals by independent appraisers and are expensed in the year received. Purchased collections are expensed in the year they are acquired.

(d) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Assets acquired under capital leases are amortized as described in Note 2(c). Obligations under capital leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to expense.

TRENT UNIVERSITY
Notes to the Financial Statements
April 30, 2024
(Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(e) Revenue recognition

The University follows the deferral method of accounting for revenue derived from the provision of service and from revenue contributions. Contributions include government grants and donations and grants and may either be unrestricted, externally restricted, or endowments.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenue received by the University for the provision of goods and services is recognized when goods and services are provided. Student fees are recognized as revenue when courses are provided. Sales and services and ancillary revenue is recognized at the point of sale or when the service has been provided.

Externally restricted contributions for purposes other than endowment or the acquisition of capital assets are deferred and recognized as revenue in the year in which related expenses are incurred. Externally restricted contributions can only be used for the purposes designated by external contributors. Externally restricted endowment contributions and related restricted investment revenue are reported as direct increases in net assets. Contributions for the acquisition of capital assets are deferred and recognized as revenue on the same basis as the related capital assets are amortized.

Pledged donations are not recorded until received due to the uncertainty involved in their collection.

(f) Retirement plans

The University maintains a contributory defined benefit pension plan which covers eligible staff and other retirement and post-employment benefits and accounts for the plan using the immediate recognition approach. Under this approach, the University recognizes the amount of the defined benefit pension obligation net of the fair value of plan assets in the statement of financial position. Current service and finance costs are expensed during the year. Remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs are recognized as a direct increase or decrease in net assets.

The pension obligation for the Non-Faculty Pension Plan is measured using the most recently completed actuarial valuation prepared for funding purposes at the time of the financial statements. Effective May 1, 2022, the University adopted the amendment to Accounting Standards for Private Enterprises, Section 3462 of the CPA Canada Handbook to measure the defined benefit obligations for all other plans without a funding valuation requirement using an accounting valuation. The accounting discount rates are determined based on the yield of high quality corporate bonds at the time of the financial statements.

TRENT UNIVERSITY
Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(f) Retirement plans (continued)

The cost of pensions is determined using the projected benefit method prorated on services and management's best estimates regarding assumptions about a number of future conditions, including investment returns, salary changes, withdrawals, and mortality rates. The fair market value of assets is used for disclosure and calculation of pension costs, effective on the measurement date which is April 30 of each year.

(g) Financial instruments

The University's financial assets and liabilities consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. Financial assets and liabilities are initially recognized at fair value. They are subsequently measured at amortized cost which approximates fair value due to their short term maturities, except for investments, which are quoted in an active market and are measured at fair value.

The fair value of investments recorded in the financial statements is determined as follows:

- Fixed income securities include guaranteed investment certificates which are stated at cost, which together with accrued investment income approximates fair value given the short-term nature of these investments.
- Bonds and equities are valued at year-end quoted market prices using closing prices.
- Pooled fund investments, consisting of infrastructure and real estate funds, are valued at the unit values supplied by the pooled fund administrators, which represent the University's proportionate share of underlying net assets at fair values determined using quoted market prices or alternative valuation methods where quoted market prices are not available.

Changes in fair value of long-term investments for employee early retirement plans are recognized in the statement of operations. Changes in fair value of long term investments for endowments are recognized in the statement of changes in net assets.

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.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. If an indicator of impairment exists, the University 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 University 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.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(h) Fundraising activities

Gifts and grants from fundraising activities are recorded when received.

(i) Sabbaticals and other leaves

The cost of sabbaticals and leaves are recorded when paid.

(j) Contributed services

Volunteers as well as members of the University community including alumni contribute an extensive number of hours per year to assist the institution in carrying out its service delivery activities. Such contributed services are not recognized in the financial statements.

(k) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amount of revenue and expense during the period. Areas requiring the use of estimates relate to the assumptions used in the determination of the useful life of capital assets, valuation allowances for receivables, valuation of level III investments, and obligations related to the employee future benefits liability. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

| | 2024 | 2023 |
|--------------------------------------|------------------|------------------|
| Student receivables | \$ 11,660 | \$ 8,934 |
| Government receivables | 3,388 | 5,612 |
| Research receivables | 1,158 | 1,894 |
| Other receivables | 4,195 | 3,703 |
| | <u>20,401</u> | <u>20,143</u> |
| Less allowance for doubtful accounts | <u>(2,831)</u> | <u>(2,168)</u> |
| | <u>\$ 17,570</u> | <u>\$ 17,975</u> |

