

Financial Statements

April 30, 2021

TRENT UNIVERSITY
Financial Statements
April 30, 2021

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TRENT UNIVERSITY
Statement of Administrative Responsibility
Year Ended April 30, 2021

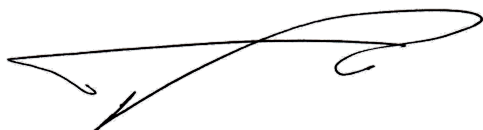
The management of Trent University (the University) is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this financial report.

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, 2021 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, 2021 have been reported on by KPMG LLP, the auditors appointed by the Board of Governors. The independent Auditors' 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 (A)



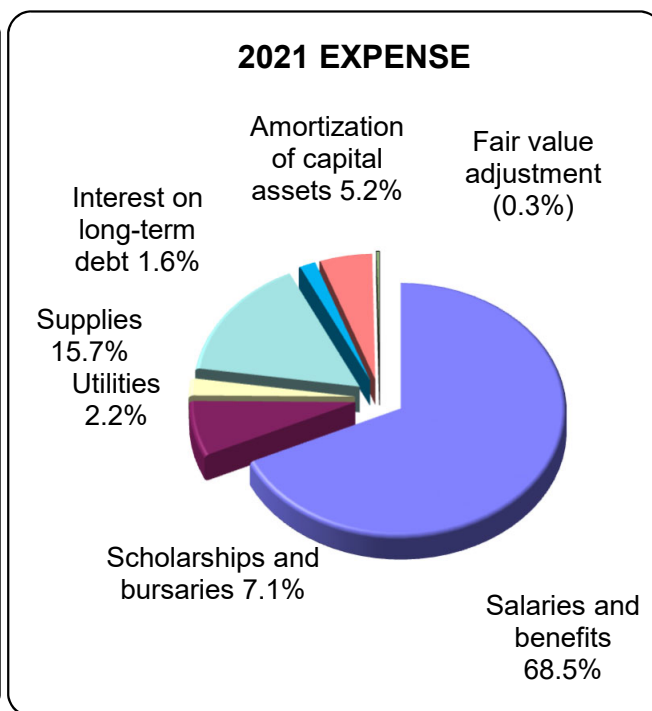
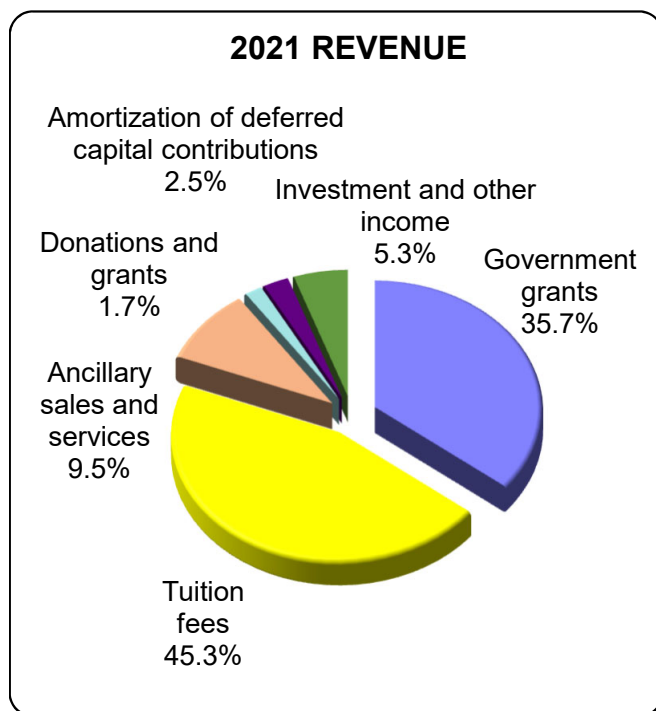
Leo Groarke, PhD
President and Vice-Chancellor

October 8, 2021

TRENT UNIVERSITY
Summary of Revenue and Expense - All Funds
Year Ended April 30, 2021
(millions of dollars)

