

**NIPISSING UNIVERSITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**APRIL 30, 2011**

**Nipissing University**  
**April 30, 2011**  
**INDEX**

---

	<b>Page</b>
Independent Auditor's Report	
Financial Statements:	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	
1. Description	5
2. Summary of Significant Accounting Policies	5
3. Student Levies Held In Trust	10
4. Investments	10
5. Capital Assets	11
6. Short-term Debt	11
7. Long-term Debt	12
8. Deferred Contributions	15
9. Deferred Capital Contributions	15
10. Internally Restricted Net Assets	16
11. Endowments	16
12. Employee Future Benefits	19
13. Financial Instruments	20
14. Commitments	21
15. Contingencies	22
16. Capital Management	22
17. Comparative Financial Statements	22
18. Supplemental Information	24



Tel: 705 495 2000  
Fax: 705 495 2001  
Toll-free: 800 461 6324  
www.bdo.ca

BDO Canada LLP  
142 Main Street W  
North Bay ON P1B 2T5 Canada

---

## Independent Auditor's Report

---

### To the Board of Governors of Nipissing University

We have audited the accompanying financial statements of Nipissing University, which comprise the statement of financial position as at April 30, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and 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 generally accepted accounting principles, 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.

### Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nipissing University as at April 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario  
October 6, 2011

# Nipissing University



## STATEMENT OF FINANCIAL POSITION

[Thousands of dollars]

As at April 30	2011 \$	2010 \$
		<i>[restated: note 17]</i>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	18,650	15,904
Cash held in trust – student levies <i>[note 3]</i>	2,745	1,908
Short-term investments <i>[note 4]</i>	3,980	9,767
Accounts receivable	11,710	9,278
Accrued investment income	272	166
Other assets	479	471
	<b>37,836</b>	<b>37,494</b>
Investments <i>[note 4]</i>	26,391	24,468
Capital assets, net <i>[note 5]</i>	98,292	84,268
	<b>162,519</b>	<b>146,230</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Short-term debt <i>[note 6]</i>	1,576	—
Accounts payable and accrued liabilities	12,462	9,491
Student levies held in trust <i>[note 3]</i>	2,745	1,908
Deferred revenue	6,481	7,414
Current portion of long-term debt <i>[note 7]</i>	1,323	4,044
	<b>24,587</b>	<b>22,857</b>
<b>Long-term</b>		
Long-term debt <i>[note 7]</i>	31,777	33,087
Interest rate swap payable <i>[notes 2 and 7]</i>	4,998	4,804
Deferred contributions <i>[note 8]</i>	9,491	8,771
Deferred capital contributions <i>[note 9]</i>	59,619	51,279
Employee future benefits <i>[note 12]</i>	2,611	2,270
	<b>108,496</b>	<b>100,211</b>
	<b>133,083</b>	<b>123,068</b>
<b>Net assets</b>		
Unrestricted	2,978	1,316
Internally restricted <i>[note 10]</i>	20,903	17,152
Interest rate swaps	(4,998)	(4,804)
Endowments <i>[note 11]</i>	10,553	9,498
	<b>29,436</b>	<b>23,162</b>
	<b>162,519</b>	<b>146,230</b>

*Commitments see note 14*  
*Contingency see note 3, 15*  
*See accompanying notes*

Signed on behalf of the  
Board of Governors

  
 \_\_\_\_\_  
 Governor  
  
 \_\_\_\_\_  
 Governor

---

# Nipissing University

## STATEMENT OF OPERATIONS

[Thousands of dollars]

Year ended April 30	2011	2010
	\$	\$
		<i>[restated: note 17]</i>
<b>REVENUE</b>		
Student fees	28,995	28,159
Government grants	34,469	32,311
Accommodation fees and conference services	5,998	5,811
Other	4,713	5,375
Amortization of deferred capital contributions	2,456	2,568
Investment	894	378
Donations	41	403
Scholarship fund	57	52
	<b>77,623</b>	<b>75,057</b>
<b>EXPENSES</b>		
Academic	35,363	34,786
Administrative services	7,285	7,124
Plant	6,016	5,107
Amortization of capital assets	3,692	3,950
Academic support	3,306	3,474
Student services	3,116	2,912
Interest	2,366	2,423
Scholarships and bursaries	2,785	2,721
Research	2,370	2,259
Other	2,666	2,277
Alumni and development	1,355	1,373
Library	1,890	1,773
	<b>72,210</b>	<b>70,179</b>
<b>Excess of revenues over expenses before the undernoted</b>	<b>5,413</b>	<b>4,878</b>
Change in fair value of interest rate swaps	(194)	2,341
<b>Excess of revenues over expenses for the year</b>	<b>5,219</b>	<b>7,219</b>

