

ANNUAL FINANCIAL STATEMENTS

APRIL 30, 2008

Nipissing University
April 30, 2008
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AUDITORS' REPORT

To the Board of Governors of

Nipissing University

We have audited the financial statements of Nipissing University as at and for the year ended April 30, 2008 comprising the following:

Statement of financial position
Statement of operations
Statement of changes in net assets
Statement of cash flows

These financial statements are the responsibility of the administration of the University. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

North Bay, Canada
July 14, 2008, except as to note 16,
which is as of August 29, 2008


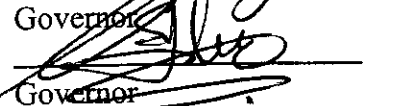
Nipissing University

STATEMENT OF FINANCIAL POSITION [in thousands]

As at April 30	2008 \$	2007 \$
ASSETS		
Current		
Cash and short-term investments	44,615	19,047
Accounts receivable	2,974	3,173
Accrued interest	103	39
Inventories	284	204
Prepaid expenses	15	47
	47,991	22,510
Investments <i>[note 3]</i>	13,545	10,675
Capital assets, net <i>[note 4]</i>	67,631	59,567
	129,167	92,752
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	9,609	5,808
Student levies held in trust <i>[Note 5]</i>	1,729	1,046
Accrued sick leave obligation	262	253
Deferred revenue	5,092	5,394
Current portion of long-term debt <i>[note 6]</i>	1,508	839
	18,200	13,340
Long-term obligations		
Long-term debt <i>[note 6]</i>	33,984	31,489
Interest rate swap payable <i>[notes 2 and, 6]</i>	4,686	-
Deferred contributions <i>[note 7]</i>	265	265
Deferred capital contributions <i>[note 8]</i>	49,973	25,950
	88,908	57,704
	107,108	71,044
Net assets	22,059	21,708
	129,167	92,752

Commitments see note 15
Subsequent events see note 16
See accompanying notes

Signed on behalf of the
Board of Governors


Governor

Governor

Nipissing University

STATEMENT OF OPERATIONS

[in thousands]

Year ended April 30	2008	2007
	\$	\$
REVENUE		
Government grants	24,118	27,225
Student fees	23,761	24,220
Sales and services	5,467	4,174
Scholarship fund	65	65
Donations	217	198
Amortization of deferred capital contributions	2,182	2,081
Investment	998	876
Other	3,895	4,679
	60,703	63,518
EXPENSES		
Academic	28,950	27,642
Academic support	3,471	3,449
Administration	5,367	5,457
Student services	2,879	2,701
Alumni and development	1,801	1,690
Library	1,681	1,567
Scholarship and bursaries	2,090	2,050
Research	1,745	2,143
Interest	2,458	2,175
Plant	3,266	3,228
Other	2,105	2,257
Amortization of capital assets	3,272	3,263
	59,085	57,622
Excess of revenues over expenses before the undernoted	1,618	5,896
Change in fair value of interest rate swaps	(1,359)	-
Change in fair value of investments	(224)	-
Excess of revenues over expenses for the year	35	5,896

See accompanying notes

Nipissing University

STATEMENT OF CHANGES IN NET ASSETS [in thousands]

Year ended April 30	2008					2007	
	Unrestricted \$	Internally restricted \$	Investment in capital assets \$	Interest rate swaps \$	Endowments \$	Total \$	Total \$
Net assets, beginning of year	514	12,693 <i>[Note 10]</i>	1,865 <i>[Note 11]</i>	-	5,996 <i>[Note 12]</i>	21,068	14,502
Correction of prior years receivable – Wilfrid Laurier <i>[Note 9]</i>	640	-	-	-	-	640	597
Change in accounting policy – fair value adjustments <i>[Note 2]</i>	481	666	-	(3,327)	1,344	(836)	-
Net assets, beginning of year as adjusted	1,635	13,359	1,865	(3,327)	7,340	20,872	15,099
Excess (deficiency) of revenues over expenses	1,125	-	(1,090)	-	-	35	5,896
Net change in investment in capital assets <i>[Note 11]</i>	(733)	-	733	-	-	-	-
Restricted contribution of land <i>[Note 4]</i>	-	-	1,075	-	-	1,075	-
Transfer of fair value change of interest rate swaps <i>[Note 6]</i>	1,359	-	-	(1,359)	-	-	-
Transfer of internally restricted funds <i>[Note 10]</i>	(2,139)	2,139	-	-	-	-	-
Transfer of endowment funds <i>[Note 10]</i>	-	(1,437)	-	-	1,437	-	-
Endowment contributions	-	-	-	-	77	77	713
Net assets, end of year	1,247	14,061	2,583	(4,686)	8,854	22,059	21,708

