

Financial Statements of

**NIPISSING UNIVERSITY**

Year ended April 30, 2016

# NIPISSING UNIVERSITY

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Year ended April 30, 2016

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## **INDEPENDENT AUDITORS' REPORT**

To the Governors of Nipissing University

We have audited the accompanying financial statements of Nipissing University, which comprise the statement of financial position as at April 30, 2016, the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nipissing University as at April 30, 2016, its results of operations, changes in net assets (deficiency) and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Comparative Information*

The financial statements of Nipissing University for the year ended April 30, 2015, were audited by another chartered professional accountant who expressed an unqualified opinion on those financial statements on October 1, 2015.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

September 30, 2016  
North Bay, Canada

# NIPISSING UNIVERSITY

## Statement of Financial Position

April 30, 2016, with comparative information for 2015  
(thousands of dollars)

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11,707	10,992
Accounts receivable (note 3)	4,032	2,740
Investments – short-term (note 4)	5,580	3,758
Other assets	547	638
	21,866	18,128
Investments – long-term (note 4)	20,702	23,111
Capital assets (note 5)	96,537	104,651
	\$ 139,105	145,890
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 4,734	3,556
Deferred revenue	5,586	3,078
Current portion of long-term debt (note 7)	2,913	2,827
	13,233	9,461
Long-term:		
Long-term debt (note 7)	30,207	32,291
Interest rate swap payable (note 7)	6,042	6,069
Deferred contributions (note 8)	11,253	12,391
Deferred capital contributions (note 9)	48,092	52,960
Employee future benefits (note 10)	5,045	5,512
	100,639	109,223
	113,872	118,684
Net assets (deficiency):		
Unrestricted (note 11)	(5,418)	(6,577)
Internally restricted (note 12)	25,031	28,256
Interest rate swaps	(6,042)	(6,069)
Endowments (note 13)	11,662	11,596
	25,233	27,206
Commitments and contingencies (note 15)		
	\$ 139,105	145,890

See accompanying notes to financial statements.

On behalf of the Board of Governors:

  
Governor

  
Governor

# NIPISSING UNIVERSITY

## Statement of Operations

Year ended April 30, 2016, with comparative information for 2015  
(thousands of dollars)

	2016	2015
<b>Revenue:</b>		
Government grants	\$ 38,097	38,510
Student fees	28,516	29,783
Sales and services	5,904	5,845
Other	2,707	3,410
Amortization of deferred capital contributions	2,273	2,378
Investment	798	1,226
Donations	118	135
	<u>78,413</u>	<u>81,287</u>
<b>Expenses:</b>		
Salaries and benefits (note 10)	51,383	56,221
Operating and research	12,851	13,350
Occupancy	5,597	5,637
Amortization of capital assets	4,448	4,747
Scholarships and bursaries	4,131	3,888
Interest on long-term debt	1,815	2,146
	<u>80,225</u>	<u>85,989</u>
Deficiency of revenue over expenses before the undernoted	(1,812)	(4,702)
Change in fair value of interest rate swaps	27	(975)
Write down of capital to net realizable value	(1,223)	-
<b>Deficiency of revenue over expenses for the year</b>	<b>\$ (3,008)</b>	<b>(5,677)</b>

See accompanying notes to financial statements.

# NIPISSING UNIVERSITY

## Statement of Changes in Net Assets (Deficiency)

Year ended April 30, 2016, with comparative information for 2015  
(thousands of dollars)

	Unrestricted	Internally Restricted (note 12)	Interest Rate Swaps (note 7)	Endowments	2016	2015
Net assets (deficiency), beginning of year	\$ (6,577)	28,256	(6,069)	11,596	27,206	33,032
Excess (deficiency) of revenue over expenses	363	(3,398)	27	–	(3,008)	(5,677)
Transfer of internally restricted funds	(173)	173	–	–	–	–
Endowment contributions	(51)	–	–	66	15	82
Employee future benefits remeasurements and other items (note 10(b))	1,020	–	–	–	1,020	(231)
<b>Net assets (deficiency), end of year</b>	<b>\$ (5,418)</b>	<b>25,031</b>	<b>(6,042)</b>	<b>11,662</b>	<b>25,233</b>	<b>27,206</b>

See accompanying notes to financial statements.