TRENT UNIVERSITY
Notes to the Financial Statements
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4. INVESTMENTS AND INVESTMENT INCOME

| | 2024 | | 2023 | |
|---|-------------------|------------------|-------------------|-------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Cash equivalents | \$ 634 | \$ 634 | \$ 714 | \$ 711 |
| Fixed income securities | 71,797 | 71,797 | 50,351 | 50,351 |
| Bonds | 23,556 | 24,040 | 23,469 | 22,997 |
| Equities | 59,357 | 46,644 | 52,542 | 45,142 |
| Infrastructure funds | 10,923 | 10,000 | 10,265 | 10,000 |
| Real estate funds | 9,465 | 10,749 | 10,287 | 10,678 |
| | <u>175,732</u> | <u>163,864</u> | <u>147,628</u> | <u>139,879</u> |
| Less current portion of fixed income securities | <u>(71,797)</u> | <u>(71,797)</u> | <u>(34,342)</u> | <u>(34,342)</u> |
| | <u>\$ 103,935</u> | <u>\$ 92,067</u> | <u>\$ 113,286</u> | <u>\$ 105,537</u> |

Fixed income securities consist of guaranteed investment certificates which yield interest at rates of 5.30% to 6.40% (2023 - 5.30% to 6.00%) and mature between June 2024 and April 2025 (2023 - July 2023 and April 2025).

Investments, at fair value, are allocated as follows:

| | 2024 | 2023 |
|---|-------------------|-------------------|
| | Fair Value | Fair Value |
| Endowment funds | \$ 99,968 | \$ 93,986 |
| Sinking funds related to long-term debt | 3,967 | 3,291 |
| Short-term fixed income securities | 71,797 | 50,351 |
| | <u>\$ 175,732</u> | <u>\$ 147,628</u> |

Investment income is comprised of the following:

| | 2024 | 2023 |
|---------------------------------|------------------|-----------------|
| | | |
| Realized income on investments | \$ 10,989 | \$ 5,116 |
| Unrealized gains on investments | 779 | 1,625 |
| | <u>\$ 11,768</u> | <u>\$ 6,741</u> |

TRENT UNIVERSITY
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5. CAPITAL ASSETS

| | Cost | 2024 Accumulated Amortization | Net Book Value |
|--|-------------------|-------------------------------------|-------------------|
| Land and site improvements | \$ 38,590 | \$ - | \$ 38,590 |
| Buildings and components | 307,974 | 139,343 | 168,631 |
| Building and leasehold improvements under capital lease | 17,437 | 3,325 | 14,112 |
| Equipment, vehicles, furnishings and software | 57,100 | 46,126 | 10,974 |
| Library books and serials | 24,347 | 24,339 | 8 |
| Collections | 1 | - | 1 |
| Work-in-progress | 6,001 | - | 6,001 |
| | <u>\$ 451,450</u> | <u>\$ 213,133</u> | <u>\$ 238,317</u> |

| | Cost | 2023 Accumulated Amortization | Net Book Value |
|--|-------------------|-------------------------------------|-------------------|
| Land and site improvements | \$ 38,096 | \$ - | \$ 38,096 |
| Buildings and components | 302,389 | 132,448 | 169,941 |
| Building and leasehold improvements under capital lease | 14,624 | 2,395 | 12,229 |
| Equipment, vehicles, furnishings and software | 64,991 | 55,324 | 9,667 |
| Library books and serials | 24,347 | 24,311 | 36 |
| Collections | 1 | - | 1 |
| Work-in-progress | 4,493 | - | 4,493 |
| | <u>\$ 448,941</u> | <u>\$ 214,478</u> | <u>\$ 234,463</u> |

Management has assessed for full or partial impairment and determined there is none.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is comprised primarily of trade accounts payable, government remittances, and payroll related accruals. The University's government remittances for payroll-related taxes payable at the end of the year were current and amounted to \$1,869,362 (2023 - \$1,614,864).

TRENT UNIVERSITY
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7. DEFERRED REVENUE

Deferred revenue represents unexpended amounts received in the current and prior years for services to be provided in a future year and consists of the following:

| | 2024 | 2023 |
|--|------------------|------------------|
| Externally restricted donations | \$ 1,582 | \$ 1,731 |
| Trust funds | 14,742 | 14,140 |
| Research funds | 10,906 | 11,910 |
| Student fees | 27,737 | 26,625 |
| Federal and Provincial government grants | 45 | 45 |
| Other | 7,099 | 6,918 |
| | <u>\$ 62,111</u> | <u>\$ 61,369</u> |

8. LONG-TERM DEBT

(a) Long-term debt

In February 2017, the University refinanced its then existing long-term debt by issuing series A senior unsecured debentures in the amount of \$71,000,000, bearing interest at 4.139% per annum, payable semi-annually, with the principal amount maturing on February 17, 2057. The University has established a sinking fund for the repayment of the \$71,000,000 at maturity. At April 30, 2024, the fair value of the sinking fund is \$3,966,568 (2023 - \$3,291,008).

(b) Bank credit facility

The University has available an operating line of credit of up to \$12,000,000. The interest rate on the operating line of credit, when drawn, is the Bank's prime lending rate from time to time. Amounts are repayable on demand. The line of credit was not drawn on for operating purposes at April 30, 2024 (2023 - \$Nil). This bank credit facility is currently being used to accommodate the Standby Letter of Credit to address pension solvency payments. Please refer to note 11(b).