See accompanying notes

NIPISSING UNIVERSITY

Nipissing University

STATEMENT OF CASH FLOWS

[in thousands]

Year ended April 30	2008	2007
	\$	\$
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	35	5,853
Items not involving cash:		
Amortization of capital assets	3,272	3,263
Amortization of deferred capital contributions	(2,182)	(2,081)
Change in fair value of interest rate swap	1,359	-
Change in unrealized value of investments	224	-
Change in non-cash operating working capital:		
Accounts receivable	199	(806)
Accrued interest	(64)	(6)
Prepaid expenses	32	2
Inventories	(80)	13
Accounts payable and accrued liabilities	3,801	410
Student levies held in trust	683	444
Accrued sick leave	9	(63)
Deferred revenue	(302)	95
	6,986	7,124
Financing and investments:		
Net endowment contributions	77	713
Proceeds of long-term debt	3,966	-
Long-term debt principal repayments	(802)	(828)
Purchase of capital assets	(10,261)	(3,830)
Long-term investments, net	(603)	(1,062)
Deferred contributions	-	(1)
Deferred capital contributions	26,205	3,370
	18,582	(1,638)
Net increase in cash and short-term investments during the year	25,568	5,486
Cash and short-term investments, beginning of year	19,047	13,561
Cash and short-term investments, end of year	44,615	19,047

See accompanying notes

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

1. DESCRIPTION

Nipissing University [the 'University'] was incorporated as a university in 1992 under the laws of the Province of Ontario. It's mission is to provide undergraduate programs in Liberal Arts, Science, Business and undergraduate and graduate programs in Education. 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 has an economic interest in a Crown-controlled foundation, Nipissing University Foundation [the "Foundation"], which is not consolidated. The principal objectives of the Foundation are to solicit, receive and distribute monies and other property to support education and research at the University.

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:

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

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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

is recognized at point of sale or when the service has been provided.

Investments and investment income

Investments are recorded at fair value. The fair value of investments is determined as follows:

Publicly traded bonds and equities are determined based on quoted market values based on the latest bid prices. Investments in pooled funds are valued at their unit values.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized 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 designated for endowments (referred to as capital protection) is recognized as a direct increase of endowments in net assets.

Externally restricted investment income, other than that designated for endowments (referred to as capital protection), 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 endowments, which is the 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.

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:

Buildings	40 years
Equipment and furnishings	5-10 years
Library books	5 years

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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

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

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.

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 formerly hedged these agreements and the change in the net value of the swaps is reflected in the statement of operations.

Inventories

Inventories are recorded at the lower of cost and net realizable value.

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.

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. Actual results could differ from those estimates.

Change in accounting policy

Effective May 1, 2007, the University adopted CICA Handbook Section 3855, "*Financial Instruments - Recognition and Measurement*", Section 3865, "*Financial Instruments -*

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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

Hedges”, and Section 3861, and “*Financial Instruments – Disclosure and Presentation*”. Section 3861 establishes standards for disclosure and presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated. Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the statement of financial position and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets 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, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the statement of operations; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in deferred contributions for externally restricted investments and the statement of changes in net assets for unrestricted investments.

Upon adoption of the new standards on May 1, 2007, the University designated its cash and short-term investments as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Investments are designated as held-for-trading, which are recorded at fair value. Accounts payable and accrued liabilities and sick leave obligation and long term debt are classified as other financial liabilities, which are measured at amortized cost. Interest rate swaps are designated as held-for-trading and are measured at fair value.