*See accompanying notes*

# Nipissing University

## STATEMENT OF CHANGES IN NET ASSETS

[Thousands of dollars]

Year ended April 30	2011				2010	
	Unrestricted \$	Internally restricted \$	Interest rate swaps \$	Endowments \$	Total \$	Total \$
						<i>[restated: note 17]</i>
<b>Net assets, beginning of year, as originally stated</b>	1,247	17,120	(4,804)	14,316	27,879	13,794
Adjustments to opening net assets [note 17]	69	32	—	(4,818)	(4,717)	(236)
<b>Net assets, beginning of year, as restated</b>	1,316	17,152	(4,804)	9,498	23,162	13,558
Excess of revenues over expenses	5,219	—	—	—	5,219	7,219
Transfer of fair value change of interest rate swaps [note 7]	194	—	(194)	—	—	—
Transfer of internally restricted funds [note 10]	(3,751)	3,751	—	—	—	—
Endowment contributions (net)[Note 11]	—	—	—	1,055	1,055	2,385
<b>Net assets, end of year</b>	<b>2,978</b>	<b>20,903</b>	<b>(4,998)</b>	<b>10,553</b>	<b>29,436</b>	<b>23,162</b>

*See accompanying notes*

# Nipissing University

## STATEMENT OF CASH FLOWS

[Thousands of dollars]

Year ended April 30	2011	2010
	\$	\$
		<i>[restated: note 17]</i>
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Excess of revenues over expenses	5,219	7,219
Items not involving cash:		
Amortization of capital assets	3,692	3,950
Amortization of deferred capital contributions	(2,456)	(2,568)
Change in fair value of interest rate swaps	194	(2,341)
Change in non-cash operating working capital:		
Accounts receivable	(2,432)	(6,225)
Accrued interest	(106)	45
Other assets	(8)	(4)
Accounts payable and accrued liabilities	2,971	1,250
Student levies held in trust	837	613
Deferred revenue	(933)	2,459
Net change in employee future benefits obligation	341	224
	<b>7,319</b>	<b>4,622</b>
<b>Investing:</b>		
Purchase of capital assets	(17,716)	(10,206)
Investments	3,864	(12,585)
	<b>(13,852)</b>	<b>(22,791)</b>
<b>Financing:</b>		
Net endowment contributions	1,055	2,385
Proceeds of short-term debt	1,576	-
Proceeds of long-term debt	-	4,000
Repayment of long-term debt	(4,031)	(994)
Cash held in trust	(837)	(613)
Deferred contributions	720	8,506
Deferred capital contributions	10,796	2,693
	<b>9,279</b>	<b>15,977</b>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>2,746</b>	<b>(2,192)</b>
Cash and cash equivalents, beginning of year	15,904	18,096
<b>Cash and cash equivalents, end of year</b>	<b>18,650</b>	<b>15,904</b>

*See accompanying notes*

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

---

April 30, 2011

### 1. DESCRIPTION

Nipissing University [the 'University'] was incorporated as a university in 1992 under the laws of the Province of Ontario. Its mission is to provide undergraduate programs in Liberal Arts, Science, Business and undergraduate and graduate programs in Education, History and Math. The University aspires to fulfil the best traditions of scholarship and to provide an environment committed to the ideals of free inquiry and expression. As a university with predominantly undergraduate programming and roots in teacher education, the University places priority on the highest ideals of instructional excellence.

These financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all of the operations and organizations controlled by the University. Accordingly, these financial statements include the academic, administrative and other operating expenditures funded by fees, grants and other general revenue; restricted purpose endowment funds; and the ancillary operations, such as residences.

The University is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized below:

#### (a) Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants. 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. Unrestricted donations are recorded on a cash basis since pledges are not legally enforceable claims. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets. Endowment contributions are recognized as direct increases in net assets in the year in which they are received. Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at point of sale or when the service has been provided.