# NIPISSING UNIVERSITY

## Statement of Cash Flows

Year ended April 30, 2016, with comparative information for 2015  
(thousands of dollars)

	2016	2015
<b>Cash flows from operating activities:</b>		
Deficiency of revenue over expenses	\$ (3,008)	(5,677)
Adjustments for:		
Amortization of capital assets	4,448	4,747
Amortization of deferred capital contributions	(2,273)	(2,378)
Change in value of interest rate swap	(27)	975
Employee future benefits expense	553	502
Write down of capital to net realizable value	1,223	—
	916	(1,831)
<b>Change in non-cash working capital:</b>		
Accounts receivable	(1,292)	1,027
Other assets	91	180
Accounts payable and accrued liabilities	1,178	(1,348)
Deferred revenue	2,508	(859)
	3,401	(2,831)
<b>Cash flows from financing activities:</b>		
Endowment contributions and investment income capitalization	15	82
Repayment of long-term debt	(1,998)	(1,819)
Decrease in deferred contributions	(1,138)	(2,174)
Deferred capital contributions	18	33
	(3,103)	(3,878)
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	(170)	(988)
Change in investments	587	3,818
	417	2,830
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>715</b>	<b>(3,879)</b>
Cash and cash equivalents, beginning of year	10,992	14,871
<b>Cash and cash equivalents, end of year</b>	<b>\$ 11,707</b>	<b>10,992</b>

See accompanying notes to financial statements.



# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

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### 1. Objectives and purpose:

Nipissing University (the "University") was incorporated as a university in 1992 under the laws of the Province of Ontario. Its mission provides for undergraduate programming in Liberal Arts, Science, Business and Health Sciences and undergraduate and graduate programs in Education, History, Math, Environmental Studies and Environmental Science. The University aspires to fulfill 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 and student engagement.

The University is a registered charity and, as such, is exempt from income taxes under Section 149 (1) of the Income Tax Act (Canada).

### 2. Summary of significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook (the "Handbook").

The significant accounting policies for the University are described below:

#### (a) Revenue recognition:

The University follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions and donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and allocation is reasonably assured. Contributions pertaining to future periods are deferred and recognized as revenue in the year in which the related expenses are recognized.

Pledges are recorded as revenue in the period in which they are received.

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 capital asset purchases are deferred and amortized to operations on the same basis as the related asset is amortized.

Endowment contributions and investment income preserved as capital protection on externally restricted endowments are recognized as direct increases in net assets in the year in which they are received. Income preserved as capital protection on internally restricted endowments is recorded as unrestricted revenue and transferred to internal endowments.

Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at point of sale or when the service has been provided.

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

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### 2. Summary of significant accounting policies (continued):

(b) Cash and cash equivalents:

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

(c) Financial instruments:

Financial instruments are recorded at fair value upon initial recognition.

Investments are subsequently measured at fair value. Other financial instruments are subsequently measured at amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

(d) 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 their estimated useful lives as follows:

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

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Assets no longer in use are carried at the lesser of net book value and net realizable value. No further depreciation is taken on these assets.

(e) Internally restricted net assets:

The University restricts use of portions of its operating net assets for specific future uses. When incurred, the related expenses are charged to operations and the balance of internally restricted assets is reduced accordingly with a transfer to unrestricted net assets.

# **NIPISSING UNIVERSITY**

Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

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## **2. Summary of significant accounting policies (continued):**

### **(f) Derivatives:**

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

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

### **(g) Employee future benefits:**

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

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

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

The University provides medical, dental and life insurance benefits to eligible employees upon retirement. The University accrues for these obligations, with the cost of these benefits being actuarially determined using the projected benefit method pro-rated on service using management's best estimates of a number of future conditions including salary changes, withdrawals, retirement ages of employees and expected health care costs. Current service and finance costs are expensed during the year, while remeasurements and other items are recognized as a direct increase or decrease in net assets.