The University has selected to account for transactions at the trade date.

As a result of designating its investments as held for trading, the University recognized an unrealized gain on its investments at May 1, 2007. The effect of this adjustment is to increase opening net assets by \$2,491,000 and investments by \$2,491,000.

The University did not previously record the fair value of its interest rate swaps on the statement of financial position and statement of changes in net assets. Fair value is determined as the payment required to cancel the interest rate swaps as at April 30, 2007. The effect of this adjustment is to decrease opening net assets by \$3,327,000, and increase long-term liabilities by \$3,327,000. The terms of the interest rate swaps are disclosed in note 6.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

3. INVESTMENTS

Investments consist of the following:

	2008	2007
	(\$000)	(\$000)
Bonds and Short-term Pooled Funds	533	474
Sceptre Pooled Funds	13,012	10,201
	13,545	10,675

The 2007 investment values are disclosed at cost. The market value of these investments in 2007 was \$13,163,000. During the year, the University recognized a decrease of \$224,000 in the unrealized gains and losses of investment value. This was recognized as a change in fair value of investments on the statement of operations.

Investments consist of funds held in pooled investment funds managed by Sceptre Investment Counsel Limited, and selected government and corporate bonds.

4. CAPITAL ASSETS

Capital assets consist of the following:

	2008			2007		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Land	1,882	—	1,882	806	—	806
Buildings - Operating	35,527	8,552	26,975	33,583	7,679	25,904
- Residence	29,355	4,454	24,901	29,355	3,720	25,635
Equipment and furnishings:						
- Operating	16,484	12,098	4,386	15,983	11,045	4,938
- Residence	2,710	1,705	1,005	2,708	1,560	1,148
Library books	8,180	7,114	1,066	7,783	6,647	1,136
Construction in Progress	7,416	—	7,416			
	101,554	33,923	67,631	90,218	30,651	59,567

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

4. CAPITAL ASSETS (cont'd)

During the year, the University received a donation of lands and a building. The donated lands were recorded at their fair value of \$1,075,000 and recognized as a direct increase in net assets. The donated building was recorded at its fair value of \$632,000 and recognized as a deferred capital contribution.

The increase in net book value of capital assets is due to the following:

	2008 (\$000)	2007 (\$000)
Balance, beginning of year	59,567	59,000
Restricted contributions – donated land	1,075	—
Purchase of capital assets internally and debt financed	3,897	650
Purchase of capital assets funded by deferred capital contributions	6,364	3,180
Less: amortization of capital assets	(3,272)	(3,263)
Balance, end of year	67,631	59,567

5. STUDENT LEVIES HELD IN TRUST

Student levies have been collected in advance of construction of a proposed expanded student centre. These funds, totalling \$1,729,000 (2007 - \$1,046,000) as at year end, are maintained in a segregated cash fund and are shown as Student levies held in trust and are to be used toward the project costs.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

6. LONG-TERM DEBT

Long-term debt consists of the following:

	2008 (\$000)	2007 (\$000)
<hr/>		
Founders House Student Residence:		
Term loan bearing interest at a variable rate of 3.23% as at April 2008 repayable in blended monthly instalments of \$44,500, unsecured due July 2022.	4,791	4,989
Chancellors House Student Residence:		
Term loan bearing interest at a variable rate of 3.23% as at April 2008 repayable in blended monthly instalments of \$72,000, unsecured due August 2026.	8,782	9,017
Chancellors House Student Residence Expansion:		
Term loan bearing interest at a variable rate of 3.23% as at April 2008 repayable in blended monthly instalments of \$25,400, unsecured due September 2028.	3,332	3,408
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 matures July 30, 2010.	2,934	3,024
Governors House Student Residence:		
Term loan bearing interest at a variable rate of 3.61% as at April 2008 repayable in blended monthly instalments of \$ 71,000, unsecured due August 2030.	10,565	10,739
<hr/>		
Subtotal Long-term debt	<hr/> 30,404	<hr/> 31,177