TRENT UNIVERSITY
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9. CAPITAL LEASE OBLIGATION

The University has financed certain vehicles by entering into capital leasing arrangements. Capital lease repayments are due as follows:

| | 2024 | 2023 |
|---|---------------|-------------|
| 2025 | \$ 120 | \$ - |
| 2026 | 120 | - |
| 2027 | 120 | - |
| 2028 | 120 | - |
| 2029 | 45 | - |
| Total minimum lease payments | <u>525</u> | <u>-</u> |
| Less amount representing interest | <u>(92)</u> | <u>-</u> |
| Present value of net minimum capital lease payments | 433 | - |
| Less current portion of capital lease obligation | <u>(99)</u> | <u>-</u> |
| | <u>\$ 334</u> | <u>\$ -</u> |

Interest and lease charges of \$12,682 (2023 - \$Nil) relating to capital lease obligations has been included in interest expense. The net book value of vehicles under capital lease is \$617,143 (2023 - \$Nil).

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants and donations for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

| | 2024 | 2023 |
|---|-------------------|------------------|
| Balance, beginning of year | \$ 99,963 | \$ 100,378 |
| Contributions received for capital acquisitions | 8,894 | 4,556 |
| Amortization of deferred capital contributions | <u>(5,158)</u> | <u>(4,971)</u> |
| Balance, end of year | <u>\$ 103,699</u> | <u>\$ 99,963</u> |

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11. EMPLOYEE FUTURE BENEFITS LIABILITY

The significant actuarial assumptions used in determining the accrued benefit obligations for all plans were as follows:

| | 2024 | 2023 |
|---|-------|-------|
| Discount rate - non-faculty pension plan | 5.50% | 5.50% |
| Discount rate - all other plans | 5.19% | 4.79% |
| Rate of compensation increase - active participants | 3.75% | 3.75% |
| Rate of compensation increase - disabled participants | 2.50% | 2.50% |
| Rate of inflation | 2.00% | 2.00% |

Information regarding the University's benefit plans is as follows:

| | 2024 | | | |
|--|--------------------------|-----------------------------|-----------------|------------------|
| | Faculty Pension Plans | Non-Faculty Pension Plan | Other Plans | Total |
| Accrued benefit obligation | \$ 26,172 | \$ 195,178 | \$ 7,302 | \$ 228,652 |
| Fair value of plan assets | - | (189,928) | (2,380) | (192,308) |
| Accrued benefit liability | <u>\$ 26,172</u> | <u>\$ 5,250</u> | <u>\$ 4,922</u> | <u>\$ 36,344</u> |
| Current service costs | \$ 219 | \$ 4,329 | \$ 109 | \$ 4,657 |
| Finance costs | 1,167 | 336 | 224 | 1,727 |
| Net benefit cost | <u>\$ 1,386</u> | <u>\$ 4,665</u> | <u>\$ 333</u> | <u>\$ 6,384</u> |
| Investment gains (losses) | - | 3,157 | (2) | 3,155 |
| Actuarial losses on accrued benefit obligation | (1,293) | (756) | (61) | (2,110) |
| Past service costs | - | - | (28) | (28) |
| Net remeasurements gains (losses) and other items | <u>\$ (1,293)</u> | <u>\$ 2,401</u> | <u>\$ (91)</u> | <u>\$ 1,017</u> |

TRENT UNIVERSITY
Notes to the Financial Statements
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11. EMPLOYEE FUTURE BENEFITS LIABILITY (continued)

| | 2023 | | | |
|--|--------------------------|-----------------------------|-----------------|------------------|
| | Faculty Pension Plans | Non-Faculty Pension Plan | Other Plans | Total |
| Accrued benefit obligation | \$ 25,234 | \$ 186,176 | \$ 7,414 | \$ 218,824 |
| Fair value of plan assets | - | (177,821) | (2,533) | (180,354) |
| Accrued benefit liability | <u>\$ 25,234</u> | <u>\$ 8,355</u> | <u>\$ 4,881</u> | <u>\$ 38,470</u> |
| Current service costs | \$ 132 | \$ 4,126 | \$ 83 | \$ 4,341 |
| Finance costs | 1,190 | 536 | 220 | 1,946 |
| Net benefit cost | <u>\$ 1,322</u> | <u>\$ 4,662</u> | <u>\$ 303</u> | <u>\$ 6,287</u> |
| Actuarial gains from May 1, 2022 change in accounting policy (note 2(f)) | \$ 187 | \$ - | \$ 149 | \$ 336 |
| Investment losses | - | (265) | (32) | (297) |
| Actuarial gains on accrued benefit obligation | 1,147 | 3,760 | 73 | 4,980 |
| Past service costs | - | - | (12) | (12) |
| Net remeasurements gains and other items | <u>\$ 1,334</u> | <u>\$ 3,495</u> | <u>\$ 178</u> | <u>\$ 5,007</u> |

The discount rate for all other plans was adjusted from 5.25% per year for April 30, 2022 to 4.59% per year for May 1, 2022 opening to reflect the amendment to CPA Section 3462 where defined benefit plans without a funding valuation requirement are measured on an accounting basis.