---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

---

April 30, 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) Cash and cash equivalents

Cash and cash equivalents consist of cash, money market funds and investments with maturities of three months or less from their date of acquisition. Cash and investments meeting the definition of cash and cash equivalents held for trading rather than liquidity purposes are classified as investments.

#### (c) Financial instruments

The University accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of three categories: held-for-trading, loans and receivables or other financial liabilities. All financial instruments, including derivatives, are measured in the statement of financial position at fair value except for loans and receivables and other financial liabilities which are measured at amortized cost. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the statement of operations.

In accordance with Canadian generally accepted accounting principles, the University has undertaken the following:

- (i) Cash and cash equivalents, short-term investments, investments, and interest rate swap payable are designated as held-for-trading, being measured at fair value.
- (ii) Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Accounts payable and accrued liabilities, and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

No financial recognition is given to embedded derivatives or non-financial contracts with derivative characteristics.

The University also complies with CICA 3861, "Financial Instruments – Disclosure and Presentation", for the presentation and disclosure of financial instruments and non-financial derivatives.

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

---

April 30, 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (d) Investments and investment returns

Investments are recorded in the accounts at fair value. The value of investments recorded in the financial statements is determined as follows:

- (i) Short-term investments are valued based on cost plus accrued interest which together approximates fair value.
- (ii) Publicly traded bonds and equities are determined based quoted market values based on the latest bid prices.
- (iii) Investments in pooled funds are valued at their reported net asset value per unit.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized capital gains and losses, is recorded as follows:

Unrestricted investment income is recognized as revenue in the statement of operations in the year it is earned.

Externally restricted investment income that must be added to the principal amount of resources held for endowments (referred to as capital protection) is recognized as a direct increase (decrease) in endowment net assets.

Externally restricted investment income, other than that designated for endowments capital protection of endowments is recognized as revenue in the statement of operations, when the related expenses are incurred. All externally restricted investment income, other than that designated for capital protection of endowments, which is in excess of related expenses incurred, is recorded as deferred contributions.

Investment income that is internally restricted is recorded as a transfer from unrestricted to internally restricted net assets in the statement of changes in net assets.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

---

April 30, 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (e) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are capitalized at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis over the estimated useful lives as follows:

Land	No amortization
Buildings	40 years
Equipment and furnishings	5-10 years
Library books	5 years

Costs of construction in progress, including interest, are capitalized. Amortization is not recognized until project completion.

#### (f) Internally restricted net assets

The University restricts use of portions of its operating assets for specific future uses. These internally restricted amounts are not available for other purposes without approval of the Board of Governors.

#### (g) Interest rate swaps

The University is party to interest rate swap agreements used to manage the exposure to market risks from changing interest rates. The University's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The University has not hedged these agreements and the change in the fair value of the swaps is reflected in the statement of operations. The amount recorded on the statement of financial position is recorded at fair value.

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

---

April 30, 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (h) Employee future benefits

##### (i) Pension benefit plan:

The University has a defined contribution pension plan, Nipissing University Retirement Pension Plan, which provides benefits to eligible employees of Nipissing University with more than six months of service. Certain faculty are members of the Ontario Teacher Pension Plan, a multi-employer defined benefit plan. Contributions to the defined contribution and multi-employer defined benefit plan are expensed when due.

##### (ii) Other benefit plan:

The University provides medical, dental and life insurance benefits to eligible employees upon retirement. The University accrues for these obligations, with the cost of these benefits being actuarially determined using the projected benefit method pro-rated on service using management's best estimates of a number of future conditions including salary changes, withdrawals, retirement ages of employees and expected health care costs. Differences arising from plan amendments, changes in assumptions and actuarial gains and losses are recognized in income over the expected average remaining service life of employees.

#### (i) Contributed materials and services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed materials and services are not recognized in these financial statements.

#### (j) Future accounting policy changes

In December 2010, the Accounting Standards Board of the CICA issued Part III of the CICA Handbook that sets out the accounting standards for not-for-profit organizations that are effective for fiscal years beginning on or after January 1, 2012, with an option to early-adopt. The University is currently evaluating the impact of these standards.