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

6. LONG-TERM DEBT (cont'd)

	2008	2007
	(\$000)	(\$000)
Subtotal carried forward	30,404	31,177
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.	1,122	1,151
City of Brantford Financing:		
In July 2007, the City of Brantford advanced to the University, \$2.1 million 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, 2008, these improvements were in progress. The second part of the advance was an interest-free loan of \$1,500,000. 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.	1,666	—
Bracebridge 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 proceeds of this loan were used to finance the construction of the Bracebridge regional campus. The University has agreed to repay this unsecured loan in blended principal and interest semi-annual payments of \$81,987 commencing July 15, 2008.	2,300	—
Total long-term debt	35,492	32,328
Less current portion	1,508	839
Long-term debt	33,984	31,489

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

6. LONG-TERM DEBT (cont'd)

The University has entered into interest rate derivative agreements to manage the volatility of interest rates. The University converted its variable rate term loans to a fixed rate of interest ranging from 5.95% 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,

	(\$000)
2009	1,508
2010	1,604
2011	3,848
2012	1,172
2013	1,244
Thereafter	26,116
	<hr/> 35,492

Total interest expense for the year ended April 30, 2008 was \$2,458,000 [2007 -\$2,373,000].

In accordance with the accounting policy contained in CICA Handbook Section 3855 and 3861 adopted in the year as disclosed in Note 2, the fair value of the interest rate swaps is \$4,686,000 (loss). The change in the year in the fair value of interest rate swaps of \$1,359,000 (loss) is recorded in the statement of operations.

The Bracebridge 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.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

7. 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:

	2008 (\$000)	2007 (\$000)
Balance, beginning of year	265	266
Add: contributions received during the year	2,142	2,142
Less: amount recognized as revenue	(2,142)	(2,143)
Balance, end of year	265	265

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount 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:

	2008 (\$000)	2007 (\$000)
Balance, beginning of year	25,950	24,661
Add: contributions received in the year	26,031	3,180
excess contributions received towards Nipissing University		
Student Athletic Centre financing	174	190
Less: amortization of deferred capital contributions	(2,182)	(2,081)
Balance, end of year	49,973	25,950
Comprised of:		
Capital contributions - expended	29,556	25,374
Capital contributions - unexpended	20,417	576
	49,973	25,950

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

9. CORRECTION OF PRIOR YEARS RECEIVABLE – WILFRID LAURIER

The University participates with another Ontario university to jointly deliver a concurrent education program. At the inception of this program, it was difficult to estimate net program revenues receivable as at the end of a year and net revenue was recognised on the basis of cash received in the year. As the program has matured, circumstances are such that it is possible to reasonably estimate the net revenue receivable as at the end of a fiscal year. The University has setup a receivable as at year end of \$750,000 in respect of this program. This change has been retroactively applied resulting in an increase to net assets of \$597,000, an increase of \$640,000 for receivables and an increase in revenues of \$43,000 in fiscal 2007.

10. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted funds are as follows:

	2008 (\$000)	2007 (\$000)
Infrastructure upgrades	1,250	1,250
Scholarship funds	1,032	611
Donations	—	1,203
Capital projects	9,197	8,065
Native Education program	121	121
Ancillary operations	2,461	1,443
	14,061	12,693

Restricted funds for capital projects include the Muskoka campus expansion, Brantford campus renovations, the research wing expansion and vacated space retrofitting projects.

During the year, the Board of Governors restricted funds of \$1,018,000 to be used for ancillary operations and the value of the one-time fair market value increments for investments (\$481,000) and the recognition of net revenue as per Note 9 (\$640,000). In 2007, \$5,062,000 was restricted for the completion of various capital projects.

These internally restricted amounts are not available for other purposes without approval by the Board of Governors.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

11. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	2008 (\$000)	2007 (\$000)
Capital assets (net)	67,631	59,567
Less amounts financed by:		
Debt	(35,492)	(32,328)
Deferred capital contributions <i>[note 8]</i>	(29,556)	(25,374)
	2,583	1,865

Change in net assets invested in capital assets is calculated as follows:

	2008 (\$000)	2007 (\$000)
Excess of revenues over expenses:		
Amortization of deferred contributions related to capital assets	2,182	2,081
Amortization of capital assets	(3,272)	(3,263)
	(1,090)	(1,182)
Net change in investment in capital assets:		
Purchase of capital assets	10,261	3,830
Amounts funded by:		
Deferred capital contributions	(6,364)	(3,370)
Proceeds of debt	(3,966)	-
Repayment of debt	802	828
	733	1,288

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

12. 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.