TRENT UNIVERSITY
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11. EMPLOYEE FUTURE BENEFITS LIABILITY (continued)

(a) Faculty Pension Plans

The Trent University faculty association is a member of a jointly sponsored multi-employer pension plan, the University Pension Plan (UPP). The assets and liabilities of the University's registered Faculty Pension Plan were transferred to the UPP as at January 1, 2022, the effective date of the commencement of accrual of the benefits and contributions under the UPP and the termination of the registered Faculty Pension Plan.

Any pension surplus or deficit of the UPP is a joint responsibility of the members and employers and may affect future contribution rates for members and employers. Contribution rates are determined by the UPP's Joint Sponsors (representing employees and employers). The University does not recognize any share of the UPP's pension surplus or deficit as insufficient information is available to identify the University's share of the underlying pension assets and liabilities. The most recent UPP actuarial valuation filed with pension regulators as at January 1, 2024 indicated an actuarial surplus on a going concern basis of \$249,278,000 (January 1, 2023 - \$379,642,000).

Employer contributions made to the UPP for the fiscal year amounted to \$5,024,505 (2023 - \$4,602,579). These amounts are included in salaries and benefits in the Statement of Operations.

The University is also required to fund any net pension obligations (determined based on the UPP's actuarial assumptions) related to service costs up to the transition date of January 1, 2022. During the fiscal year, the University made payments in the amount of \$1,339,370 (2023 - \$Nil) towards its past service pension obligation as determined by the actuarial valuation for the UPP as at January 1, 2023. Refer to Note 17(k) for additional information.

The Supplementary Retirement Arrangement (SRA) for the faculty association was not transferred to the UPP. The obligations under the SRA remain the responsibility of the University.

At April 30, 2024, the actuarial valuation for the SRA and other faculty-related plans used the economic assumptions consistent with the Non-Faculty Pension Plan (unless otherwise noted) and the demographic assumptions of the faculty membership consistent with the demographics of the Faculty Pension Plan prior to conversion to the UPP.

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11. EMPLOYEE FUTURE BENEFITS LIABILITY (continued)

(b) Non-Faculty Pension Plan

The latest actuarial valuation for funding purposes filed with the regulators for the registered Non-Faculty Pension Plan was performed as of July 1, 2022. The next required actuarial valuation will be July 1, 2025. The University measures its accrued benefit obligations and the fair value of plan assets for financial statement purposes as at April 30 each year.

Regulations governing provincially regulated pension plans establish certain solvency requirements that assume the plan is wound up on the valuation date. New solvency special payments towards the solvency deficiency become effective twelve months following the date of the valuation. In May 2020, the University received government approval to use Standby Letters of Credit to cover all or part of these special solvency payments.

In May 2021, the University issued a Standby Letter of Credit to cover special solvency payments of \$2,331,780 required for the period July 2021 to June 2022. This Standby Letter of Credit was amended and extended in June 2022, June 2023 and finally in June 2024. The Standby Letter of Credit had a cumulative amount of \$2,634,593 on April 30, 2024, and its cumulative value is \$2,706,106 to December 31, 2024, at which time it will expire.

In January 2023, the University and Ontario Public Sector Employees Union Local 365 (OPSEU) entered into a Memorandum of Agreement pursuant to which OPSEU agreed to consent to the merger of the Non-Faculty Pension Plan into the UPP on behalf of its members and to support the University's application to merge the Non-Faculty Pension Plan into the UPP, with an anticipated conversion date of January 1, 2025. In May 2023, the Board of Governors authorized the University to proceed with the transfer of the assets and liabilities to the UPP, subject to regulatory approval. The members' consent process was successfully completed in December 2023 and the conversion has been approved by the UPP and the UPP Joint Sponsors. The required applications were filed with the Financial Services Regulatory Authority (FSRA) in April 2024, and approved by FSRA in August 2024. The University will fund any going concern pension liability transferred into the UPP as calculated using actuarial assumptions at the date of conversion in accordance with the terms and conditions of the Transfer Agreement entered into with the Joint Sponsors of the UPP. After joining the UPP, the University will no longer be required to make special payments in respect of solvency for the Non-Faculty Pension Plan and the Standby Letter or Credit will expire.