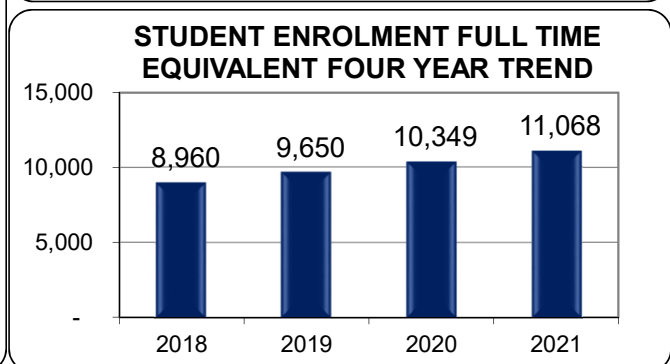
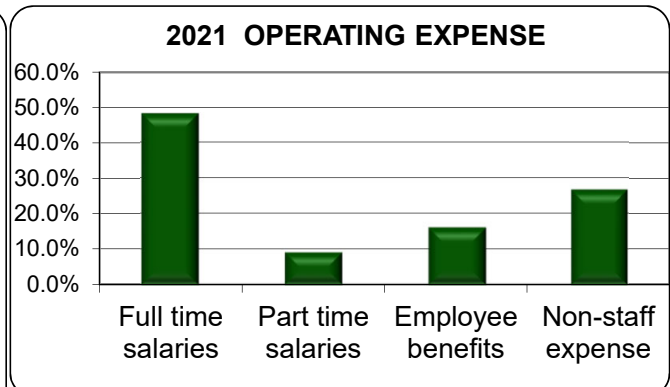
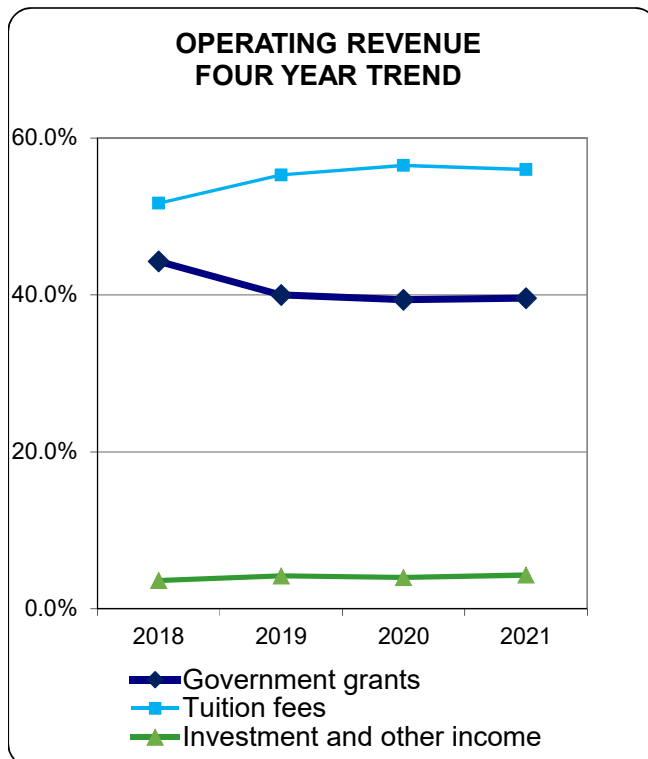
2021	2020	2019	2018		2021	2020	2019	2018
\$70.1	\$65.1	\$66.2	\$68.4	Government grants	35.7%	32.9%	33.7%	37.2%
88.9	81.2	79.0	69.8	Tuition fees	45.3%	41.0%	40.2%	37.9%
18.7	33.2	32.9	29.6	Ancillary sales and services	9.5%	16.8%	16.7%	16.1%
3.4	4.2	3.6	3.9	Donations and grants	1.7%	2.1%	1.8%	2.1%
4.8	5.4	4.7	4.9	Amortization of deferred capital contributions	2.5%	2.7%	2.4%	2.7%
10.3	9.0	10.1	7.4	Investment and other income	5.3%	4.5%	5.2%	4.0%
\$196.2	\$198.1	\$196.5	\$184.0		100.0%	100.0%	100.0%	100.0%

\$126.9	\$124.2	\$117.3	\$109.0	Salaries and benefits	68.5%	65.6%	64.2%	64.2%
13.2	12.4	11.9	12.7	Scholarships and bursaries	7.1%	6.5%	6.5%	7.5%
4.0	3.9	3.5	3.8	Utilities	2.2%	2.0%	1.9%	2.2%
29.1	35.9	38.0	31.5	Supplies	15.7%	19.1%	20.8%	18.5%
2.9	2.9	2.8	2.6	Interest on long-term debt	1.6%	1.6%	1.5%	1.6%
9.7	9.6	9.4	9.9	Amortization of capital assets	5.2%	5.1%	5.2%	5.9%
(0.5)	0.2	(0.2)	0.1	Fair value adjustment	(0.3%)	0.1%	(0.1%)	0.1%
\$185.3	\$189.2	\$182.7	\$169.6		100.0%	100.0%	100.0%	100.0%



TRENT UNIVERSITY
Summary of Operating Fund
Year Ended April 30, 2021
(millions of dollars)