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 and endow funds to support post-secondary students. Externally restricted endowments include grants provided by the Government of Ontario from the OSOTF and OTSS matching program. The University established three funds – OSOTF - Phase 1 in fiscal 1997; OSOTF - Phase 2 in fiscal 2004; and OTSS in fiscal 2005. Investment income earned on these funds is used to finance awards to qualified students in need of financial aid.

OSOTF - Phase 1	2008	2007
	(\$000)	(\$000)
Ontario Student Opportunity Trust Fund balance, beginning and end of year	3,535	3,535
Other endowments, balance beginning of year	1,224	852
Donations and contributions	1,515	372
Other endowments, balance end of year	2,739	1,224
	6,274	4,759
Expendable balance, beginning of year	1,124	918
Realized investment income, net of direct investment-related expenses	220	307
Unrealized investment income	(257)	77
Bursaries awarded (2008 – 125 bursaries, 2007 – 123 bursaries)	(154)	(178)
Expendable balance, end of year	933	1,124

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

12. ENDOWMENTS (cont'd)

OSOTF – Phase 2	2008 \$	2007 \$
Endowment balance, beginning and end of year	689,242	689,242
Expendable balance, beginning of year	257,172	186,752
Realized investment income, net of direct investment-related expenses	42,405	46,051
Unrealized investment income	(49,552)	34,869
Bursaries awarded (2008 – 15 bursaries, 2007 – 14)	(10,750)	(10,500)
Expendable balance, end of year	239,275	257,172
OTSS	2008 \$	2007 \$
Endowment balance, March 31, 2007	491,648	204,006
Cash donations received within annual matching ceiling	95,633	143,821
Matching funds received from MTCU	95,633	143,821
Endowment balance, March 31, 2008	682,914	491,648
Cash donations received April	4,741	52,551
Endowment balance, April 30, 2008	687,655	544,199
Expendable balance, beginning of year	9,813	3,143
Realized investment income, net of direct investment-related expenses	28,898	10,170
Bursaries awarded (2008 – 8 bursaries, 2007 – 4)	(7,300)	(3,500)
Expendable balance, end of year	31,411	9,813
Outstanding donations pledged	16,976	54,501

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

13. EMPLOYEE FUTURE BENEFITS

The majority of the University's employees are members of the Nipissing University Retirement Pension Plan, a defined contribution plan. Certain faculty are members of the Ontario Teacher Pension Plan, a multi-employer defined benefit plan.

Total pension costs incurred for the year were \$1,570,000 [2007 - \$1,521,000].

14. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying values of the University's cash and short-term investments, accounts receivable, accounts payable and accrued liabilities, student levies held in trust, and accrued sick leave obligation approximate their fair values due to the relatively short periods to maturity of these items because they are receivable or payable on demand.

Information concerning investments is provided in Note 3; the fair value approximates the carrying value.

The fair values of the interest rate swaps and related long-term debt approximate their carrying value.

15. COMMITMENTS

The University had three capital projects underway as at year end. The total remaining obligation under the contracts issued for these projects as at year end was \$7,875,000 and is to be financed by internally restricted funds and planned debt issue.

16. SUBSEQUENT EVENTS

On August 29, 2008, the University purchased a parcel of vacant land adjacent to the main campus in North Bay. The purchase price for this property was \$1,650,000 which was financed by internally restricted funds. There are no immediate plans in place for the development of this property.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Nipissing University

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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	2008 (\$000)	2007 (\$000)
EXPENSES		
Employee Salaries and Benefits	36,939	34,505
Academic Supplies and Services	5,895	7,476
Plant and Operating Expenditures	8,431	8,153
Scholarships and Bursaries	2,090	2,050
Interest	2,458	2,175
Amortization of capital assets	3,272	3,263
	59,085	57,622