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12. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are funds set aside to support various commitments and initiatives to enhance the quality, structure and organization of programs and activities for the student body as well as protect against possible adverse circumstances caused by changes in student enrolment, funding levels and salary cost escalations. The internally restricted net assets are as follows:

| | 2024 | 2023 |
|---|-------------------|------------------|
| Departmental operating budget carryforward funds | \$ 20,639 | \$ 19,168 |
| Capital and infrastructure projects | 35,644 | 24,547 |
| Sinking fund for debenture retirement (note 8(a)) | 3,500 | 3,000 |
| Ancillary operations | 11,732 | 8,618 |
| Research and trust funds | 5,081 | 3,080 |
| Other funds committed for specific purposes | 29,020 | 11,018 |
| | <u>\$ 105,616</u> | <u>\$ 69,431</u> |

13. INVESTMENT IN CAPITAL ASSETS

| | 2024 | 2023 |
|---|------------------|------------------|
| Capital assets (note 5) | \$ 238,317 | \$ 234,463 |
| Add: Unspent deferred capital contributions | 5,004 | 38 |
| Less: Long-term debt pertaining to capital assets | (64,068) | (64,068) |
| Capital lease obligation (note 9) | (433) | - |
| Deferred capital contributions (note 10) | (103,699) | (99,963) |
| Donated assets (note 17(g)) | (1,850) | (1,850) |
| Financed internally | (329) | (593) |
| | <u>\$ 72,942</u> | <u>\$ 68,027</u> |

14. ENDOWMENTS

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

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14. ENDOWMENTS (continued)

| | 2024 | | 2023 | |
|------------------------------|-------------------|------------------|------------------|------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Student assistance | \$ 55,649 | \$ 42,292 | \$ 50,849 | \$ 39,482 |
| General endowment | 5,861 | 4,020 | 5,693 | 3,974 |
| Library | 3,395 | 2,237 | 3,131 | 2,045 |
| Research | 2,870 | 2,583 | 2,133 | 1,920 |
| Colleges, departments, other | 34,537 | 28,637 | 33,313 | 27,570 |
| Reinvested realized earnings | - | 11,063 | - | 12,624 |
| | <u>\$ 102,312</u> | <u>\$ 90,832</u> | <u>\$ 95,119</u> | <u>\$ 87,615</u> |

Reinvested realized earnings is the amount of earnings available for allocation to unit holders based on the Board of Governor's investment earnings distribution policy. The policy allows a maximum annual distribution of 3.5% (2023 - 3.5%) on the average four-year rolling unit value at at December 31.

| | 2024 | | |
|---|-----------------------|-----------------------|-------------------|
| | Externally Restricted | Internally Restricted | Total |
| Balance, beginning of year, at fair value | \$ 80,514 | \$ 14,605 | \$ 95,119 |
| Endowment contributions | 3,183 | 1,427 | 4,610 |
| Investment income (loss) net of fees and expenses | 4,823 | 923 | 5,746 |
| Transfer to disbursement fund | (2,677) | (486) | (3,163) |
| Balance, end of year, at fair value | <u>\$ 85,843</u> | <u>\$ 16,469</u> | <u>\$ 102,312</u> |

| | 2023 | | |
|---|-----------------------|-----------------------|------------------|
| | Externally Restricted | Internally Restricted | Total |
| Balance, beginning of year, at fair value | \$ 73,518 | \$ 13,391 | \$ 86,909 |
| Endowment contributions | 5,574 | 673 | \$ 6,247 |
| Investment income (loss) net of fees and expenses | 4,044 | 850 | \$ 4,894 |
| Transfer to disbursement fund | (2,622) | (309) | \$ (2,931) |
| Balance, end of year, at fair value | <u>\$ 80,514</u> | <u>\$ 14,605</u> | <u>\$ 95,119</u> |

In order to provide more long-term protection for some of the internally restricted funds included in the endowments of the University, the Board of Governors have a Declaration of Trust Agreement which segregates, preserves and administers certain internally restricted endowment funds in trust. At April 30, 2024, the total book value of the internally restricted endowment funds under the Declaration of Trust Agreement was \$3,918,752 (2023 - \$2,782,982). In September 2024, the Board of Governors approved an additional \$1,956,860 in internally restricted endowment funds to be added to the Declaration of Trust Agreement.

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15. ONTARIO STUDENT TRUST FUND

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust for Student Support (OTSS) programs. Under these programs, the government matched endowed donations made to the University.

Phase I - Ontario Student Opportunity Trust Fund

Schedule of changes in expendable funds available for awards for the year ended April 30, at cost:

| | 2024 | 2023 |
|--|----------|----------|
| Expendable funds available for awards, beginning of year | \$ 709 | \$ 651 |
| Net transfers from endowment fund | 300 | 306 |
| Bursaries awarded | (192) | (248) |
| Expendable funds available for awards, end of year | \$ 817 | \$ 709 |
| Total OSOTF, Phase I, end of year | \$ 7,132 | \$ 7,024 |
| Number of bursaries awarded | 220 | 245 |