2021	2020	2019	2018		2021	2020	2019	2018
\$62.8	\$56.6	\$57.1	\$59.8	Government grants	39.6%	39.4%	40.0%	44.3%
88.9	81.2	79.0	69.7	Tuition fees	56.0%	56.5%	55.3%	51.7%
0.2	0.2	0.7	0.6	Donations and grants	0.1%	0.1%	0.5%	0.4%
6.9	5.7	6.0	4.8	Investment and other income	4.3%	4.0%	4.2%	3.6%
\$158.8	\$143.7	\$142.8	\$134.9		100.0%	100.0%	100.0%	100.0%
\$117.6	\$113.9	\$107.1	\$98.7	Salaries and benefits	74.1%	79.4%	74.1%	72.4%
10.4	9.7	8.8	9.6	Scholarships and bursaries	6.6%	6.8%	6.1%	7.0%
3.0	2.9	2.4	2.7	Utilities	1.9%	2.0%	1.7%	2.0%
9.6	8.4	9.7	8.3	Supplies	6.0%	5.9%	6.7%	6.1%
2.0	2.0	1.9	1.7	Interest on long-term debt	1.3%	1.4%	1.4%	1.2%
3.4	3.6	4.2	8.5	Appropriated earnings	2.1%	2.5%	2.9%	6.2%
10.7	2.2	6.9	1.3	Interfund transfers	6.7%	1.5%	4.8%	1.0%
2.0	0.7	3.3	5.60	Transfer to endowments	1.3%	0.5%	2.3%	4.1%
158.7	143.4	144.3	136.4		100.0%	100.0%	100.0%	100.0%
\$0.1	\$0.3	(\$1.5)	(\$1.5)	Excess (deficit) from operations				
(0.2)	(0.1)	0.1	(0.1)	Fair value adjustment				
4.9	5.6	4.9	3.8	Pension actuarial adjustment				
\$4.8	\$5.8	\$3.5	\$2.2					





KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
Canada
Tel 613-549-1550
Fax 613-549-6349

INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, 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 “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our report.

We are independent of Trent University in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

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 auditors’ 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.

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 auditors' report thereon, included in Trent University's annual report as at the date of this auditors' 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 auditors' 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.

Auditors' 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 auditors' 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.



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 the 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 the 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 auditors' 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 auditors' report. However, future events or conditions may cause the 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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

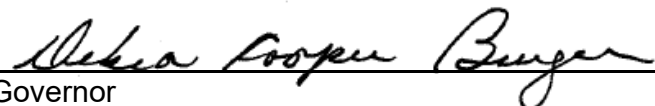
October 8, 2021

TRENT UNIVERSITY
Statement of Financial Position
April 30, 2021
(thousands of dollars)

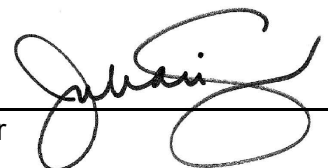
	<u>2021</u>	<u>2020</u> (recast, note 19)
ASSETS		
Current		
Cash and cash equivalents	\$ 52,885	\$ 53,583
Accounts receivable (note 3)	17,191	14,948
Prepaid expenses	1,808	1,590
	<u>71,884</u>	<u>70,121</u>
Investments (note 4)	91,136	77,342
Capital assets (note 5)	<u>238,355</u>	<u>226,602</u>
	<u>\$ 401,375</u>	<u>\$ 374,065</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 21,102	\$ 20,607
Deferred revenue (note 7)	41,511	32,864
	<u>62,613</u>	<u>53,471</u>
Long term debt (note 8)	71,000	71,000
Deferred capital contributions (note 9)	102,532	102,153
Employee future benefits liability (note 10)	74,585	91,017
	<u>310,730</u>	<u>317,641</u>
Net Assets		
Unrestricted	(100,961)	(107,679)
Internally restricted (note 11)	33,806	33,661
Investment in capital assets (note 12)	70,900	57,965
Endowments (note 13)	86,900	72,477
	<u>90,645</u>	<u>56,424</u>
Contingent liabilities and commitments (note 16)	<u>\$ 401,375</u>	<u>\$ 374,065</u>

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, 2021
(thousands of dollars)

	2021				
	Unrestricted	Internally Restricted	Investment in Capital Assets	Endowments	Total
Net assets (deficit), beginning of year, as previously stated	\$ (105,042)	\$ 33,661	\$ 57,965	\$ 72,477	\$ 59,061
Correction of an error (note 19)	(2,637)				(2,637)
Net assets (deficit), beginning of year, as recast	(107,679)	33,661	57,965	72,477	56,424
Excess of revenue over expense	10,930	-	-	-	10,930
Change in internally restricted net assets	(145)	145	-	-	-
Change in investment in capital assets (note 12)	(12,935)	-	12,935	-	-
Employee future benefits remeasurements (note 10)	11,398	-	-	-	11,398
Internally endowed amounts	(2,530)	-	-	2,530	-
Change in endowments	-	-	-	11,893	11,893
Net assets (deficit), end of year	\$ (100,961)	\$ 33,806	\$ 70,900	\$ 86,900	\$ 90,645