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (k) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles require 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 revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for accounts receivable; employee future benefits; and, accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

### 3. STUDENT LEVIES HELD IN TRUST

Student levies have been collected for the construction of a proposed expanded student centre. In addition, these funds are used to service the debt incurred for the construction of the Muskoka Campus Student Centre. These funds, totalling \$2,745 (2010 - \$1,908) as at year end, are maintained in a segregated cash fund and are shown as Student levies held in trust. These funds are collected by the University on behalf of the students and are only to be used for capital expenditures for the specific expansion and renovation project as approved by student referendum held November 3<sup>rd</sup> and 4<sup>th</sup>, 2003. During 2010, the University was served with an Application to have these funds forwarded to Nipissing University Student Union. This request was denied by the Court in light of the funds being defined as a Charitable Trust. Subsequent to year end, an alternate agreement was reached to transfer the funds to a third party trustee. The University is now awaiting final transfer details from the Provincial Court Justice.

### 4. INVESTMENTS

Investments consist of the following:

	2011	2010
	\$	\$
Term deposits (i)	3,980	9,767
Guaranteed investment certificates	—	8,506
Government and corporate bonds (ii)	10,064	7,096
Canadian equities	8,426	1,701
Sceptre Pooled Equity Funds	7,901	7,165
Total Investments	30,371	34,235
Less amounts reported as:		
Short-term investments	3,980	9,767
	26,391	24,468

(i) Term deposits bear interest at 4.5% and mature July 2011.

(ii) Government and corporate bonds bear interest at rates 5.63% to 10.7% and have maturity dates from 2019 to 2033.

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

April 30, 2011

### 5. CAPITAL ASSETS

Capital assets consist of the following:

	2011			2010		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Land	3,533	—	3,533	3,533	—	3,533
Buildings - Operating	53,955	12,392	41,563	53,887	11,043	42,844
- Residence	34,452	6,656	27,796	29,355	5,922	23,433
Equipment and furnishings:						
- Operating	19,856	14,932	4,924	19,738	14,591	5,147
- Residence	2,715	2,367	348	2,710	2,259	451
Library books	9,071	8,253	818	8,831	7,912	919
Construction in Progress	19,310	—	19,310	7,941	—	7,941
	<b>142,892</b>	<b>44,600</b>	<b>98,292</b>	125,995	41,727	84,268

### 6. SHORT-TERM DEBT

The short-term debt represents a Bankers' Acceptance facility used to finance a portion of the fixed rate loan for the Nipissing University Student Athletic Centre that matured July 2010. The unsecured facility has an interest rate of 1.18% at April 30, 2011.

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 7. LONG-TERM DEBT

Long-term debt consists of the following:

	2011	2010
	\$	\$
Founders House Student Residence:		
Term loan bearing interest at a variable rate of 1.2% as at April 2011 (converted to effective interest rate of 6.82%) repayable in blended monthly instalments of \$44,500, unsecured due July 2022.	4,110	4,352
Chancellors House Student Residence:		
Term loan bearing interest at a variable rate of 1.2% as at April 2011 (converted to effective interest rate of 7.05%) repayable in blended monthly instalments of \$72,000, unsecured due August 2026.	7,972	8,261
Chancellors House Student Residence Expansion:		
Term loan bearing interest at a variable rate of 1.2% as at April 2011 (converted to effective interest rate of 6.74%) repayable in blended monthly instalments of \$25,400, unsecured due September 2028.	3,070	3,163
Nipissing University Student Athletic Centre:		
6.45% renewable term loan with monthly blended payments of principal and interest of \$23,527 and original principal of \$3,500,000 issued July 30, 2002. Payments were calculated over a 25 year term. This unsecured loan matured July 30, 2010.	—	2,736
Governors House Student Residence:		
Term loan bearing interest at a variable rate of 1.2% as at April 2011 (converted to effective interest rate of 6.27%) repayable in blended monthly instalments of \$73,360, unsecured due August 2030.	9,839	10,099
<b>Subtotal Long-term debt</b>	<b>24,991</b>	<b>28,611</b>

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 7. LONG-TERM DEBT (cont'd)