Schedule of changes in endowment fund balance for the year ended April 30:

| | 2024 | | 2023 | |
|---|------------|----------|------------|----------|
| | Fair Value | Cost | Fair Value | Cost |
| Endowment balance, beginning of year | \$ 8,264 | \$ 6,315 | \$ 7,125 | \$ 6,315 |
| Unrealized gain (loss) for the year | (870) | - | 1,139 | - |
| Investment income, net of fees and expenses | 300 | 300 | 306 | 306 |
| Net transfer to expendable funds | (300) | (300) | (306) | (306) |
| Endowment balance, end of year | \$ 7,394 | \$ 6,315 | \$ 8,264 | \$ 6,315 |

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15. ONTARIO STUDENT TRUST FUND (continued):

Phase II - Ontario Student Opportunity Trust Fund

Schedule of changes in expendable funds available for awards for the year ended April 30, at cost:

| | 2024 | 2023 |
|--|-----------------|-----------------|
| Expendable funds available for awards, beginning of year | \$ 242 | \$ 208 |
| Net transfers from endowment fund | 67 | 68 |
| Bursaries awarded | (41) | (34) |
| Expendable funds available for awards, end of year | <u>\$ 268</u> | <u>\$ 242</u> |
| Total OSOTF, Phase II, end of year | <u>\$ 1,758</u> | <u>\$ 1,731</u> |
| Number of bursaries awarded | <u>75</u> | <u>59</u> |

Schedule of changes in endowment fund balance for the year ended April 30:

| | 2024 | | 2023 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Fair Value | Cost | Fair Value | Cost |
| Endowment balance, beginning of year | \$ 1,924 | \$ 1,489 | \$ 1,670 | \$ 1,489 |
| Unrealized gain (loss) for the year | (194) | 1 | 254 | - |
| Investment income, net of fees and expenses | 67 | 67 | 68 | 68 |
| Net transfer to expendable funds | <u>(67)</u> | <u>(67)</u> | <u>(68)</u> | <u>(68)</u> |
| Endowment balance, end of year | <u>\$ 1,730</u> | <u>\$ 1,490</u> | <u>\$ 1,924</u> | <u>\$ 1,489</u> |

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15. ONTARIO STUDENT TRUST FUND (continued):

Ontario Trust Fund Student Success (OTSS)

Schedule of changes in expendable funds available for awards for the year ended April 30, at cost:

| | 2024 | 2023 |
|--|------------------|------------------|
| Expendable funds available for awards, beginning of year | \$ 1,330 | \$ 1,183 |
| Net transfers from endowment fund | 491 | 456 |
| Bursaries awarded | (296) | (309) |
| Expendable funds available for awards, end of year | <u>\$ 1,525</u> | <u>\$ 1,330</u> |
| Total OTSS, end of year | <u>\$ 12,946</u> | <u>\$ 12,664</u> |
| Number of bursaries awarded | <u>521</u> | <u>528</u> |

Schedule of changes in endowment fund balance for the year ended April 30:

| | 2024 | | 2023 | |
|---|------------------|------------------|------------------|------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Endowment balance, beginning of year | \$ 13,985 | \$ 11,334 | \$ 12,659 | \$ 11,238 |
| Unrealized gains (losses) for the year | (912) | - | 1,230 | - |
| Investment income, net of fees and expenses | 578 | 578 | 551 | 551 |
| Net transfer to expendable funds | (491) | (491) | (455) | (455) |
| Endowment balance, end of year | <u>\$ 13,160</u> | <u>\$ 11,421</u> | <u>\$ 13,985</u> | <u>\$ 11,334</u> |

16. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The change in non-cash working capital items consists of the following:

| | 2024 | 2023 |
|--|-----------------|-----------------|
| Accounts receivable | \$ 405 | \$ (4,933) |
| Prepaid expenses | (624) | (151) |
| Accounts payable and accrued liabilities | 2,628 | 859 |
| Deferred revenue | 742 | 13,985 |
| | <u>\$ 3,151</u> | <u>\$ 9,760</u> |

TRENT UNIVERSITY
Notes to the Financial Statements
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17. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Canadian Universities Reciprocal Insurance Exchange

Trent University is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public insurance risks for seventy nine Canadian universities and colleges. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment in the event members' premiums are insufficient to cover losses and expenses. As at December 31, 2023, the date of the latest financial statements available, CURIE had an accumulated comprehensive income of \$107,548,349 (2022 - \$99,851,371).

(b) Litigation

The nature of the University's activities are such that there may be litigation pending or in the prospect at any time. With respect to claims at April 30, 2024, administration believes that the University has valid defenses and appropriate insurance coverage in place. In the event that any claims are successful, such claims are not expected to have a material effect on the University's financial position. Accordingly, no provision has been made in the financial statements.