	2020				
	Unrestricted	Internally Restricted	Investment in Capital Assets	Endowments	Total
Net assets (deficit), beginning of year, as previously stated	\$ (99,336)	\$ 29,246	\$ 60,817	\$ 72,614	\$ 63,341
Correction of an error (note 19)	(2,575)	-	-	-	(2,575)
Net assets (deficit), beginning of year, as recast	(101,911)	29,246	60,817	72,614	60,766
Excess of revenue over expense	8,913	-	-	-	8,913
Change in internally restricted net assets	(4,415)	4,415	-	-	-
Change in investment in capital assets (note 12)	4,702	-	(2,852)	-	1,850
Employee future benefits remeasurements (note 10)	(14,598)	-	-	-	(14,598)
Internally endowed amounts	(370)	-	-	370	-
Change in endowments	-	-	-	(507)	(507)
Net assets (deficit), end of year	\$ (107,679)	\$ 33,661	\$ 57,965	\$ 72,477	\$ 56,424

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

TRENT UNIVERSITY
Statement of Operations
Year Ended April 30, 2021
(thousands of dollars)

	<u>2021</u>	<u>2020</u> (recast, note 19)
REVENUE		
Government grants	\$ 70,114	\$ 65,094
Tuition fees	88,880	81,202
Ancillary sales and services	18,702	33,245
Donations and grants	3,418	4,200
Amortization of deferred capital contributions (note 9)	4,803	5,419
Investment income	3,235	2,892
Miscellaneous	7,031	6,058
	<u>196,183</u>	<u>198,110</u>
EXPENSE		
Salaries and benefits	126,878	124,194
Scholarships and bursaries	13,197	12,369
Utilities	4,051	3,939
Supplies	29,041	35,941
Interest on long-term debt	2,939	2,939
Amortization of capital assets	9,675	9,614
Change in fair value of financial instruments	(528)	201
	<u>185,253</u>	<u>189,197</u>
EXCESS OF REVENUE OVER EXPENSE	10,930	8,913
Change in internally restricted net assets	(145)	(4,415)
Change in investment in capital assets (note 12)	(12,935)	4,702
Employee future benefits remeasurements (note 10)	11,398	(14,598)
Internally endowed amounts	<u>(2,530)</u>	<u>(370)</u>
INCREASE (DECREASE) IN FUND BALANCE FOR THE YEAR	6,718	(5,768)
FUND BALANCE - beginning of year	<u>(107,679)</u>	<u>(101,911)</u>
FUND BALANCE - end of year	<u>\$ (100,961)</u>	<u>\$ (107,679)</u>

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

TRENT UNIVERSITY
Statement of Cash Flows
Year Ended April 30, 2021
(thousands of dollars)

	<u>2021</u>	<u>2020</u> (recast, note 19)
CASH PROVIDED FROM (USED FOR):		
OPERATING ACTIVITIES		
Excess of revenue over expense for the year	\$ 10,930	\$ 8,913
Add (deduct) non-cash items:		
Amortization of capital assets	9,675	9,614
Amortization of deferred capital contributions (note 9)	(4,803)	(5,419)
Loss on disposal of capital assets	154	1,762
Change in fair value of financial instruments	(8,788)	3,342
Change in employee future benefits liability	(16,432)	8,896
Employee future benefits remeasurements (note 10)	11,398	(14,598)
	<u>2,134</u>	<u>12,511</u>
Change in non-cash working capital items (note 15)	6,681	4,384
	<u>8,815</u>	<u>16,895</u>
INVESTMENT ACTIVITIES		
Purchase of long term investments, net of disposals	(5,006)	(7,145)
Purchase of capital assets	(21,582)	(6,975)
	<u>(26,588)</u>	<u>(14,120)</u>
FINANCING ACTIVITIES		
Change in endowments	11,893	(507)
Donated assets (note 16(g))	-	1,850
Deferred capital contributions received (note 9)	5,182	2,054
	<u>17,075</u>	<u>3,397</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(698)	6,172
CASH AND CASH EQUIVALENTS POSITION		
- beginning of year	<u>53,583</u>	<u>47,411</u>
CASH AND CASH EQUIVALENTS POSITION		
- end of year	<u>\$ 52,885</u>	<u>\$ 53,583</u>

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

TRENT UNIVERSITY
Notes to the Financial Statements
April 30, 2021
(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 and cash equivalents

Cash and cash equivalents represent operating cash on deposit, short term investments and units in a money market fund which are readily convertible to cash. Cash and cash equivalents are reported at fair value.

TRENT UNIVERSITY
Notes to the Financial Statements
April 30, 2021
(Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) Investments

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

- Short-term investments maturing within one year are stated at cost, which together with accrued interest 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.

(d) 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	9 - 50 years
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 value of artwork and library rare collections have been excluded from the financial statements except for a nominal value. 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.

(e) Revenue recognition

The University follows the deferral method of accounting for revenue derived from the provision of service and from revenue contributions. Contributions 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.

TRENT UNIVERSITY
Notes to the Financial Statements
April 30, 2021
(Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(e) Revenue recognition (continued)

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 contributory defined benefit pension plans which cover eligible faculty and staff and other retirement and post-employment benefits and accounts for these plans 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 is measured using actuarial valuations prepared using the funding discount rate at the date of the financial statements.