	2011	2010
	\$	\$
Subtotal carried forward	<b>24,991</b>	28,611
Brantford Campus Financing:		
The University has entered into a ten-year, term loan agreement with a Canadian Chartered Bank in the amount of \$1.2 million to be amortized over twenty-five years. The interest rate for the ten years will be 4.56%. Monthly blended payments of principal and interest will be approximately \$6,700 and commenced July 31, 2005. This unsecured loan matures June 30, 2015. The carrying value approximates fair market value.	<b>1,028</b>	1,061
City of Brantford Financing:		
In July 2007, the City of Brantford advanced \$2.1 million to the University to assist the University with the renovations of the premises at 50 Wellington Street in Brantford. The advance was made in two parts. The first is an interest-free forgivable loan of \$ 600,000 repayable July 1, 2009. This part of the loan is forgivable once the University has completed certain improvements to the premises. As at April 30, 2009, these improvements were completed and the loan forgiven. The second part of the advance was an interest-free loan of \$1,500,000. The loan was discounted at a rate of 5.11% approximating the market borrowing rate for the University. This loan is to be repaid in three annual instalments of \$150,000 commencing July 1, 2010 and six annual instalments of \$175,000 commencing July 1, 2013. The carrying value approximates fair market value.	<b>1,123</b>	1,256
Research Complex:		
In February, 2010 the University borrowed in the form of a debenture from Ontario Infrastructure Projects Corporation, the principal sum of \$ 4,000,000 with an interest rate of 4.33% calculated semi-annually for a term of 15 years. The University has agreed to repay this unsecured loan in semi-annual blended principal and interest payments of \$182,677 commencing August 16, 2010. The carrying value approximates fair market value.	<b>3,806</b>	4,000
Subtotal Long-term debt	<b>30,948</b>	34,928



# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

April 30, 2011

### 7. LONG-TERM DEBT (cont'd)

	2011	2010
	\$	\$
Subtotal carried forward	<b>30,948</b>	34,928
Muskoka Campus Financing:		
In January, 2008 the University borrowed in the form of a debenture from Ontario Infrastructure Projects Corporation, the principal sum of \$ 2,300,000 with an interest rate of 5.11% calculated semi-annually for a term of 25 years. The Muskoka campus loan was undertaken to finance the construction of dedicated space for Nipissing University Student Union ('NUSU') included in the new building. The University has entered into a formal agreement with NUSU for the University to collect an ancillary student building fee to be applied to the interest and principal payments on this loan as long as the obligation remains outstanding. The University has agreed to repay this unsecured loan in semi-annual blended principal and interest payments of \$81,987 commencing July 15, 2008. The carrying value approximates fair market value.	<b>2,152</b>	2,203
Total long-term debt	<b>33,100</b>	37,131
Less current portion	<b>1,323</b>	4,044
Long-term debt	<b>31,777</b>	33,087

The University has entered into interest rate derivative agreements to manage the volatility of interest rates on long term debt. The University converted the full face value of its variable rate term loans to a fixed rate of interest ranging from 6.27% to 7.05%. The related derivative agreements are in place until the maturity of the associated debt.

The following are the minimum annual debt principal repayments due over the next five years and thereafter:

Years ended April 30,	\$
2012	1,323
2013	1,409
2014	1,521
2015	1,614
2016	2,551
Thereafter	24,682
	<b>33,100</b>

Total interest expense for the year ended April 30, 2011 was \$2,347 [2010 - \$2,423].

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 8. DEFERRED CONTRIBUTIONS

Deferred contributions represent the unspent amount of externally restricted donations and grants received for research and other restricted purposes. The change in the deferred contribution balance is as follows:

	2011	2010
	\$	\$
		<i>[restated: note 17]</i>
Balance, beginning of year	8,771	265
Add: contributions received during the year	882	10,732
Less: amount recognized as revenue	(162)	(2,226)
Balance, end of year	<b>9,491</b>	8,771

### 9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized and unspent amounts of donations, student contributions and grants received for the purchase of capital assets. The amortization of deferred capital contributions, which commence once an asset is put into service, is recorded as revenue in the statement of operations. The change in the deferred capital contribution balance is as follows:

	2011	2010
	\$	\$
		<i>[restated: note 17]</i>
Balance, beginning of year	51,279	51,232
Add: contributions received in the year	10,796	2,615
Less: amortization of deferred capital contributions	(2,456)	(2,568)
Balance, end of year	<b>59,619</b>	51,279
Comprised of:		
Capital contributions – unamortized	58,783	43,784
Capital contributions – unspent	836	7,495
	<b>59,619</b>	51,279

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 10. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted funds are as follows:

	2011	2010
	\$	\$
Infrastructure upgrades	2,250	1,250
Scholarship funds	1,313	1,229
Capital projects	6,178	6,178
Program initiative fund	121	121
Ancillary operations	6,208	5,021
Investments in capital assets	4,833	3,353
	<b>20,903</b>	<b>17,152</b>

---

Internally restricted net assets include funds committed for specific purposes as approved by the Board of Governors as follows:

- (i) Infrastructure upgrades - this represents funds restricted for deferred maintenance and capital emergencies.
- (ii) Scholarship funds – this represents net assets the University has invested for the purposes of providing scholarships and bursaries to students.
- (iii) Capital projects – this represents funds restricted for capital projects planned or in progress.
- (iv) Program initiative fund – this represents net unspent program funds restricted to meet future cost requirements of the related program.
- (v) Ancillary operations – this represents funds set aside for future major capital improvements, replacements and refurbishments of the ancillary operations.
- (vi) Investment in capital assets – represents the unamortized value of capital assets funded by the University, net of outstanding debt. It excludes assets funded through capital contributions.

### 11. ENDOWMENTS

Endowments consist of externally restricted donations received by the University. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by 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.

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

April 30, 2011

### 11. ENDOWMENTS (cont'd)

Net assets restricted for endowment consist of the following:

	2011	2010
	\$	\$
		<i>[restated: note 17]</i>
Endowed funds	7,826	7,535
Accumulated investment returns	2,727	1,963
<b>Balance, end of year</b>	<b>10,553</b>	<b>9,498</b>

Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support:

The Government of Ontario established the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust of Student Support (OTSS) programs to encourage individuals and companies to contribute funds to support post-secondary students. The University established three funds – OSOTF - Phase 1 in fiscal 1997; OSOTF - Phase 2 in fiscal 2004; and OTSS in fiscal 2005. Eligible donations are equally matched by the Province. Investment income earned on these funds is used to finance awards to qualified students in need of financial aid. The funds are included in the total of endowments.

<b>OSOTF - Phase 1 as at April 30, 2011</b>	2011	2010
	\$	\$
<b>Ontario Student Opportunity Trust Fund balance, beginning and end of year</b>	<b>3,535</b>	<b>3,535</b>
<b>Expendable balance, beginning of year</b>	<b>747</b>	<b>(96)</b>
Realized investment income, net of direct investment-related expenses	120	120
Unrealized investment gain	367	873
Bursaries awarded (2011 – 143 bursaries, 2010 – 120 bursaries)	(172)	(150)
<b>Expendable balance, end of year</b>	<b>1,062</b>	<b>747</b>

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

April 30, 2011

### 11. ENDOWMENTS (cont'd)

OSOTF – Phase 2 as at April 30, 2011	2011	2010
	\$	\$
<b>Endowment balance, beginning and end of year</b>	<b>689</b>	689
<b>Expendable balance, beginning of year</b>	<b>99</b>	(6)
Realized investment income, net of direct investment-related expenses	23	23
Unrealized investment gain ( loss)	59	92
Bursaries awarded (2011 – 4 bursaries, 2010 – 12 bursaries)	(3)	(10)
<b>Expendable balance, end of year</b>	<b>178</b>	99

OTSS as at March 31, 2011	2011	2010
	\$	\$
<b>Endowment balance, March 31, 2010</b>	<b>928</b>	750
Cash donations received within annual matching ceiling	93	89
Matching funds received or receivable from MTCU	166	89
<b>Endowment balance, March 31, 2011</b>	<b>1,187</b>	928
<b>Expendable balance, beginning of year</b>	<b>110</b>	56
Realized investment income, net of direct investment-related expenses	52	55
Bursaries awarded (2011 – 11 bursaries, 2010 – 2 bursaries)	(8)	(1)
<b>Expendable balance, end of year</b>	<b>154</b>	110
<b>Market value, end of year</b>	<b>1,372</b>	972
<b>Outstanding donations pledged</b>	<b>3</b>	3

Status of Recipients	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount \$	Number	Amount \$	Number	Amount \$
Full-time	9	7	2	1	11	8

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 12. EMPLOYEE FUTURE BENEFITS

#### (a) Pension benefit plan

The University's contributions to the defined contribution and the multi-employer defined benefit plan are expensed when due.