(c) Powerhouse Agreement

In November 2012, the University finalized the Lease, Acquisition and Transfer Agreement, Shareholders' Agreement, General Conveyance and Indemnity Agreement transactions with a wholly-owned subsidiary of Peterborough Utilities Inc. (Transferee) for the lease of the powerhouse site and existing structure and for the transfer of the redevelopment project. The Transferee completed the project and operations commenced on June 16, 2013. The Transferee assumed responsibility for the operation of the redeveloped facility. At the end of the twenty year lease term, the University will exchange its interest in the project site for a 50% ownership of the total project.

(d) Energy Performance Contract

In December 2015, the University entered into a Tri-Party Energy Performance Contract. The Tri-Party agreement required a \$15,499,561 capital investment from the University. Monthly lease payments commenced January 2019 and are contingent on annual energy cost savings, which are currently estimated at \$850,000 per year.

In March 2021, the University amended the Tri-Party Energy Performance Contract to include the installation of a battery energy storage system. This amended agreement required a further \$9,458,913 capital investment from the University. Monthly lease payments on the additional improvements commenced June 2023 and are also contingent on annual energy cost savings, which are currently estimated at \$467,500 per year.

The monthly lease payments under the amended Tri-Party Energy Performance Contract are expected to end in May 2031.

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17. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(e) Student Centre Loan Guarantee

In December 2015, the University entered into an agreement with the Trent Central Student Association (TCSA) to construct a Student Centre and lease a portion of the building to the TCSA. As part of this agreement, the University guaranteed payment of a \$10,500,000 loan facility for the TCSA to assist in financing the construction of the Student Centre. The balance outstanding on the loan at April 30, 2024 is \$8,075,303 (2023 - \$8,315,280). The lease began in September 2017 once the construction was complete. The lease is for a period of 30 years, with the option to extend for seven periods of ten years each.

(f) Cleantech Commons

In October 2018, the University entered into a Lease Agreement with the City of Peterborough (the City) for the development of the Cleantech Commons, a research and innovation park on 85 acres of Trent-owned lands. The University will retain ownership of the Cleantech Commons lands. Under the 110-year head ground lease with the City, the City will develop the Cleantech Commons and will sublet serviced sites in the research park to mutually agreed upon subtenants in a phased manner. The University will share in the net revenue generated through rent paid to the City by the subtenants.

In July 2020, the Federal Economic Development Agency for Southern Ontario agreed to make a non-repayable contribution of up to \$4,800,000 in support of the development of an accelerator/technology demonstration space, the Trent Enterprise Centre (TEC), located within the Cleantech Commons. These contributions were payable over a four-year period and included \$500,000 in support of programming costs incurred by the Peterborough Innovation Cluster and \$4,300,000 to build and equip labs, pilot manufacturing spaces and associated offices and workspaces within the TEC building. In June 2021, the University established an appropriation of \$4,300,000 for the University's matching contribution towards the project. Once fully operational, the TEC will provide growing ventures with access to both specialized facilities and value-adding business support services that stimulate new company creation and attract future tenants to Cleantech Commons. The project originally had an expected completion date of March 31, 2024. In March 2022, the Contribution Agreement was amended to extend the project for an additional year. In February 2024, the Contribution Agreement was amended a final time to extend the project to March 31, 2026.

(g) Durham Campus Development

In May 2019, the Corporation of the City of Oshawa transferred approximately 1.85 acres of land adjacent to the Durham GTA campus for the development of a student residence and academic space. At the time of transfer, the donated land had an estimated fair market value of \$1,850,000, which is reflected in these financial statements.

TRENT UNIVERSITY
Notes to the Financial Statements
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17. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(g) Durham Campus Development (continued)

In June 2019, the University entered into a Lease Agreement with a Developer for the purpose of constructing on the donated land a multi-storey building containing a 200-bed student residence and academic space, as well as associated site improvements including landscaping and parking facilities (together referred to as the Project). Occupancy occurred on September 1, 2020.

The term of the lease is 50 years less one day after the occupancy date, with an option to extend the term for five additional periods of five years. During the term of the lease, the Developer will retain ownership of the Project and be responsible for the operation and maintenance of the Project. Upon expiration of the lease, the Project and all fixtures to the land become the absolute property of the University. The University retains ownership of the land during the lease term.

On the occupancy date, the University made a one-time payment to the Developer as rent to occupy the academic space for the initial term of the lease, which is reflected as a capital lease in the University's financial statements. No additional rent will be payable for the University's continued occupancy of the academic space during any extension terms. The University is responsible for the operating expenses related to the academic space.

During the term of the lease, the University will make occupancy payments derived from student residence fees to the Developer. During the first 30 years of the initial term, the University will provide the Developer with guaranteed occupancy payments. During the year, the University expensed \$709,809 (2023 - \$595,308) of guaranteed occupancy payments. The University has implemented strategies to mitigate the risk of expensing additional occupancy payments in the future. The University will participate in student revenues in excess of established occupancy rates and in net non-student revenue. The Developer is responsible for the operating expenses related to the residence space.