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 and cash equivalents, 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.

TRENT UNIVERSITY

Notes to the Financial Statements

April 30, 2021

(Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(g) Financial instruments (continued)

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 there are indicators of impairment. 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.

(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. Significant 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, and obligations related to the employee future benefits liability. Actual results could differ from those estimates.

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3. ACCOUNTS RECEIVABLE

	2021	2020
Student receivables	\$ 6,472	\$ 5,377
Government receivables	4,767	4,755
Research receivables	2,863	2,260
Other receivables	5,576	4,728
	<u>19,678</u>	<u>17,120</u>
Less allowance for doubtful accounts	<u>(2,487)</u>	<u>(2,172)</u>
	<u>\$ 17,191</u>	<u>\$ 14,948</u>

4. INVESTMENTS

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	\$ 2,555	\$ 2,595	\$ 2,066	\$ 2,093
Bonds	33,044	34,058	27,933	26,657
Equities	55,537	38,300	47,343	41,197
	<u>\$ 91,136</u>	<u>\$ 74,953</u>	<u>\$ 77,342</u>	<u>\$ 69,947</u>

Investments, at fair value, are allocated as follows:

	2021 Fair Value	2020 Fair Value
Endowment funds	\$ 85,408	\$ 72,846
Endowment lands funds	3,509	3,014
Sinking funds related to long-term debt	2,219	1,482
	<u>\$ 91,136</u>	<u>\$ 77,342</u>

5. CAPITAL ASSETS

	Cost	2021 Accumulated Amortization	Net Book Value
Land and site improvements	\$ 37,371	\$ -	\$ 37,371
Buildings and components	293,502	119,189	174,313
Capital lease and leasehold improvements	14,784	1,482	13,302
Equipment, vehicles, furnishings and software	65,480	54,890	10,590
Library books and serials	24,347	24,236	111
Collections	1	-	1
Work-in-progress	2,667	-	2,667
	<u>\$ 438,152</u>	<u>\$ 199,797</u>	<u>\$ 238,355</u>

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5. CAPITAL ASSETS (continued)

	Cost	2020 Accumulated Amortization	Net Book Value
Land and site improvements	\$ 33,605	\$ -	\$ 33,605
Buildings and components	288,691	113,930	174,761
Equipment, vehicles, furnishings and software	66,170	55,365	10,805
Library books and serials	24,347	24,161	186
Collections	1	-	1
Work-in-progress	7,244	-	7,244
	<u>\$ 420,058</u>	<u>\$ 193,456</u>	<u>\$ 226,602</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 payable at the end of the year were current and amounted to \$1,947,353 (2020 - \$2,536,682).

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:

	2021	2020
Externally restricted donations	\$ 1,348	\$ 1,691
Trust funds	10,362	9,039
Research funds	11,948	9,130
Student fees	10,424	6,581
Federal and Provincial government grants	221	106
Other	7,208	6,317
	<u>\$ 41,511</u>	<u>\$ 32,864</u>

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8. LONG TERM DEBT

(a) Long term debt

	2021	2020
Series A senior unsecured debentures	\$ 71,000	\$ 71,000

In February 2017, the University refinanced its then existing long-term debt by issuing series A senior unsecured debentures, 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, 2021, the fair value of the sinking fund is \$2,218,940 (2020 - \$1,481,519).

(b) Bank credit facility

The University has available an operating line of credit of up to \$12,000,000, which was not utilized at April 30, 2021 (2020 - \$Nil). 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.

This bank credit facility is currently being used to accommodate the Standby Letters of Credit to address pension solvency payments. Please refer to note 10.

9. 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:

	2021	2020
Balance, beginning of year	\$ 102,153	\$ 105,518
Contributions received for capital acquisitions	5,182	2,054
Amortization of deferred capital contributions	(4,803)	(5,419)
Balance, end of year	\$ 102,532	\$ 102,153

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10. EMPLOYEE FUTURE BENEFITS LIABILITY

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

	2021	2020
Discount rate	5.25%	5.70%
Rate of compensation increase	3.75%	3.75%
Rate of inflation	2.00%	2.00%

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

	2021			
	Faculty Pension Plan	Non-Faculty Pension Plans	Other Plans	Total
Accrued benefit obligation	\$ 313,248	\$ 178,814	\$ 7,581	\$ 499,643
Fair value of plan assets	(253,953)	(168,024)	(3,081)	(425,058)
Accrued benefit liability	\$ 59,295	\$ 10,790	\$ 4,500	\$ 74,585
Current service costs	\$ 4,712	\$ 3,319	\$ 95	\$ 8,126
Finance costs	3,721	765	220	4,706
Net benefit cost	\$ 8,433	\$ 4,084	\$ 315	\$ 12,832
Investment gains	\$ 25,449	\$ 16,794	\$ 224	\$ 42,467
Actuarial losses on accrued benefit obligation	(16,569)	(13,806)	(622)	(30,997)
Past service costs	-	-	(72)	(72)
Net remeasurements gains (losses) and other items	\$ 8,880	\$ 2,988	\$ (470)	\$ 11,398