Total contributions made during the year were \$2,393 [2010 - \$1,959].

#### (b) Other benefit plan

The University provides certain non-pension benefits to eligible retirees until the age of 65. These benefits include medical, dental and life insurance. For eligible faculty retirees only, the University provides a health care spending account which commences at the age of 65 and continues until death.

The interval between actuarial valuations does not exceed three years with the most recent valuation prepared as at April 30, 2010. In years between valuations, an extrapolation of the actuarial valuation is used to determine the projected benefit obligation.

Information about the financial status of University's non-pension benefits is as follows:

	2011	2010
	\$	\$
Accrued benefit obligation	3,372	2,962
Fair value of plan assets	—	—
Plan deficit	3,372	2,962
Unamortized net actuarial loss	(761)	(692)
Accrued benefit liability	2,611	2,270

Total net benefit expense for the University's non-pension benefits plans is as follows:

	2011	2010
	\$	\$
Total service cost of the plan for the year	262	171
Interest cost	182	178
Actuarial loss	26	—
	470	349

Benefits paid during the year amounted to \$129 (2010 - \$124).

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 12. EMPLOYEE FUTURE BENEFITS (cont'd)

The significant actuarial assumptions adopted in measuring the University's employee future benefits obligation are as follows (weighted-average assumptions):

	2011	2010
Discount rate	5.50%	5.75%
Rate of compensation increase for life insurance	3.00%	3.00%
Initial prescription drug trend rate	8.76%	9.00%
Ultimate prescription drug trend rate	4.50%	4.50%
Year ultimate rate reached	2030	2030
Initial and ultimate hospital trend rate	4.50%	4.50%
Initial and ultimate other medical care trend rate	4.50%	4.50%
Initial weighted average health care trend rate	7.95%	8.14%
Ultimate weighted average health care trend rate	4.50%	4.50%
Initial and ultimate dental care trend rate	4.50%	4.50%

### 13. FINANCIAL INSTRUMENTS

#### (a) Fair value:

The carrying values of the University's accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the relatively short periods to maturity of these items because they are receivable or payable on demand.

#### (b) Risk Management:

The University's financial instruments consist of accounts receivable, investments, accounts payable and accrued liabilities, long-term debt and interest rate swaps. Financial instruments are subject to a variety of risks.

Credit risk is the risk of financial loss to the University if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the University's accounts receivable and investments. The University mitigates its potential credit risk from accounts receivable through credit evaluation, approval and monitoring processes. Furthermore, it evaluates the collectability of accounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount the University reasonably believes will be collected. Credit risk with respect to investments is managed through the University's investment policies.

Interest rate risk refers to the adverse consequences of interest rate changes. The University holds fixed rate government and corporate issued bonds with annual yields of 5.63% to 10.7%. The value of fixed rate instruments will generally rise if interest rates fall and fall if interest rates rise. The value of the instruments will

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 13. FINANCIAL INSTRUMENTS (cont'd)

vary with developments within the specific governments and entities which issue the instruments.

Foreign currency risk refers to the extent to which instruments denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to other currencies.

Market volatility risk arises from the University's investment portfolio, which contains various pooled funds, fixed income and equity instruments. It is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of general economic and other market factors affecting equity prices.

Interest rate, foreign currency and market volatility risk arise principally from the University's investments, which the University manages through investment policies governing asset mixes, equity and fixed income allocations and diversification among fund managers.

### 14. COMMITMENTS

The University had two capital projects underway as at year end. In July 2009, Canadore College and Nipissing University issued a fixed price contract for the construction of the Learning Library. The contract was issued for \$20,492 plus applicable taxes. The joint obligation remaining as at April 30, 2011 was \$237. The project is financed by government grants, donations and operating funds.

The second project underway as at year end, was the expansion of the Active Living Health Research Innovation Centre. In June 2010, the contract was issued for \$10,200 plus applicable taxes. The commitment remaining as at year-end was \$4,841. This project is financed by government grants, donations, operating funds and borrowing proceeds.

In March 2011, the University entered into an agreement to purchase property in the amount of \$500. The University will take possession of the property no later than August 25, 2012 at which time payment will be due in full.