### **(h) Contributed materials and services:**

Volunteers contribute an indeterminable number of hours per year to the University to assist in carrying out its mandate. The cost that would be involved with these is not recognized in these financial statements due to the difficulty in determining their fair value.

### **(i) Student organizations:**

These financial statements do not reflect the assets, liabilities and results of operations of the student organizations as they are not controlled by the University.

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

### 2. Summary of significant accounting policies (continued):

#### (f) Use of estimates:

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; financial instruments; valuation allowances for accounts receivable; employee future benefits; and accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are recognized in the financial statements in the year in which they become known.

### 3. Accounts receivable:

	2016	2015
Accounts receivable	\$ 5,581	4,291
Less: allowance for doubtful accounts	(1,549)	(1,551)
	\$ 4,032	2,740

### 4. Investments:

	2016	2015
Cash	\$ 2,682	1,938
Government and corporate bonds (i)	9,398	9,057
Mutual funds	–	16
Canadian equities	11,773	11,499
Foreign equities	2,429	4,359
	26,282	26,869
Less amounts reported as:		
Investments – short-term	5,580	3,758
Investments – long-term	\$ 20,702	23,111

(i) Government and corporate bonds bear interest at 1.25% to 9.976% and have maturity dates from 2016 to 2108.

Investments – long-term reflect funds for endowments and some specified programs.

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

### 5. Capital assets:

2016	Cost	Accumulated Amortization	Net book Value
Land	\$ 4,099	–	4,099
Buildings:			
Operating	84,600	21,690	62,910
Residence	29,355	10,324	19,031
Equipment and furnishings:			
Operating	25,160	21,426	3,734
Residence	2,988	2,981	7
Library books	9,126	9,035	91
Assets no longer in use:			
Bracebridge campus	11,718	5,053	6,665
Brantford campus – Darling Street	1,242	1,242	–
	\$ 168,288	71,751	96,537

The Bracebridge Campus, no longer in use, has been written down to net realizable value. The writedown is \$3,105.

The Brantford – Darling Street Campus, no longer in use, has been written off. The write-off is \$731.

2015	Cost	Accumulated Amortization	Net book Value
Land	\$ 4,099	–	4,099
Buildings:			
Operating	84,600	19,575	65,025
Residence	29,355	9,591	19,764
Equipment and furnishings:			
Operating	24,990	20,256	4,734
Residence	2,988	2,926	62
Library books	9,126	8,978	148
Assets no longer in use:			
Bracebridge campus	11,718	1,655	10,063
Brantford campus – Darling Street	1,242	486	756
	\$ 168,118	63,467	104,651

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

### 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances of \$292 (2015 - \$225), which include amounts payable for payroll related taxes.

### 7. Long-term debt:

Site	Due	Rate	Blended Monthly Payment	2016	2015
<b>Unsecured loan</b>					
Founders House Student Residence	July 2022	6.82%	\$ 44.5	\$ 2,662	2,996
Chancellors House Student Residence	August 2026	7.05%	72.0	6,231	6,634
Chancellors House Student Residence Expansion	September 2028	6.75%	25.4	2,515	2,642
Active Living Health Research Innovation Centre	October 2036	5.00%	52.0	7,584	7,804
Governors House Student Residence	October 2030	3.27%	73.4	8,256	8,661
Subtotal of variable loans converted to fixed rates				27,248	28,737
<b>Brantford Campus Financing:</b>					
The University has 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 is 1.56%. Monthly blended payments of \$5.4. This unsecured loan matures June 30, 2016.				829	881
<b>City of Brantford Financing:</b>					
The City of Brantford provided an interest-free loan of \$1.5 million, discounted at a rate of 5.11% approximating the then market borrowing rate for the University. This loan is repaid in three annual instalments of \$150 commencing July 1, 2010 and six annual instalments of \$175 commencing July 1, 2013.				496	645
<b>Research Complex:</b>					
In February 2010, the University borrowed in the form of a debenture from Ontario Infrastructure Projects Corporation, the principal sum of \$4 million at a rate of 4.33% calculated semi-annually for a term of 15 years. The University will repay this unsecured loan in semi-annual blended principal and interest payments of \$182.7.				2,699	2,940
Brought forward				\$ 31,272	33,203