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10. EMPLOYEE FUTURE BENEFITS LIABILITY (continued)

	2020 (recast, note 19)			Total
	Faculty Pension Plan	Non-Faculty Pension Plans	Other Plans	
Accrued benefit obligation	\$ 287,769	\$ 159,124	\$ 7,010	\$ 453,903
Fair value of plan assets	(217,579)	(142,350)	(2,957)	(362,886)
Accrued benefit liability	<u>\$ 70,190</u>	<u>\$ 16,774</u>	<u>\$ 4,053</u>	<u>\$ 91,017</u>
Current service costs	\$ 4,833	\$ 3,332	\$ 62	\$ 8,227
Finance costs	3,319	582	209	4,110
Net benefit cost	<u>\$ 8,152</u>	<u>\$ 3,914</u>	<u>\$ 271</u>	<u>\$ 12,337</u>
Investment losses	\$ (11,798)	\$ (7,657)	\$ (148)	\$ (19,603)
Actuarial gains on accrued benefit obligation	3,244	1,748	58	5,050
Past service costs	-	-	(45)	(45)
Net remeasurements losses and other items	<u>\$ (8,554)</u>	<u>\$ (5,909)</u>	<u>\$ (135)</u>	<u>\$ (14,598)</u>

The latest actuarial valuations for funding purposes for the registered pension plans were performed as of January 1, 2021 for the Faculty plan and July 1, 2020 for the Non-Faculty plan. The next required actuarial valuations will be January 1, 2022 and July 1, 2021 respectively. 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 plans are 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.

Pursuant to the June 2019 valuation for the Faculty plan, the special solvency payments for the period July 2020 to June 2021 were required to increase to \$5,599,956. In July 2020, the University issued a Standby Letter of Credit with a cumulative amount of \$4,884,122 to cover most of these required special solvency payments. In April 2021, the University amended and extended this Standby Letter of Credit to cover the increased special solvency payments pursuant to the January 2020 valuation for the Faculty plan. This Standby Letter of Credit now has a cumulative amount of \$7,903,193 to cover special solvency payments required to December 2021. The Standby Letter of Credit will expire upon transition to the University Pension Plan (UPP).

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10. EMPLOYEE FUTURE BENEFITS LIABILITY (continued)

Pursuant to the June 2020 valuation for the Non-Faculty plan, special solvency payments effective July 2021 will increase from \$1,567,453 to \$2,331 780. In May 2021, the University issued a Standby Letter of Credit with a cumulative amount of \$2,360,635 to cover these special payments.

In Fall 2020, the University and the faculty association received approval from the UPP, a new jointly sponsored pension plan established July 1, 2021 for the sector, to join the UPP. At its December 4, 2020 meeting the Board of Governors of Trent University authorized the University to proceed with the transfer of the assets and liabilities from the Faculty Plan to the UPP effective January 1, 2022. The members' consent process was successfully completed in March 2021 and the required applications to be filed with the Financial Services Regulatory Authority (FSRA) have been initiated, with FSRA approval anticipated in the Fall 2021. the University will fund the 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 Faculty Plan.

11. 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:

	2021	2020
Departmental operating budget carryforward funds	\$ 11,782	\$ 8,579
Capital and infrastructure projects		
- Durham Campus Development (note 16(g))	-	5,000
- Other capital projects	8,226	996
Sinking fund for debenture retirement (note 8(a))	2,000	1,500
Ancillary operations	2,965	6,157
Research and trust funds	1,545	1,626
Other funds committed for specific purposes	7,288	9,803
	\$ 33,806	\$ 33,661

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12. INVESTMENT IN CAPITAL ASSETS

	2021	2020
Capital assets (note 5)	\$ 238,355	\$ 226,602
Add: Unspent deferred capital contributions	1,910	577
Less: Long-term debt pertaining to capital assets	(64,068)	(64,068)
Deferred capital contributions (note 9)	(102,532)	(102,153)
Donated assets (note 16g)	(1,850)	(1,850)
Financed internally	(915)	(1,143)
	<u>\$ 70,900</u>	<u>\$ 57,965</u>

13. 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.

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Student assistance	\$ 48,613	\$ 35,278	\$ 40,973	\$ 33,154
General endowment	6,979	4,952	6,096	4,860
Library	3,085	1,910	2,709	1,885
Research	2,009	1,734	1,699	1,650
Colleges, departments, other	26,214	20,194	21,000	17,754
Reinvested realized earnings	-	7,309	-	5,909
	<u>\$ 86,900</u>	<u>\$ 71,377</u>	<u>\$ 72,477</u>	<u>\$ 65,212</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% (2020 - 3.5%) on the average four-year rolling unit value at December 31.