As part of the financing of the Active Living Health Research Innovation Centre, the University entered into an interest rate swap agreement with a Canadian chartered bank. This credit facility allows the University to borrow funds under a series of bankers' acceptances to finance the construction phase of this project and then convert the advances up to a maximum of \$12,000 into an interest rate swap upon completion of the project. The University has locked in the interest rate under the swap agreement at 5.25% based on a draw date of October 2011 and based on an amortization period of 25 years.



---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 15. CONTINGENCIES

The University is involved from time to time in litigation that arises in the normal course of operations. In respect to these claims, the University believes it has valid defences, funded provisions and/or appropriate insurance coverage in place. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. It is possible the final resolution of some of these matters may require the University to make expenditures in excess of estimated reserves, over an extended period of time and range that cannot be reasonably estimated at this time. The University's policy is to recognize the losses on any litigation when the outcome becomes known and the amount is reasonably determinable.

### 16. CAPITAL MANAGEMENT

In managing capital, the University focuses on liquid resources available for operations. The University's objective is to have sufficient liquid resources to continue to operate even if adverse financial events were to occur. The University's mandate is to prepare an annual balanced budget and the levels of liquid resources are considered in the annual budget process. Cash flows are monitored on a regular basis. The University attempts to minimize the use of its line of credit of \$1,000 which can be used in the event that sufficient cash flow is not available to cover operating and capital expenditures. The University has an additional \$5,000 operating line available from January 1, 2011 to July 31, 2011 to assist in bridge financing for capital projects. The University manages its capital expenditures in accordance with its debt capacity. As at April 30, 2011, the University has met its objective of having sufficient liquid resources to meet its current operations.

### 17. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been restated to include the following accounting changes:

#### (a) Employee future benefits

The University provides certain non-pension benefits to eligible retirees. In prior years, the University recognized the costs related to the post retirement benefits on a cash basis. During the year, an actuarial valuation was completed on the total cost of providing the non-pension benefits to retirees. These financial statements have been restated to include the cost of providing the benefits on an accrual basis as actuarially determined.

The impact of this change to the 2010 comparative figures is a decrease in opening unrestricted net assets of \$2,045, an increase in employee future benefits liability of \$2,270 and an increase in expenses reported in the Statement of Operations for the year ended April 30, 2010 in the amount of \$225.

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 17. COMPARATIVE FINANCIAL STATEMENTS (cont'd)

#### (b) Endowments

During the year, the University determined that investment income previously reported in net assets restricted for endowments is more appropriately classified as unrestricted net assets. In addition, the University determined that a contribution previously reported as an endowment is more appropriately classified as deferred contributions since the principal is not required to be maintained intact indefinitely.

The impact of this change to the 2010 comparative figures is a decrease in opening net assets restricted for endowments of \$562, an increase in opening unrestricted net assets of \$562, a decrease in endowment contributions of \$4,256 and an increase in deferred contributions of \$4,256.

#### (c) Deferred capital contributions

During the year, the University determined that contributions previously deferred for the purchase of capital assets is more appropriately classified as unrestricted net assets.

The impact of this change to the 2010 comparative figures is an increase in opening unrestricted net assets of \$691, an increase in opening internally restricted net assets of \$32 and a decrease in deferred capital contributions of \$723.

#### (d) Accrued liabilities

During the year, the University identified an over accrual in accounts payable and accrued liabilities of \$1,086. These financial statements have been restated to reflect this correction.

The impact of this change to the 2010 comparative figures is an increase in opening unrestricted net assets of \$1,086 and a decrease in accounts payable and accrued liabilities of \$1,086.

Certain prior year comparative figures have been reclassified to conform to the presentation of the 2011 financial statements.

---

# Nipissing University

## NOTES TO FINANCIAL STATEMENTS

(All amounts in thousands of dollars unless otherwise indicated)

---

April 30, 2011

### 18. SUPPLEMENTAL INFORMATION

In addition to the information presented in the statement of operations, presented below is a Schedule of Expenses classified by object of expense.

Year ended April 30	2011	2010
	\$	\$
		<i>[restated: note 17]</i>
<b>EXPENSES</b>		
Employee salaries and benefits	47,417	45,661
Academic supplies and services	6,261	5,783
Plant and operating expenditures	9,689	9,581
Scholarships and bursaries	2,785	2,721
Interest	2,366	2,483
Amortization of capital assets	3,692	3,950
	72,210	70,179

---