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

### 7. Long-term debt (continued):

	2016	2015
Carried forward	\$ 31,272	33,203
Muskoka Campus Financing: In January 2008, the University borrowed in the form of a debenture from Ontario Infrastructure Projects Corporation \$2.3 million at a rate of 5.11% calculated semi-annually for a term of 25 years. The University is to repay this unsecured loan in semi-annual blended principal and interest payments of \$82.	1,848	1,915
	33,120	35,118
Less current portion of long-term debt	2,913	2,827
	\$ 30,207	32,291

The University has entered into interest rate derivative agreements to manage the volatility of interest rates on long-term debt. The University converted the full face value of its variable rate term loans to a fixed rate of interest ranging from 5.0% to 7.05%. The related derivative agreements are in place until the maturity of the associated debt. The fair values of these agreements is \$6,042 (2015 - \$6,069) which is estimated by obtaining market-to-market quotes from the University's lending institutions. The quoted prices generally reflect the estimated amount that the University would pay (receive) to settle these agreements at the statement of financial position date. These represent a liability position for the University as interest rates at the statement of financial position date were lower than the fixed rate specified in the swap agreements.

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

2017	\$ 2,913
2018	2,196
2019	2,314
2020	2,257
2021	2,379
Thereafter	21,061
	\$ 33,120

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

### 8. Deferred contributions:

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

	2016	2015
Balance, beginning of year	\$ 12,391	14,565
Add: contributions received during the year	136	172
Less: amount recognized as revenue	(761)	(1,442)
Investment returns	(513)	(904)
Balance, end of year	\$ 11,253	12,391

### 9. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent amounts of donations, student contributions and grants received for the purchase of capital assets. The amortization of deferred capital contributions, which commences 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:

	2016	2015
Balance, beginning of year	\$ 52,960	55,305
Add: contributions received in the year	18	33
Less: amortization of deferred capital contributions	(2,273)	(2,378)
Less: Write down of net contributions to Bracebridge assets	(2,613)	-
Balance, end of year	\$ 48,092	52,960
Comprised of:		
Capital contributions - unamortized	\$ 48,042	52,910
Capital contributions - unspent	50	50
Balance, end of year	\$ 48,092	52,960



# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

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### 10. Employee future benefits:

#### (a) Pension benefit plan:

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

Total contributions made during the year were \$2,498 (2015 - \$2,854).

#### (b) Other benefit plan:

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

The interval between actuarial valuations does not exceed three years with the most recent valuation prepared as at April 30, 2016. In years between valuations, an extrapolation of the actuarial valuation is used to determine the projected benefit obligation.

There are no plan assets.

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

	2016	2015
Accrued benefit obligation, being plan deficit	\$ 5,045	5,512

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

	2016	2015
Current service costs	\$ 445	403
Interest cost	209	210
Actuarial loss (gain)	(1,020)	231
	\$ (366)	844

Benefits paid during the year amounted to \$101 (2015 - \$111).

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

### 10. Employee future benefits (continued):

#### (b) Other benefit plan (continued):

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

	2016	2015
Discount rate	3.80%	3.80%
Rate of compensation increase for life insurance	1.5%	1.0%
Prescription drug trend rate (to 2030)	7.58% to 4.5%	7.82% to 4.5%
Average health care trend rate (to 2030)	6.83% to 4.50%	7.05% to 4.50%

### 11. Unrestricted net assets:

Unrestricted net assets are made up of the following:

	2016	2015
Unrestricted	\$ (373)	(1,065)
Employee future benefits	(5,045)	(5,512)
	\$ (5,418)	(6,577)

### 12. Internally restricted net assets:

	2016	2015
Infrastructure upgrades (i)	\$ 1,750	2,250
Scholarship funds (ii)	1,374	1,412
Ancillary operations (iii)	4,939	6,208
Investment in capital assets (iv)	15,375	16,623
Commitments to employees (v)	957	969
Future budget provision (vi)	636	594
Other (vii)	—	200
	\$ 25,031	28,256