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13. ENDOWMENTS (continued)

	Externally Restricted	2021 Internally Restricted	Total
Balance, beginning of year, at fair value	\$ 61,867	\$ 10,610	\$ 72,477
Endowment contributions	2,291	2,208	4,499
Investment income net of fees and expenses	11,657	671	12,328
Transfer to disbursement fund	(2,055)	(349)	(2,404)
Balance, end of year, at fair value	\$ 73,760	\$ 13,140	\$ 86,900
	Externally Restricted	2020 Internally Restricted	Total
Balance, beginning of year, at fair value	\$ 62,374	\$ 10,240	\$ 72,614
Endowment contributions	1,697	704	2,401
Investment income (loss) net of fees and expenses	(18)	5	(13)
Transfer to disbursement fund	(2,186)	(339)	(2,525)
Balance, end of year, at fair value	\$ 61,867	\$ 10,610	\$ 72,477

14. 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:

	2021	2020
Expendable funds available for awards, beginning of year	\$ 496	\$ 479
Net transfers from endowment fund	279	238
Bursaries awarded	(215)	(221)
Expendable funds available for awards, end of year	\$ 560	\$ 496
Total OSOTF, Phase I, end of year	\$ 6,875	\$ 6,803
Number of bursaries awarded	321	226

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14. ONTARIO STUDENT TRUST FUND (continued):

Phase I - Ontario Student Opportunity Trust Fund (continued)

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

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Endowment balance, beginning of year	\$ 7,018	\$ 6,307	\$ 7,061	\$ 6,259
Unrealized loss for the year	(16)	-	(91)	-
Investment income, net of fees and expenses	283	283	285	285
Net transfer to expendable funds	(275)	(275)	(237)	(237)
Endowment balance, end of year	<u>\$ 7,010</u>	<u>\$ 6,315</u>	<u>\$ 7,018</u>	<u>\$ 6,307</u>

Phase II - Ontario Student Opportunity Trust Fund

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

	2021	2020
Expendable funds available for awards, beginning of year	\$ 156	\$ 128
Net transfers from endowment fund	65	61
Bursaries awarded	(39)	(33)
Expendable funds available for awards, end of year	<u>\$ 182</u>	<u>\$ 156</u>
Total OSOTF, Phase II, end of year	<u>\$ 1,671</u>	<u>\$ 1,645</u>
Number of bursaries awarded	<u>94</u>	<u>45</u>

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

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Endowment balance, beginning of year	\$ 1,651	\$ 1,489	\$ 1,669	\$ 1,486
Unrealized loss for the year	(8)	-	(21)	-
Investment income, net of fees and expenses	65	65	63	63
Net transfer to expendable funds	(65)	(65)	(60)	(60)
Endowment balance, end of year	<u>\$ 1,643</u>	<u>\$ 1,489</u>	<u>\$ 1,651</u>	<u>\$ 1,489</u>

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14. 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:

	2021	2020
Expendable funds available for awards, beginning of year	\$ 888	\$ 883
Net transfers from endowment fund	342	146
Bursaries awarded	(253)	(141)
Expendable funds available for awards, end of year	\$ 977	\$ 888
Total OTSS, end of year	\$ 12,066	\$ 11,848
Number of bursaries awarded	309	324

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

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Endowment balance, beginning of year	\$ 11,587	\$ 10,960	\$ 11,420	\$ 10,831
Unrealized gains for the year	505	-	38	-
Investment income, net of fees and expenses	454	260	260	260
Net transfer to expendable funds	(296)	(131)	(131)	(131)
Endowment balance, end of year	\$ 12,250	\$ 11,089	\$ 11,587	\$ 10,960

15. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

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

	2021	2020
Accounts receivable	\$ (2,243)	\$ (1,355)
Prepaid expenses	(218)	(22)
Accounts payable and accrued liabilities	495	579
Deferred revenue	8,647	5,182
	\$ 6,681	\$ 4,384

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16. 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 some forty institutions. 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, 2020, the date of the latest financial statements available, CURIE had a surplus of \$99,448,896 (2019 - \$90,185,361).

(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, 2021, 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 requires 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 expected to be in the amount of \$1,549,956 per year. The original scope of work is substantially complete.

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 requires a further \$9,458,913 capital investment from the University. Monthly lease payments on the additional improvements are also contingent on annual energy cost savings, which are expected to be in the amount of \$1,098,000 per year commencing June 2023. The work on the improvements is expected to be completed in 2022.

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16. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(d) Energy Performance Contract (continued)

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

Only those costs associated with this project that fall outside the Tri-Party agreement are capitalized. As at April 30, 2021 the University has incurred capital costs of \$2,822,404 (2020 - \$1,730,147).

(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 has 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, 2021 is \$8,775,391 (2020 - \$8,995,890). 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 June 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 are payable over a four-year period and include \$500,000 in support of programming costs incurred by the Peterborough Innovation Cluster. The University's contribution towards the project is expected to be \$2,000,000. The project will establish and equip the Cleantech lab, create pilot manufacturing spaces, and offer business advisory services. Once fully operational, the TEC will support ten to fifteen scalable companies at any given time in the lab/pilot space. The project has an expected completion date of March 31, 2024.