(h) Other Lands Development

In May 2018, the University signed a Development Agreement with the City of Peterborough effective August 2018 which included an obligation by the University not to sell, lease or encumber for a 15-year period to December 31, 2032 approximately 23 acres of Trent-owned lands for potential sports fields development by the City. The agreement also provides that the University may provide an alternate site, agreeable to the City acting reasonably, if the University requires the identified lands for a purpose which is contrary to this obligation. At this time, the University does not believe it necessary to propose an alternate site to the City, and is currently using the identified lands for University purposes, which is not in contravention of the University's obligations to the City.

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17. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(i) Land Leases

The University has land lease agreements with a Developer for the purpose of constructing and operating on Trent-owned lands buildings comprised of town houses and/or apartment units. The buildings shall be used and occupied primarily as residential housing for students, facility personnel and employees at the University. All construction is at the sole cost of the Developer.

The term of each lease is 99 years after the date on which the construction is substantially complete. During the term of each lease, the Developer retains ownership of the buildings and is responsible for the operation and maintenance of the buildings. Upon expiration of the leases, the buildings and all improvements to the land become the absolute property of the University. The University retains title to the land at all times during the leases.

The leases include minimum rent payable by the Developer to the University during the term of the leases and additional rent commencing in the twentieth lease year and continuing for the balance of the lease terms based on a percentage of gross revenues earned by the Developer during each lease year.

(j) Property Acquisitions

In June 2024, the University signed a purchase agreement to acquire a property adjacent to the Durham campus in Oshawa. The closing date was June 21, 2024.

In July 2024, the University signed a purchase agreement to acquire a property adjacent to the Trill campus in Peterborough. The closing date is October 31, 2024.

The total purchase price of both properties is \$1,751,000 plus commissions and closing costs.

(k) University Pension Plan

As stated in Note 11(a), the University remains responsible to fund any net pension obligations (determined based on the UPP's actuarial assumptions) related to service costs up to the transition date of January 1, 2022. Based on the actuarial valuation performed as at January 1, 2022, using the UPP actuarial assumptions, the University had a past service surplus of \$9,893,828 and as such did not have a pension obligation on transition to the plan.

The pension obligation for past service may fluctuate in the future based on changes to the UPP's actuarial assumptions and for changes in experience in future periods. The past service pension obligation will continue to be the responsibility of the University to fund for the first nine and a half years starting January 1, 2022, after which the responsibility for such changes becomes gradually shared over the next ten years with the other participants of the UPP. Based on the actuarial valuation performed as at January 1, 2024, the University has a pre-conversion service deficit of \$18,973,000, which will require special payments of \$1,878,000 over 15 years starting in 2024. The University's past service deficit is not recorded in the University's financial statements. The University has a provision in its operating budget to cover the required past service pension obligations.

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17. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(I) Minimum lease payments

The University leases premises for student residence and academic space. The future aggregate minimum lease payments for the next five years under operating leases are as follows:

| | 2024 | 2023 |
|------|------------------|------------------|
| 2024 | - | 4,610 |
| 2025 | 5,299 | 4,060 |
| 2026 | 3,899 | 3,048 |
| 2027 | 3,592 | 3,062 |
| 2028 | 1,084 | 733 |
| 2029 | 275 | - |
| | \$ 14,149 | \$ 15,513 |

18. FINANCIAL RISKS

(a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The University is exposed to credit risk with respect to the accounts receivable and investments. The University assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The credit risk related to investments is considered to be negligible because the University's investment policy restricts investments to those with investment grade ratings by recognized credit rating services. There have been no changes to this risk exposure in 2024.

(b) Interest rate risk

The University is exposed to interest rate risk on its fixed interest rate financial instruments, which subject the University to a fair value risk. The University manages this risk through the investment policy of the Board of Governors. Investments are monitored by a Committee of the Board of Governors and managed by investment managers subject to asset mix and performance benchmarks contained in the investment policy. The investment managers report on a regular basis to the Committee of the Board of Governors. There have been no changes to this risk exposure in 2024.

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18. FINANCIAL RISKS (continued)

(c) Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. The University manages this risk by ensuring sufficient liquid resources are available for operations. The objective is to have sufficient liquid resources to continue operating and to provide flexibility to take advantage of opportunities that will advance its mission. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. There have been no changes to this risk exposure in 2024.

(d) Currency risk

The University is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including underlying investments in pooled funds denominated in foreign currencies because the fair value and future cash flows will fluctuate due to the changes in the relative value of the foreign currencies against the Canadian dollar. The University manages this risk through the investment policy of the Board of Governors. Investments are monitored by a Committee of the Board of Governors and managed by investment managers subject to asset mix and performance benchmarks contained in the investment policy. The investment managers report on a regular basis to the Committee of the Board. There have been no changes to currency risk exposure in 2024.

(e) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. The University's investment policies detail the objectives, management and guidelines of investment, as well as providing for an appropriate risk tolerance strategy through diversification of the investment portfolio. There have been no changes to market risk exposure in 2024.