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

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

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### 12. Internally restricted net assets (continued):

- (i) Infrastructure upgrades - this represents funds restricted for deferred maintenance and capital emergencies.
- (ii) Scholarship funds – this represents net assets the University has invested for the purposes of providing scholarships and bursaries to students.
- (iii) Ancillary operations – this represents funds set aside for future major capital improvements, replacements and refurbishments of the ancillary operations.
- (iv) Investment in capital assets – this represents the unamortized value of capital assets funded by the University, net of outstanding debt. It excludes assets funded through capital contributions.
- (v) Commitments to employees – this represents the net carry forward of funds set aside to meet future commitments to various employees for professional development activities and internally-funded research.
- (vi) Future budget provision – this represents excess funds from conferences and other ancillary activities set aside for future initiatives.
- (vii) Other – this represents funds set aside for future efficiency projects.

### 13. 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.

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

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

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

### 13. Endowments (continued):

<b>OSOTF – Phase 1</b>	<b>2016</b>	<b>2015</b>
Ontario Student Opportunity Trust Fund balance	\$ 4,769	4,769
Expendable balance, beginning of year	\$ 172	384
Realized investment income, net of direct investment related expenses	133	7
Unrealized investment gain	(127)	(95)
Bursaries awarded (2016 – 119 bursaries; 2015 – 109 bursaries)	(131)	(124)
Expendable balance, end of year	\$ 47	172

  

<b>OSOTF – Phase 2</b>	<b>2016</b>	<b>2015</b>
Endowment balance	\$ 898	898
Expendable balance, beginning of year	\$ (6)	71
Realized investment income, net of direct investment related expenses	24	(46)
Unrealized investment gain (loss)	(27)	(14)
Bursaries awarded (2016 – 30 bursaries; 2015 – 31 bursaries)	(17)	(17)
Expendable balance, end of year	\$ (26)	(6)

  

<b>OTSS</b>	<b>2016</b>	<b>2015</b>
Endowment balance	\$ 1,774	1,774
Expendable balance, beginning of year	\$ 145	104
Realized investment income, net of direct investment related expenses	33	79
Bursaries awarded (2016 – 55 bursaries; 2015 – 48 bursaries)	(42)	(38)
Expendable balance, end of year	\$ 136	145
Market value, end of year	\$ 1,845	1,902

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

### 13. Endowments (continued):

Bursary recipients:

	OSAP Recipient		Non-OSAP Recipient		Total	
	Number	Amount	Number	Amount	Number	Amount
Full-time	45	\$ 29	10	\$ 13	55	\$ 42

### 14. Financial instrument risk:

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

Interest rate risk refers to the adverse consequences of interest rate changes. The University holds fixed rate government and corporate issued bonds with annual yields of 1.25% to 9.976%. The value of fixed rate instruments will generally rise if interest rates fall and fall if interest rates rise. The value of the instruments will vary with developments within the specific governments and entities which issue the instruments.

Foreign currency risk refers to the extent to which instruments denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to other currencies. The University holds investments denominated in a foreign currency and is subject to foreign currency risk. The University believes that it is not exposed to significant currency risks arising from its financial instruments.

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

There has been no significant change to risk exposures from 2015.

# NIPISSING UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2016  
(thousands of dollars)

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### 15. Commitments and contingencies:

- (a) The University is involved from time to time in litigation that arises in the normal course of operations. In respect to these claims, the University believes it has valid defenses, funded provisions and/or appropriate insurance coverage in place. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. It is possible the final resolution of some of these matters may require the University to make expenditures in excess of estimated reserves, over an extended period of time and range that cannot be reasonably estimated at this time. The University's policy is to recognize the losses on any litigation when the outcome becomes known and the amount is reasonably determinable.
  
- (b) The University has access to an unsecured line of credit in the amount of \$5 million. The line of credit bears interest at TD Commercial Banking prime less 0.5%. As at April 30, 2016, the University has not drawn on this line of credit.