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16. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(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.

In June 2019, the University entered into a Lease Agreement with Campus Development Oshawa Corp. (CDOC) 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'). The date of 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, CDOC 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.

On the occupancy date, the University made to CDOC a one-time payment of \$9,800,000 plus applicable taxes as rent to occupy the academic space for the initial term of the lease. The payment is recorded 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 will be 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 CDOC. During the first 30 years of the initial term, the University will provide CDOC with guaranteed occupancy payments. During the year, the University expensed \$1,111,011 of guaranteed occupancy payments. The University doesn't expect to expense guaranteed occupancy payments post-pandemic. The University will participate in student revenues in excess of established occupancy rates and in net non-student revenue. CDOC will be responsible for the operating expenses related to the residence.

(h) Other Lands Development

In May 2018, the University signed a Development Agreement with the City of Peterborough effective August 2018 under which the University transferred 24 acres of other lands to the City for the development of a City-owned Arena Complex and further agreed not to sell, lease or encumber for a 15-year period to December 31, 2032 approximately 23 acres of other Trent-owned lands for potential sports fields development by the City. On May 20, 2021, the City transferred the 24 acres back to the University as the City chose an alternate site for the development of their Arena Complex. Discussions with the City continue with respect to the future use of the 23 acres held for potential development.

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16. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(i) Minimum lease payments

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

	2021	2020
2021	\$ -	\$ 3,292
2022	3,856	3,292
2023	3,365	3,292
2024	2,499	2,446
2025	2,499	2,446
2026	1,153	1,128
Thereafter	871	852
	<u>\$ 14,243</u>	<u>\$ 16,748</u>

17. 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 restricts investments to those with investment grade ratings by recognized credit rating services. There have been no changes to this risk exposure in 2021.

(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 2021.

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17. 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 2021.

(d) Currency risk

The University is exposed to foreign currency risk with respect to its investments. 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 2021.

18. IMPACT OF COVID-19

Effective March 11, 2020, the COVID-19 outbreak (the "pandemic") was declared a pandemic by the World Health Organization. The pandemic has had a significant financial, market and social dislocating impact.

With the declaration of the pandemic, Trent University halted in-person activity, restricted access to its physical facilities, and moved to a remote/online education format in March 2020 based on recommendations from Public Health Ontario. The spring/summer 2020 semester was moved to a remote/online format, and subsequently the entire 2020/2021 academic year remained mostly in in the same format with some exceptions where access to campus facilities were required.

As a result of the pandemic, the University experienced significant revenue losses, mainly from ancillary operations, as faculty, staff and students were mostly working off campus in accordance with Public Health guidelines. The University also incurred significant costs to support students, faculty and staff while working in the remote/online format and to maintain Public Health safety protocols. The University was successful in partly mitigating these revenue losses and incremental costs with operating expenditure reductions and investment deferrals. The University also received a significant one-time COVID-19 relief grant from the Province of Ontario of \$6,473,700 to address additional eligible costs related to the pandemic.

For the fall 2021 semester the University has returned mostly to on-campus teaching, with some remote/online academic offerings where appropriate, to coincide with the anticipated roll out of the Province's reopening plan. The University remains flexible to adapt to developing Public Health guidelines, including the possibility of continued remote learning and operations into 2021/2022.

TRENT UNIVERSITY
Notes to the Financial Statements
April 30, 2021
(Tabular amounts in thousands of dollars)

18. IMPACT OF COVID-19 (continued)

Management has assessed the going concern assumptions and believes there are no issues given the University has a strong working capital base and access to sufficient liquid resources to see through operations in the coming year.

19. CORRECTION OF ERRORS

During the year, management became aware that unfunded employee future benefit plans were not valued correctly by excluding the Provision for Adverse Deviation required under the Pension Benefits Act (Ontario). The impact of the correction has been recorded retrospectively and the cumulative effect up to May 1, 2020 has been recorded as a \$2,574,732 decrease to net assets.

	<u>2021</u>	<u>2020</u>
Unrestricted net deficit, beginning of year, as previously reported	\$ (105,042)	\$ (99,336)
To correct errors in relation to:		
Understatement of employee future benefit remeasurements	(2,442)	(2,575)
Understatement of prior year employee future benefit expenses	(195)	
Unrestricted net deficit, beginning of year, as recast	<u>\$ (107,679)</u>	<u>\$ (101,911)</u>
		<u>2020</u>
Excess of revenue over expense, as previously reported		\$ 9,108
To correct errors in relation to:		
Understatement of employee future benefit expenses		<u>(195)</u>
Excess of revenue over expense, as recast		<u>\$ 8,913</u>

CHALLENGE THE WAY YOU THINK